Reagan's AFDC Policy Changes: The Georgia Experience

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Abstract:

The authors present a study of 207 employed AFDC recipients whose benefits were terminated or reduced by 1981 federal policy changes. Findings report respondents' source of income, household characteristics, employment history, expense patterns, child care, coping and social support strategies, health and health care, and psychosocial outlook on life. The article concludes with the implications of the data on past and for future policy decisions regarding this female poverty group.

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Article:

In 1982, the number of persons living in poverty reached the highest level in this country since 1965. Although the economic recession of the past few years has pushed more working adults in general into poverty, the number of poor female-headed families has risen more rapidly than other segments of the poor. Over the past 25 years, as the number of births to unmarried women and the divorce and separation rates have increased, the number of female-headed families has grown tremendously, and the rate of increase is greater for blacks than it is for whites. The number of female-headed families has more than doubled since 1970, and their proportion within the poverty population has also increased. Although more single mothers are entering the labor force, their earnings are far lower than those of single males of married couples. The substantial income gap between female-headed families and husband-wife families is greater now than it was in 1960. The plighted of female-headed families among the working poor, therefore, must be a major focus of national concern.[1]

A major group of poor female-headed families are those who receive Aid to Families with Dependent Children (AFDC). Changes in welfare policy by the Reagan Administration have had a major impact on AFDC recipients. Specifically, more stringent eligibility criteria have forced thousands off the welfare rolls or have reduced benefits. This article summarizes the findings of a Georgia study that explored various outcomes for female-headed families who were affected by the 1981 federal budget cuts in welfare programs. The study provides data on the conditions and concerns of terminated AFDC recipients to inform human service professionals of the effects of the policy changes on individuals and, at the same time, to offer insight into the realities of living at sub-marginal levels.

The families included in this study were a subsection of the total AFDC population, specifically families in which the mother was working prior to October 1981. These recipients were not typical of the entire AFDC caseload, 86 percent of which was comprised of families in which the principal adult caretaker was not employed. The study had two major goals:

- First, to gain specific knowledge about the impact of the Omnibus Budget Reconciliation Act of 1981 (OBRA) on working families whose welfare benefits were terminated, with particular attention being paid to the impact on families' incomes, subsequent welfare use, and work.[2]
- Second, to examine the life circumstances of this segment of the poverty population and to determine how these low-income working families were managing. In effect, the descriptions of these families provide a vantage point from which to explore certain larger issues relevant to female-headed families living in poverty.[3]

Historical perspective

The study population included working-poor mothers who had been receiving welfare payments prior to the federal policy changes. The group was the focus of concern for two reasons.

First, these women are a part of the fastest growing subgroup of the poor. By 1982, female-headed families constituted one-half the poverty population in the country.[4] AS the number of female-headed families continues to grow, so does the vulnerability of these families to poverty. Because these families are headed by women, their wages, if any, are usually lower than those of men; and because they are single parents, their income is generally far less than that of two-earner families.[5]

The second reason is that these women were working, yet still had poverty-level incomes. Included in a group that has come to be called the "working poor," such mothers, prior to OCtober 1981, worked at wages that were sufficiently low to enable them to qualify for partial welfare assistance. These women were struggling to provide for their families by working rather than by relying entirely on welfare assistance. This attribute places them in a unique class -- one that merits encouragement and reward. It is these women and their counterparts among the working poor who deserve special attention if they are to continue working.[6]

It was toward this working welfare group that certain 1981 AFDC policy changes were directed. The aim was to squeeze top earners off the rolls and thereby save both AFDC and Medicaid expenditures. Several policy changes occurred, but the most relevant to this study were as follows:

1. Imposition on family income of a "gross income ceiling" of 150 percent of the state's standard of need, which could not be exceeded if the applicant family was to be considered; this absolute ceiling changed existing rules that allowed the earning of minor children to be disregarded when calculating family income for eligibility purposes.
2. A limitation was placed on the amount of work-related expenses that could be deducted from earnings when benefits were calculated.
3. The provision for allowing employed AFDC recipients to disregard, for eligibility purposes, the first $30 of their monthly earnings plus one third of remaining earnings was limited to four months rather than being allowed to continue indefinitely.
4. In addition to No. 3 above, regulations were changed to end state discretion in the mathematical procedure used to apply the "$30 plus a third" disregard to earnings. The new procedure required that the rule be applied to "net" rather than "gross" earnings, effectively lowering the amount that could be disregarded and thereby increasing the reduction that earnings would have on the welfare grant.
5. Another provision required eligibility workers to assume the value of any Earned Income Tax Credit (EITC) payments the recipients might be due even though such payments might be long delayed in their recept.

Method

This study aimed to determine how these Georgia families coped with the loss of income as a result of the policy changes. The focus was on those families deemed ineligible for benefits die to the work effort of the AFDC mother.

Sample selection

The authors intended to interview a sample of 300 families from the 1,729 in Georgia terminated for policy reasons. A random sample, stratified to include urban and rural cases from several different regions of the state, was drawn from a recipient list provided by the state welfare agency. During 1983, 266 families from 27 of the 159 counties in Georgia were studied. In every instance, state and local welfare department personnel were cooperative and helpful.

In every study, unanticipated difficulties occur. In our case, only 266 out of the 300 families were interviewed because certain families could not be located or, for one reason or another, could not be interviewed. In spite of the agency's and the research staff's best efforts, it was discovered that the sample of 266 families included certain cases that did not meet the stipulated criteria as to the reason for termination. As a result, of the 266 families interviewed, only 207 qualified on the basis of termination due to the newly enacted income limitations. The final sample, however, remained in excess of 10 percent of the total universe of 1,729 cases that were closed due to policy changes. It included 70 families terminated because of the 150 percent cap; 67 families terminated due to expiration of "$30 and a third" disregard; and 70 families terminated because the net/gross income formula change. In 62 percent of 207 families interviewed, an adult was working at the time of the interview (12-18 months after the Reagan policy changes were in effect).

Data Collection

Two methods of data collection were used. A questionnaire was developed that assessed sources of income, household characteristics, employment history, expense patterns, child care, coping and social support strategies, health and health care, and psychosocial outlook on life. Each recipient responded to the questionnaire during personal interviews conducted in their homes. The interviews required approximately 1 ½- 2 hours for completion. In addition, information on each recipient's welfare and food-stamp grants over the previous three years was obtained from the local welfare office. In this way, official grant amounts and specific monthly changes were used to provide an accurate picture of the respondent's economic situation.

Demographic Profile

Household Characteristics

The 207 female AFDC recipients, all Georgia residents, were typically in their 20s, with a median age of 29. As anticipated, virtually all were the heads of the households. At the time of the policy change, each of the mothers was a single parent. By the time of the interview, however, 24 of these women (9 percent) had married or remarried. Nearly 48 percent had never married. Only 22 percent of the general female population aged 25-29 in Georgia had never been married according to a 1981 survey.[7] Forty-three percent of the sample had been divorced or separated. The divorce of separation rate for the general female population aged 25-34 was only 17.7 percent in the 1981 survey. Thus, not only were these women more likely than the general population to have been divorced, but they were also much more likely to have never been married.

There were children in all households, with three per home being the average. The median age for the children was 9. The ratio of households with only a mother and children to households that had other adults present was 55 percent versus 45 percent. Nearly one-half the other adults were female. Live-in boyfriends, whose presence is often speculated on, existed rarely among the households studied. Generally, the other adults were the mother's siblings or parents, indicating that the households frequently constituted extended families. Family tradition is strong in the South and families are less mobile, thereby increasing the likelihood that adult children will live with their parents or siblings.

Of Georgia's 5.5 million residents, 26.8 percent are black; among Georgia's AFDC recipients, 80 percent are black. Nationally, about 43 percent of the AFDC population is black, 40 percent is white, and 14 percent is Hispanic.[8] Seventy-nine percent of the families included in this study were black, and the remainder (21 percent) were white.

Sixty-three percent of the sample lived in an urban setting, and 37 percent in a rural area. Rural areas were defined as communities with a population of less than 2,500.

Educational Level

The educational status of the women was fairly equivalent to that of the general population. Years of school completed by the sample ranged from fourth grade to two years of college, with 37 percent of the group having a high school education. The median educational level attained for all participants was 11 years, the same as the figure for all women in Georgia. The median years of school completed nationally for those aged 25-34 is only slightly higher at 12.8.[9] The study provided no way to assess functional levels, but it is safe to assume that such levels were frequently well below the completed years of school.

Economic Situation

Georgia ranks only thirty-ninth in per capita income in this country. Nearly 17 percent of Georgia's residents lived in poverty in 1979, whereas the national average was 12.3 percent.[10] Perhaps the single largest difference for the working-poor women in our sample, as compared to the national norm, was the AFDC benefit level provided. In 1981, just prior to the federal budget cuts, the maximum AFDC grant paid to a mother and two children in Georgia was $193 per month. Georgia's payment ranged forty-fifth in the country. Because the AFDC payments are so much lower in Georgia, families often receive larger food-stamp grants (which are federally set and increase as AFDC benefits decrease) than AFDC grants. For example, the average AFDC grant among the study sample was $64 per month and the average food-stamp grant was $98 per month. In other states where AFDC benefits are much higher, the food-stamp grant is generally lower than the welfare grant.[11]

In 60 percent of the cases, pregnancy was the major reason for applying for welfare. Separation from husband or boyfriend was the reason for 26 percent to apply, and 11 percent applied due to loss of employment. The median age at which AFDC assistance was first used was 20.

Respondents' earnings were generally minimum wage or less. In their current or most recent job, 71 percent earned less than $4.00 per hour and 20 percent earned less than $3.00 per house. Only 10% earned more than $5.00 per hour. Household income was supplemented from many sources in addition to wages and food stamps. Children worked in 11 percent of the sample families. As mentioned previously, other adults were present in one-half the households, and 7-percent of these adults contributed to the household income. In addition, payments from boarders, care of other people's children, social security checks, and unemployment insurance payments provided some extra income. No one reported receiving alimony, and child-support payments averaged only $210 per year. Two-thirds of the mothers reported that their children received free school lunches.

Of the jobs held by the group at the time of the interviews, 70 percent were considered steady or regular and 30 percent were seasonal or had irregular hours; 50 percent made no provisions for overtime pay. Seventy percent of the women worked over 30 hours per week, and 43 percent worked 40 or more hours per week. Only 32 percent of the respondents' jobs provided for health insurance; 41 percent included paid sick leave; less than 33 percent offered life insurance and retirement benefits; and about 66 percent offered occasional leave with pay.

Those who were receiving benefits at the time of their interview received an average of $125.50 (SD 60.99) per month in the form of an AFDC check and $110.10 (SD 76.93) per month in the form of food stamps. Monthly earnings for those working totaled $391.84 (SD 170.79). The wide variation in the AFDC check and food stamp amounts can be attributed to the variance in the number of persons covered by the trant. On average, the grants included the respondent and two children.

For most respondents who were working at the time of the interview, employment related expenses averaged $59 per month ($42 in transportation costs and $17 in lunch costs). Almost 50 percent of the respondents reported some type of child care arrangement, but only 20 percent of these women paid for this service. Eighty percent relied on family, friends or other no-cost child care resources. For those who paid for child care, the average cost was $63 per month, bringing their total monthly work expenses to $122 or more than an average of one week's wages.

Over 84 percent of the group filed income tax forms in 1981. However, only 23 percent of these claimed a tax credit for child care on that return (only one in five paid for child care) and over half (56 percent) received an EITC for the same year. Of those who did not receive the EITC, nearly two-thirds had no knowledge how to apply for it. Although the loss is not easily quantified, many of the families experienced a reduction in potential household income because they did not know about credits for which they were qualified or because they failed to file taxes. Thus, income tax refunds to which they would have been entitled were not received. Less than one-third of the study sample received Low Income Energy Assistance (LIEA) to help pay utility costs. LIEA has focused outreach on the elderly and in Georgia reaches only one in five of those eligible for AFDC.

Economic impact of policy changes

A number of women in this study returned to the welfare rolls following their loss of benefits. Data indicate that 38 percent of Georgia's sample came back on the rolls at least once over a 19-month period. Forty-eight percent of these were reinstated within just four months of termination.

In Georgia, the state's savings per terminated AFDC recipient was an average of $64 per month. Because the federal government pays 67 percent of all AFDC costs in Georgia, the federal share of the savings was $43 per recipient ($64 x 67 percent). However, the decrease in AFDC was offset in part by an increase averaging $9 in food stamps. Because the Food Stamp program is federally funded, the net federal savings per recipient was $34 ($43-$9) per month.

Most of the women who returned to the AFDC rolls in Georgia were not working at the time their case was reopened. Consequently, their grant on return was higher than it had been when they were terminated, because at termination they were working and were therefore receiving only a partial welfare payment. The average grant before termination was $64; on return, the grants average $164, $110 of which was federal funds. Moreover, because recipients had stopped working or had greatly reduced their earnings, the increased AFDC benefits were accompanied by higher food-stamp grants. The average food-stamp grant for these "returnees" was $176, representing a $78 increase. Thus, every returnee cost the federal government $145 ($67 + $78) more per month than when she had been working. Using these figures - the $34 savings and the $145 increase in costs - one can estimate that the initial cost savings resulting from an average of 4.26 terminations would be offset by the return of a single Georgia recipient to AFDC ($145 ÷ 34 = 4.26).

The data give a clear impression that the policy changes and the subsequent terminations made life harder for people who were already at the "ragged edge." Even before termination, when earnings, AFDC, and food allotments were added up, 70 percent of the families in the sample did not rise above the poverty level. Median month resources for the sample dropped by $41 per month after termination, and many families slid back below the poverty level, some drastically so. At the time of our interview 79 percent of the families had resources below the poverty level even with food stamps added to earnings; the number whose combined resources were 75 percent or less of the poverty level (the desperately poor) had doubled since termination. These figures would change if a value for Medicaid was imputed, but Medicaid is available only if used.

Responses to the loss of income were varied. More than one-half (52 percent) reported becoming ill, anxious, or depressed. Forty-nine percent reapplied for benefits. Twenty percent asked the children's fathers for more support, but the average child support received totaled only $210 per year. Almost 7 percent went back to school or started job training programs. It is surprising that only 2.4 percent of the respondents had asked for a fair hearing. Of those not reapplying for AFDC, reasons most frequently given were that they did not think they would be eligible (74 percent), they did not want to be on AFDC (20 percent), and too much time was involved in reapplying (12 percent). (Percentages do not total 100 because more than one response was possible.)

Employment Patterns

Because the sample population was composed of women who had been terminated from AFDC rolls due to their level of earnings, it is no surprise to find that 98 percent of the group were working in October 1981, and all respondents had been working within two months prior to OCtober 1981. Most of these mothers had worked steadily for a considerable period of time. Data show that the majority had worked at least 21 our of the 27 months preceding their interview.

At the time of the interview, about 62 percent of the sample were still employed. Given the small net gain from employment over what they would receive from AFDC if they were unemployed, this may be viewed as a tribute to their deviation to the work ethic. Moreover, 67 percent desired to work more hours. Consider the family composed of two children and a working mother on AFDC, assume reported average earnings for $480 per month, add $160 per month for food stamps, and you will see that the family has a total resource of $640 per month, or $7,680 per year. By comparison, a nonworking AFDC mother of two can receive $202 per month in cash and $199 in food stamps for $401 each month or $4,812 per year. If one assigns a value of $870 per year for Medicaid (representing only 50 percent of what is the average for three such persons who make use of Medicaid), the nonworking mother has total resources of %5,682 per year. The difference between the two families is $1,998 per year or $167 per month. Deducting $122 per month as the average reported by the working mothers for work and child care expenses, the difference narrows to $45 per month. If this is reasonably accurate, the working mother on AFDC puts in 133 hours for a net gain over the nonworking mother on AFDC of $45 per month. If this is reasonably accurate, the working mother on AFDC puts in 133 hours for a net gain over the nonworking mother on AFDC of $45 per month ($11.25 per week) or $0.34 for each hour worked. This excludes any consideration for uncovered medical expenses on the part of the working mother.

Opportunities for changes in employment were limited. Slightly less than 19 percent of the respondents experienced some employment change after termination or reduction of AFDC. Among the respondents, 10.1 percent increased their hours of work. Only 2.4 percent of the women were able to change jobs, and 1.9 percent took an additional job. Other reports included having hours reduced by the employer (1.9 percent); being laid off, being fired, or quitting (1.0 percent); and other changes (1.0 percent).

AFDC certainly did not prove to be a work disincentive for the group surveyed. At the time of termination, only 15 percent of the women considered quitting their job to remain eligible for AFDC, and only 7 percent considered reducing their number of work hours to remain eligible when they were informed of impending termination of benefits. When respondents were asked what factors contributed to their decision to keep working, a desire to stay independent headed the list, followed by suich reasons as sufficient income, liking one’s job, having no other option than to work, and a feeling that people, in general, should work.

Contrary to myths that all women receiving welfare are lazy, not only were these women very willing to work, but when asked whether given the opportunity, they would work more, less, or the same, the majority (67 percent) of respondents reported a desire for more work. This desire for more work may stem from the fact that these women were barely able to provide for their families on existing wages and, therefore, were interested in working longer hours to make more money.

This desire to work remained, even though these women were frequently working in jobs considered to be in the secondary labor market, for example, service workers, often as office, motel, or house cleaners, nurse's aides, food aides, and dishwashers. Virtually none of the women (no more than 1 percent) held professional/technical or managerial/administrative jobs. The few who held such jobs were medical technicians, accountants, and floor managers of retail stores.

Financial Problems

Financial instability was demonstrated by the fact that over one-third of the respondents had bills more than two months overdue. Nineteen respondents had electric bills overdue, owing $77 on the average, the highest amount owed being $288. Fifty-seven respondents, 21 percent of the survey, were faced with overdue medical bills, averaging 4509, the highest amount owed being $5,00. Also, nearly half the respondents were making installment payments of some sort. Eighty-two percent had run completely out of money at one time or another. Twenty-eight percent had no telephone, and nearly 15 percent had experienced having their utilities cut off since termination from AFDC. One-third reported rent increases since termination; and 14 percentage had relocated, mostly by moving in with others, usually their parents.

One-third had, at some point during the previous year, run completely out of food and had had to borrow, eat with friends or relatives, or postpone other obligations to be able to feed themselves. As is known to those who work with the desperately poor, food is a flexible budget item. Rent, utilities, or installment loans must be paid, but one can eat less or eat more cheaply. Ways to stretch food budgets included the use of coupons (40 percent), securing food from others (25 percent), getting old produce from the grocery (26 percent), raising a garden (13 percent), and obtaining food through the Women's Infants' and Children's Nutritional Supplement Program (13 percent).

Respondents were asked how often they engaged in a list of coping activities between January 1982 and the time of the interview. The most common strategy reported was purchasing old bread of produce, as 26 percent of the group had done at least once in the time period.The next most common practices were searching for bottles and cans to trade in (22 percent), working with neighbors to perform chores (14 percent), and obtaining used clothing (11 percent). Sixty-one percent resorted to charitable organizations, family hand-me-downs, and garage sales to obtain clothes. Respondents reported engaging in these practices about as often during the year previous to termination as well.

Child care

Providing adequate child care for their children was another difficult area for many of the mothers included in this study. Child care is of utmost importance to working mothers who are also heads of households. It represented the single largest work-related expense among those who purchased child care services, with payments averaging over $63 per month, or 13 percent of the monthly income generated from earnings. Of respondents, 49.6 percent had someone taking care of their children on a regular basis at the time of the survey, with work being the main reason for this action (94.3 percent). Looking for work, or being in school for a training program, were the next most frequently cited reasons (4 percent each).

It is of interest that only 10 percent of respondents paid for child care services. The most frequently cited arrangement was the use of friends and relatives as suppliers of an acceptable, inexpensive resource (71 percent). Friends and relatives were also the main source of emergency or alternative care. Relatively few of the mothers (17 percent) used formal day care centers, possibly because of cost.

Health-related issues

The data yield a good profile on both health status and health care among those surveyed. In 1982, respondents paid an average of $93 for prescription medicine, $130 for doctor bills, $87 for hospital or emergency-room use, and $67 for dentist bills. In all, out-of-pocket medical costs not covered by Medicaid averaged $377 for 1982. . Respondents were asked about problems they had experienced in obtaining needed medical care. Forty-nine percent reported health problems that went untreated because they could not afford treatment. Fifteen percent cited problems in getting transportation to medical treatment. In 14 percent of the cases, respondents had been refused treatment because they did not have Medicaid. In another 11 percent of those cases, respondents' physicians would not accept Medicaid. Twenty-two percent of the participants had medical debts that were more than two months overdue, and the average amount of the bed was $509.

Social Support Services

Respondents tended to rely on informal rather than formal social systems for support. Parents were cited most often as the persons to whom the respondents would turn for help in the following areas: advice concerning problems with children, needing someone to talk to, making decisions after the AFDC grant was terminated, need for food or clothing, and loans. The next most frequent group respondents turned to for assistance were siblings, followed by friends.

It is interesting that, although they were mentioned, social workers, counselors, ministers, and other professionals were not a main source of support to these women. In fact, they were each cited as social supports by only a handful of respondents. Two possible reasons might be proposed.

First, access of this population to social services may be limited. Second, the culturally prescribed reliance on the extended family may be in force among these women. The most popular sources of assistance may also be those most accessible to respondents.

Although social service organizations were not extensively used by those surveyed, community service organizations were the most popular providers (13 percent) of concrete services such as food, money, and transportation. They were followed by public welfare agencies (other than for receiving AFDC) (12 percent), a church or minister (11 percent), and friends from church (9 percent).

Expectations for the Future

The mood evident among the respondents was one of optimism about improving their plight in the future. Seventy-three percent of the group believed life would be improved for them in five years, compared to 12 percent who believed life would be the same, and 12 percent who believed that life would be worse. Those who were optimistic based their assessment on hope for improvements in the economy, on furthering their education, or on anticipated contributions to household income from their children. Those expecting no change in status saw no new opportunities -- merely maintenance of their present conditions. Finally, negative economic indicators such as higher inflation, increased expenses, and a lack of food jobs formed the basis for those feelings that life would get worse.

When asked to assess their condition in contrast to that of a year prior to the study, 46 percent of the respondents thought that their situation had improved even though their economic situation was now worse, 30 percent thought that circumstances had remained the same, and 23 percent thought that things were worse. For those sensing improvement, obtaining employment and the certainty of the accompanying benefits was the main reason for a positive assessment. However, for those losing jobs or encountering increasing costs, the outlook was negative.

Outcomes

On average at termination, these Georgia families lost AFDC cash benefits totaling $64 per month about $9 of which was made up by an increase in their food stample allotments. They also lost Medicaid benefits, the value of which is hard to quantify because one receives benefits only as they are needed -- benefits are not convertible to cash for discretionary purposes. Prior to termination, total resources including earnings, welfare, and food stamps left 70 percent of the families in this study below the official poverty level. By the time of the study interview, 79 percent were below poverty level.

There are important points we can make based on these findings. In a time of economic adversity, and although these women had had their welfare grants eliminated, *their desire to work was still strong.* These mothers wanted to increase their work effort, even when they were already working full-time.

These mothers, typically, had gone to work because they had wanted to improve their standard of living and be as self-reliant as possible. Fifty-two percent of the group became workers voluntarily, because welfare policies do not require mothers to work if there is at least one child below the age of 6 in the family. Forty percent of our sample found that they had taken the forward step of going to work just in time to be pushed backward by losing AFDC and Medicaid.

Although these families were at the top of the income scale in relation to other families on welfare in Georgia, they still did not have enough of a "safety net" to accommodate unanticipated expenses. Most of these families spent all their income on basic necessities and had little money, if any, left over at the end of the month. These mothers were not spending their money frivolously, and few were able to put anything away for emergencies or for their children's future.

There are certain significant conclusions that can be drawn regarding OBRA's effects on work incentives for these working-poor female-headed families. Most noticeably, OBRA removed work incentives for many AFDC working mothers. The Reagan Administration has overlooked the significant level of need experienced by millions of families who require both work and welfare to survive, because these families earn only low wages, often in temporary or part-time jobs that fail to raise them above the poverty threshold.[12]

To date, no federal policy has satisfactorily provided for adequate assistance to low-income working women and their children. Even before OBRA, little was done for these families. Since OBRA, an explicitly policy course has been charted so that even less is done. In effect, OBRA weakened an already inadequate set of programs and policies.

OBRA Policy Analysis

The challenge of creating viable program and policy structures that both encourage working as an option for welfare families and provide adequately for others who are not employed has thwarted numerous reform efforts over teh past 15 years. Low-income families, including those headed by single women, experience many diverse needs. Simultaneously addressing all these needs is no easy task. The Reagan Administration's policies have the following effects.

First, the policies punish mothers who choose to work b y reducing the financial incentives to work and by eliminating health protection. The long-term consequences of changing public policy on welfare in a way that penalizes work effort is probably the most serious concern generated by the implementation of OBRA. The OBRA-directed changes chart an explicit policy course that pays full benefits to nonworking women and curtails benefits to those who often work in the least desirable jobs and persevere nonetheless. It reverses two decades of public policy aimed at encouraging self-reliance through work and reducing the government support necessary to maintain a minimal standard of living.

Second, the Administration failed to consider the difference between states that provide high and low payments. Although the stated aim was to eliminate high earners from the welfare rolls, the method selected also knocked off families who were barely making minimum wages. Many families in the low-benefit states had their grants terminated at subpoverty incomes. For example, if Georgia had not raised its standard-of-need for AFDC eligibility, a three-person family would have been automatically ineligible unless their earnings were below $300 per month.

Third, although the avowed intention of OBRA was to save money, the savings may have been illusory when recidivists are considered. Every family that came back on the rolls (at the higher benefit levels) offset savings to the federal government that were initially achieved by terminating more than four families.

Finally, OBRA hit families that were indisputably porr, families that struggled every month to make financial ends meet. It is painful for all of us to imagine losing 10 percent of our family's living resources and a valuable medical insurance program: it was much more painful for these poor families. After all the debates over the "deserving" versus the "undeserving" poor, over work disincentives and the work ethic, over the predictions and counterpredicionts of savings, we cannot ignore one fact -- there are millions of poor women working and striving to provide an adequate standard of living for themselves and their children. The undeniable impact of OBRA was to increase the burden for many of these women and their children and push them deeper into poverty.

There is perhaps one positive effect of OBRA< and that is it freed some families from the stigma of being on welfare. Many of the women in these studies mentioned that they and their children were ashamed to be on welfare, and, when their grants were cut off, they were in one sense relieved. This is a distressing indictment of a system that is supposed to be providing people with social and tangible support.

As a final note, over half (54 percent) the group was registered to vote, but only 32 percent voted in the 1980 presidential election. It appears that changing their situation through elected officials was not a high priority for most of this population.

Government Policy

How much should the government help the working poor -- those who have the potential capacity to help themselves? The data do not resolve the question, for it is largely a subjective value judgement, a matter of opinion. What then can be learned from the data?

First, as the findings indicate, neither work nor welfare alone can be considered sufficient for survival. With income levels near minimum wage and low AFDC payments, it is impossible for many single mothers to meet monthly expenses, much less pay off long-term debts. In this light, eligibility for welfare can hardly be seen as a work disincentive, because both AFDC and work are required by many to maintain their households.

Second, the group studied got by with a little help from their relatives or friends. They lived on the margin of disaster, and any significant change in economic status would push them over the brink.[13]

Their tenuous situation was exacerbated by an employment scene that was dismal for most of those questioned. Working, at times in unstable positions, the respondents earned enough money to remain ineligible for welfare year they did not earn enough to meet the expenses of basic amenities.[14] The work ethic obviously was strong among this group, because many were working full-time to earn only a few dollars more than AFDC would have provided without work. From a public policy perspective, this desire for work should be supported not squelched by financial disincentives.[15] We must first identify these families' needs, then we must identify ways in which federal policy can help them rise out of poverty and, all the while, we must encourage their work effort. We should not continue to punish the very characteristics we hope to support. Welfare should not be an all-or-nothing proposition.[16]

In devising public policies, we should acknowledge the enormous amount of stress on both mothers and children. These families still need a great deal of support. Even though these women are working, and even though they typically have at least 11 years of schooling, they still face a host of economic and other difficulties that make it almost impossible for them to function completely independently. The fact that many children are without health insurance is a prime example of the kind of help these mothers need -- help that has been withdrawn from them. Being able to afford adequate child care is another essential area in which the families need assistance.

Their prospects for improving on a frustrating lifestyle are not good. Further education is an unrealistic option, and with the costs of child care, working additional hours yields diminishing results. A lack of jobs with opportunity for advancement serves to cement this group more solidly into their situations.[17]

Programs available to help working-poor families are not widely accessible. The EITC and programs designed to help with energy bills are not being used fully. Other programs, such as those sponsored by such legislation as Work Incentive, Job Training Partnership Act, and Job Corps, are not widely or consistently available. In the experiences of our respondents with these programs, the results rarely included an increase in pay in the quality of jobs available to them, or in their standard of living. Given the present administration's stance on human services in general and on the poor in particular, it becomes extremely important that as many persons as are eligible take advantage of such programs. At this juncture, informing the poor about and assisting them to gain access to whatever assistance is available is imperative.[18]

The OBRA changes generate long-range questions about poverty and the federal policy toward the poor. The nation cannot ignore these questions: How should public policy deal with the escalating poverty among families headed by women? How can federal actions promote and reward the work effort of poor women who are struggling to raise children? What is the appropriate role of public assistance programs in supporting low-income working mothers and their children?[19]

At a time when 13 million children are growing up in poverty, there can be no greater challenge than to devise more effective public policies to meet these children's needs.[20] The 1981 federal budget cuts have served to make this even clearer. It is now incumbent on Congress and the executive branch to reverse the growing poverty statistics and ensure that all children grow up with an adequate standard of living.

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