

Welfare Reform in the Mid-2000s: How African American and Hispanic Families in Three Cities Are Faring*

By: ANDREW CHERLIN, BIANCA FROGNER, DAVID RIBAR, and ROBERT MOFFITT

Andrew Cherlin, Bianca Frogner [David Ribar](#), and Robert Moffitt “Welfare Reform in the mid-2000s: How African-American and Hispanic Families in Three-Cities are Faring,” *The Annals of the American Academy of Political and Social Science* 621 (January 2009), 178-201. [doi:10.1177/0002716208324851](https://doi.org/10.1177/0002716208324851)

Made available courtesy of SAGE Publications (UK and US): <http://ann.sagepub.com/>

*****Reprinted with permission. No further reproduction is authorized without written permission from SAGE Publications. This version of the document is not the version of record. Figures and/or pictures may be missing from this format of the document.*****

Abstract:

This article reports on a sample of 538 African American and Hispanic women who were receiving Temporary Assistance for Needy Families (TANF) in 1999, 416 of whom left the program by 2005. The Hispanic women consisted of a Mexican-origin group and a second group that was primarily Puerto Rican and Dominican. Combining the experiences of the employed and the non-employed welfare leavers, the authors find at best a modest decline in the average poverty rate among African American welfare leavers between 1999 and 2005. Hispanic leavers showed larger average declines in poverty. Among just the welfare leavers who were employed in 2005, the averages for women in all racial-ethnic groups showed increases in household income and declines in poverty. Among those who were not employed, African Americans had experienced a decline in household income and were further below the poverty line than in 1999, whereas Hispanic women had experienced modest declines or slight increases in their household incomes.

Keywords: welfare reform; poverty; families; African Americans; Mexican Americans; Puerto Ricans; Dominicans

Article:

When Daniel Patrick Moynihan submitted his report, *The Negro Family: The Case for National Action*, in 1965, welfare use was already a public issue. Between 1960 and 1965, the number of recipients of Aid to Families with Dependent Children (AFDC) had increased by more than 40 percent. Soon afterward, the rate of increase became even greater. Between 1965 and 1970, the number of recipients doubled, and it increased another 30 percent by 1972.¹ The backdrop to this rise included African American welfare rights activism and rioting in the African American neighborhoods of several cities. These events reinforced the image of AFDC in the public mind as a program that benefited African Americans even though, at all times, less than half of the recipients have been African American. In fact, welfare and race have been intertwined in the United States since the creation of welfare under the Social Security Act in 1935; and they remain intertwined today.

It is not a pretty history. The 1935 act excluded many African Americans and Hispanics from social security coverage because, at the insistence of southern members of Congress, the initial legislation left out agricultural and domestic workers, two categories that included the bulk of black laborers in the South and many Hispanic laborers in the Southwest (Gordon 1994). Coverage was gradually expanded in later modifications of the law. The act also established Aid to Dependent Children (ADC), the forerunner of AFDC, to aid the widows of the

* NOTE: We gratefully acknowledge the support of the National Institute of Child Health and Human Development through grants HD36093 and HD25936 and of the Office of the Assistant Secretary for Planning and Evaluation, Administration on Developmental Disabilities, Administration for Children and Families, Social Security Administration, National Institute of Mental Health, the Boston Foundation, the Annie E. Casey Foundation, the Edna McConnell Clark Foundation, the Lloyd A. Fry Foundation, Hogg Foundation for Mental Health, the Robert Wood Johnson Foundation, the Joyce Foundation, the Henry J. Kaiser Family Foundation, W. K. Kellogg Foundation, Kronkosky Charitable Foundation, the John D. and Catherine T. MacArthur Foundation, Charles Stewart Mott Foundation, the David and Lucile Packard Foundation, and Woods Fund of Chicago.

largely white workforce that would be eligible for social security benefits. ADC remained popular until the 1960s, by which time the widows had been supplanted by never-married, divorced, and separated women, who were disproportionately drawn from minority groups.

In 1970, when President Nixon (upon the advice of Moynihan) proposed the Family Assistance Plan, a guaranteed income program for low-income families, it failed in part because southern congressmen worried that it would undercut the low-wage structure of the black labor force in their states. As Representative Phillip Landrum of Georgia famously said, “There’s not going to be anybody left to roll these wheelbarrows and press these shirts” (Quadagno 1994, 130). Lee Rainwater and William L. Yancey, in their account of the Moynihan Report and the controversy it caused, wrote that the report put the “welfare establishment” in a difficult position because “for years it has acquiesced to subtle and blatant discrimination and inadequate labor and welfare services to Negroes” (Rainwater and Yancey 1967, 175). The establishment’s strategy, they argued, had been to wish away race as a category by emphasizing a self-consciously “colorblind” approach.

With this history as background, most liberal scholars and activists concerned about the well-being of low-income African Americans were skeptical of the 1996 welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Its five-year time limit, its end to an entitlement to welfare, its work requirements, and its other rules were harsh by twentieth-century standards; and some opponents thought that the black poor would be pushed further into poverty. Supporters of welfare reform sought, with considerable success, to focus the debate on dependency rather than poverty. Moynihan himself had advocated this distinction: “The issue of welfare is the issue of dependency,” he wrote in 1986. “It is different from poverty. To be poor is an objective condition; to be dependent, a subjective one as well” (Moynihan 1986, 165). Nevertheless, in the mid-1990s, Moynihan, by then a senator from New York, vehemently denounced welfare reform. He predicted that it would be “the most brutal act of social policy since Reconstruction.”²

Some observers on the left have, in fact, concluded that PRWORA was discriminatory toward African Americans. Gooden and Douglas (2006) present data showing that states with a higher percentage of African Americans tend to have stricter rules, with time limits shorter than the five-year maximum, a loss of the full family’s grant rather than just the adult’s portion when a recipient violates rules, a refusal to increase a family’s benefits if a mother receiving TANF (Temporary Assistance for Needy Families) has another child, and so forth. Most of these differences, however, pertain to states in the South with large black populations. In contrast, New York, the state with the largest black population, is not unusually strict; nor are California or Michigan. This pattern suggests that the issue is continuing traditional disparities in the South rather than a new, nationwide phenomenon that began with PRWORA.

Much less attention has been paid to the effects of PRWORA on Hispanic families. When Moynihan wrote his report, only 4 to 5 percent of the United States population was of Hispanic origin, and Moynihan said nothing about them. Welfare in that era was viewed as a black-white issue. Now, however, Hispanics constitute about 14 percent of the U.S. population, and they outnumber non-Hispanic black Americans.³ In 2005, 26 percent of the families receiving TANF were Hispanic.⁴

The receipt of TANF within the Hispanic population varied greatly. Undocumented immigrants are ineligible for public assistance programs such as TANF. Legal immigrants who entered the United States after the passage of PRWORA in 1996 are not eligible for TANF until they have been in the country for five years. Country of origin, or island versus mainland origin in the case of Puerto Ricans, is also important, as recent analyses of the pooled 1998 to 2002 March Current Population Surveys show. Among the major Hispanic groups, Puerto Ricans and Dominicans receive the highest proportion of their household incomes from TANF. Mexicans receive a lower proportion of household income from TANF; and Cubans, the most prosperous Hispanic group, receive the lowest (Reimers 2006). In addition, Puerto Ricans and Dominicans are much more likely to live in single-parent families than are Mexicans or Cubans: 42 percent of Dominican households and 34 percent of Puerto Rican households were headed by a woman with no partner present, compared to 18 percent of Mexican households and 16 percent of Cuban households (Landale, Oropesa, and Bradatan 2006).

Due to their low incomes and high prevalence of single-parent families, Puerto Ricans and Dominicans are more similar to African Americans than are Mexicans. Thirty percent of African Americans lived in families with incomes below the poverty line in the period 1998 to 2002, a figure in between the poverty rates for Dominicans and Puerto Ricans but well above that for Mexicans (Reimers 2006). Forty-one percent of African American households were headed by a woman with no partner present—a figure virtually identical to the percentage among Dominicans and not far above the percentage among Puerto Ricans (Landale, Oropesa, and Bradatan 2006). Puerto Ricans and Dominicans are also the only Hispanic groups who do not have more earners per household than African Americans. Moreover, Dominicans who were born in the United States have rates of participation in TANF that are similar to the rates among African Americans; and Puerto Ricans, whether born on the mainland or the island, have higher rates of participation in TANF than do African Americans (Reimers 2006).

Despite predictions by some opponents that PRWORA would be disastrous for all racial and ethnic groups and predictions by other opponents that, like previous attempts at reform, it would hardly change the system, PRWORA coincided with a huge drop in the welfare rolls without the terrible, widespread consequences that many had feared. The labor force participation rate of single mothers rose sharply, and their poverty rate fell. To be sure, the welfare reformers had the good fortune of starting their program during the strong economy of the late 1990s. Yet, the consensus among economists, liberal and conservative, is that the economic boom was not the sole reason for the drop in the welfare rolls and the increase in employment among single mothers. Rather, they argue, welfare policy also played a role (Blank and Schmidt 2001; Blank 2002; Grogger and Karoly 2005). Currently, even after several years of slower economic growth, the labor force participation rate remains higher, and the poverty rate remains lower, for single mothers than in the pre-PRWORA years (Blank 2006).

Still, we know little about the long-term picture. Since economic growth has been slower in the 2000s, it is important to examine how those who left TANF have been faring in recent years. The Urban Institute's large study, the National Survey of America's Families (NSAF), ended in 2002.⁵ The most recent, detailed information comes from the Women's Employment Survey (WES), which followed a sample of TANF recipients in one urban county in Michigan from 1997 to 2003. Slightly more than half of the women were African American, and the rest were non-Hispanic whites. The caseload in the county did not contain enough Hispanics to warrant studying.

Researchers from both the NSAF and the WES have published articles and reports on individuals who have left TANF but have not made the transition to paid work. These disconnected former recipients have income from neither cash assistance programs nor employment; and under some definitions they have no incomes from spouses or partners, either. Those who were chronically disconnected from TANF, supplemental security income (SSI), employment, and income from spouses or partners during the six years of the WES were more likely to be African American than white; and they were more likely to report a physical health limitation, low work skills, a learning disability, no car or driver's license, and substance abuse (Turner, Danziger, and Seefeldt 2006). Using the NSAF data, Loprest (2003) reported that disconnected adults were more likely to be in poor health and less likely to have completed high school or obtained a GED. Blank (2007) applied similar definitions of being disconnected to Current Population Survey data through 2004 and reported that the percentage of low-income single mothers who were receiving little or no income from welfare or employment had increased substantially since the start of welfare reform.

In this article, we present information on African American and Hispanic women in the Three-City Study, one of the longest panel surveys of low-income families in the post-PRWORA era (1999 to 2005). It provides the most recent data available, and it allows for a comparison of African Americans, Americans of Mexican origin, and other Hispanics. We begin by presenting a series of charts displaying trends in household income and poverty status over the six years of the study for women who left TANF after the start. We then present the predictors of who was disconnected from welfare and work among all women who were receiving TANF at the start of the study.

Data and Methods

Sample design

The first interviews in this longitudinal study were conducted in 1999 in low- and moderate-income neighborhoods (93 percent of the selected block groups had poverty rates of 20 percent or more) in Boston, Chicago, and San Antonio. The researchers randomly selected households with incomes below 200 percent of the poverty line that included at least one child between the ages of zero to four or ten to fourteen (called the “focal child”), and they assessed or interviewed the children and also interviewed their primary caregivers, usually their mothers. (Children whose primary caregivers were male were not selected.)

In this article, we report on information obtained from the caregivers. The initial sample consisted of 2,458 families, and it included welfare and nonwelfare families. The response rate in the first wave of interviews was 74 percent.⁶ A second wave of interviews was conducted from September 2000 to June 2001 (we refer to this as the 2001 wave) with the same children, their initial caregivers, and any new caregivers if the children’s living arrangements changed, and a similar third wave was conducted in 2005. Retention in the second and third waves was high; 80 percent of the original families were successfully reinterviewed in 2005. There were no significant differences between the 1999 characteristics of the caregivers who were reinterviewed in 2005, on one hand, and the 1999 characteristics of those who were not reinterviewed in 2005, with respect to age, race and Hispanic ethnicity, educational attainment, welfare usage, or marital status.

For this article, we select caregivers who participated in all three waves, including some women who eventually lived apart from the focal child. Because we wish to examine employment behavior among potential welfare recipients, we restrict the sample to women who were sixty-two years old or younger and who were still living with at least one child under the age of eighteen in 2005. We also exclude observations for a few women who did not answer the questions relevant to our analysis, including the program use, income, and employment questions. These restrictions leave 538 African American and Hispanic women who were receiving support from TANF during the first survey in 1999. (The white sub-sample of 41 was too small to support the analyses in this article; moreover, the whites in our study were not representative of white low-income families nationally because white poverty, as Massey and Eggers [1990] and Krivo et al. [1998] have shown, is less concentrated in low- and moderate-income neighborhoods in central cities.)

TABLE 1
DEMOGRAPHIC CHARACTERISTICS AT WAVE 1 (1999) OF WOMEN WHO
WERE RECEIVING TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

	Wave 1 (1999)
Race-ethnicity	
Non-Hispanic, black	<i>n</i> = 277
Hispanic, Mexican	<i>n</i> = 117
Hispanic, other	<i>n</i> = 144
Age	
25 or younger	32.6%
26-35	41.4%
36 or more	26.0%
Education	
No degree	58.3%
High school/GED	31.9%
Above high school/GED	9.8%
Married	16.8%
Cohabiting	4.4%
Number in household	5.2
Children under three years of age in household	66.1%

NOTE: Means of characteristics for caregivers from Three-City Study who completed all three waves of data collection and who had children at all three waves. Estimates use sample weights

Of the 538 women who were receiving TANF in 1999, 416 were no longer participating in the program by 2005. About half of the leavers left by the time of the second wave—they reported receiving no income from TANF at the 2001 survey. The other half left by 2005—they were receiving TANF in 2001 but reporting no income from TANF at the 2005 survey. We combine the 2001 and 2005 leavers in this article.⁷ Slightly less than half of the leavers and 22 percent of the women still receiving TANF reported in the 2005 interview that they had income from employment in the previous month. We refer to these particular women as “employed”; they include 45 percent of the African American women, 45 percent of women of Mexican origin, and 39 percent of other Hispanic women.

All of our statistical analyses use weights that adjust for differential sampling and response rates in the original interviews and for selection due to attrition and the exclusion criteria in our specific data set. Table 1 shows the weighted demographic characteristics of the 538 women who were receiving TANF in 1999. For the charts on trends among those who left TANF, we use the subsample of 416 women who left TANF by 2005. For the analysis of disconnection from welfare and work, we use all 538 cases.

The cities

The three cities were originally selected for the study because they were representative of large urban areas in the United States and because they were in states with markedly different welfare policies. In 1999, Massachusetts was a high-benefit state with short time limits, a family-cap policy, and moderate sanctions but many types of exemptions. Illinois was a medium-benefit state with a standard five-year time limit and a family-cap provision. Illinois allowed families to receive benefits for some time before requiring work, but it also imposed tougher sanctions than the other states. Texas was a low-benefit, work-first state with short time limits, no family-cap, and weak sanctions; it also emphasized diversion. All three states offered transitional Medicaid and child care to families that left welfare for employment.

For the most part, these descriptions still characterized the programs in 2005. Massachusetts continued to have the highest benefits with a maximum monthly payment of \$618 for a family of three with no other income, while Texas had the lowest benefits with a maximum monthly payment of \$223 for a family of three. Time-limit policies were also similar across years, with Massachusetts and Texas continuing to opt for short time limits and Illinois keeping the five-year federal limit. The states also continued to offer transitional assistance. Among the changes in policies, Illinois dropped its family-cap provision in 2004 and also adopted a diversion program.

Over the period covered by our study, welfare caseloads in all three states declined substantially. The steepest drop occurred in Illinois, where the average monthly TANF caseload fell by more than two-thirds from 123,000 families in 1999 to 38,000 families in 2005. In Texas, the average monthly TANF caseload fell by just under a quarter; while in Massachusetts, the caseload fell by one-tenth. Nationally, the average number of adult recipients of TANF fell by 31 percent between 1999 and 2005 (U.S. Department of Health and Human Services 2007).

Employment conditions also varied within and across areas. Boston (Suffolk County) and San Antonio (Bexar County) had the most favorable labor market conditions with unemployment rates of 3.5 and 3.3 percent in 1999, peak unemployment rates of 6.6 and 6.2 percent in 2003, and more favorable rates of 5.4 and 5.0 percent by 2005. The rates in 1999 were below the corresponding national average, while the rates in later years were generally at or above the national averages. Unemployment was higher in Chicago (Cook County), where the rates were 5.0 percent in 1999, 7.4 percent in 2003, and 6.5 percent in 2005. In terms of poverty rates, the ordering was very different with Boston (Suffolk County), San Antonio (Bexar County), and Chicago (Cook County) experiencing poverty rates of 21, 17, and 15 percent, respectively, in 2005.

TANF participation among the Three-City caregivers fell by more than two-thirds from 32 percent in 1999 to 12 percent in 2005. This drop was greater than the average leaving rates recorded for our states. The larger drop in the Three-City sample may be attributable to life-cycle changes among the cohort of respondents. As the

caregivers aged and their youngest children reached school age, their assistance needs may have diminished. This seems, however, to be an incomplete explanation, as participation in other types of assistance, including food stamps, held fairly steady over the period.

Another explanation for the large drop in welfare use, at least initially, is “regression to the mean.” The Three-City sample was initially selected on the basis of its income characteristics and therefore included some households whose incomes were permanently low and others whose incomes were only temporarily low. Over time, we would expect that households with temporarily low incomes would return to their long-term trends. In a general longitudinal sample, households with temporarily high and low incomes balance out; however, our initial sample excluded high-income households. As a consequence, the reversions to long-term trends overwhelmingly involved shifts up in income.

Racial and ethnic composition

The analysis sample of 538 women receiving TANF in 1999 included 261 Hispanics and 277 non-Hispanic African Americans.⁸ We refer to the latter group simply as “African Americans.” The number of Hispanics was large enough to disaggregate into two groups. The first group consisted of 117 women of Mexican origin. Large concentrations of them exist in both the Chicago and San Antonio samples. Chicago has a greater percentage of Mexicans who have immigrated recently, whereas San Antonio has a greater percentage of people who have been in the country for several generations. The second group comprised 144 Hispanics of non-Mexican origin. Of this second group, 58 percent were Puerto Rican and 19 percent were Dominican. The Puerto Ricans were in both the Boston and Chicago samples, while the Dominicans were largely in the Boston sample. Small numbers of Hispanics with origins in several other Central and South American countries made up the balance of the second group, which we call “other Hispanic.”

Measures

Employment status is defined as receipt by the caregiver of any earnings from employment during the month preceding the 2005 interview. Household income is defined as the sum of income from all sources by all members of the household. As the reader will learn, a self-reported measure of work-related health problems emerged as a significant predictor of disconnection in one of the regression models we present later in this article. It is constructed from the answers to two questions that were asked in the 1999 survey: The first asked the caregiver, “Does an ongoing physical or mental health problem or disability prevent you from working?” If her answer was negative, she was asked a second question: “Does an ongoing physical or mental health problem or disability limit you in the kind of work or amount of work that you can do?” We consider a caregiver to have what we call a “work-limiting disability” if she answered affirmatively to either of these questions. A negative answer to both questions served as the reference category for the regression model.

Other measures in the regression model include the following:

- A general health question that is widely used in surveys: “In general, how is your health? Would you say it is excellent, very good, good, fair, or poor?” (Any of the first categories received a score of 1; a response of “fair” or “poor” received a score of 0.)
- Age, in years.
- Age of youngest child, in years.
- Educational attainment: more than a high school degree or GED; high school degree or GED; less than a high school degree or GED (reference category).
- Score on the Woodcock-Johnson Letter-Word test, a measure of cognitive ability and achievement.
- Whether from her birth to age sixteen, her family ever received “public assistance such as welfare, public aid, Food Stamps, WIC (Women, Infants and Children Nutrition program) or SSI (Supplemental Security Income)” (no is reference category).
- Whether anyone in the household owned a car or truck (no is reference category).

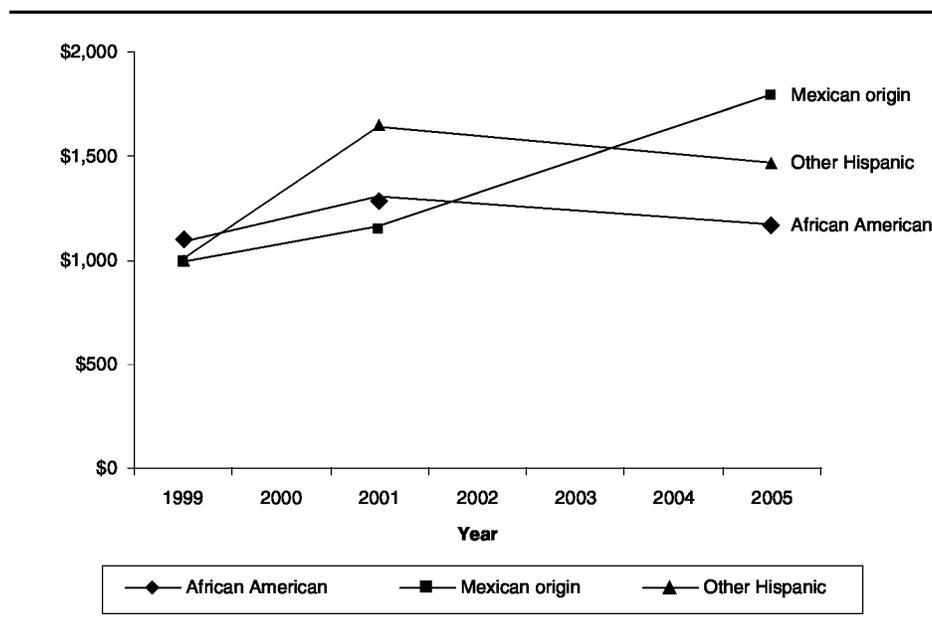
- Brief Symptom Inventory: an eighteen-item scale of psychological distress, reflecting symptoms of anxiety, depression, and somatization (Derogatis 2000). To address skewness, the natural logarithm of the score is used.
- Alcohol or drug use scale: how often during the past twelve months (never, once or twice, several times, or often), the woman: (1) used marijuana or hashish; (2) used hard drugs such as heroin, LSD, or cocaine; (3) sold drugs; or (4) had gotten drunk. The natural logarithm of the score is used.
- Whether in general the focal child's health was excellent, very good, or good (fair or poor is the reference category).
- Domestic abuse scale: whether the woman had experienced various kinds of physical, emotional, or sexual or abuse as an adult. The square-root of the score is used.
- Whether her race-ethnicity was African American, Mexican-origin (the reference category), other Hispanic.
- City of residence (Boston is the reference category).

Trends in Income and Poverty after Leaving TANF

In this section, we present charts showing trends from 1999 to 2005 in income and poverty for the 416 women who left TANF, by racial-ethnic group and, in the later charts, also by employment status. Figure 1 shows the total monthly household incomes of women who left TANF between 1999 and 2005 for the three racial-ethnic groups. Income amounts were adjusted by the Consumer Price Index for All Urban Consumers and expressed as constant, December 2005 dollars; and here we follow the definition of income used in calculating the official government poverty line, which excludes income from food stamps and from the Earned Income Tax Credit (EITC). (The numbers used in constructing the charts in this article are presented in Appendixes A, B, and C.)

In 1999, when everyone was receiving TANF, the mean household incomes of the three groups were similar, suggesting that all three groups started the study in similar economic circumstances. By 2005, however, when none of the women were receiving TANF, the household income of African Americans was less than that of the two Hispanic groups. African Americans had experienced, on average, a 7 percent gain in household income, well below the 48 percent increase among

**FIGURE 1
MONTHLY HOUSEHOLD INCOME (OFFICIAL DEFINITION) FOR
MOTHERS WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY
FAMILIES (TANF) BY 2005, BY RACE-ETHNICITY**

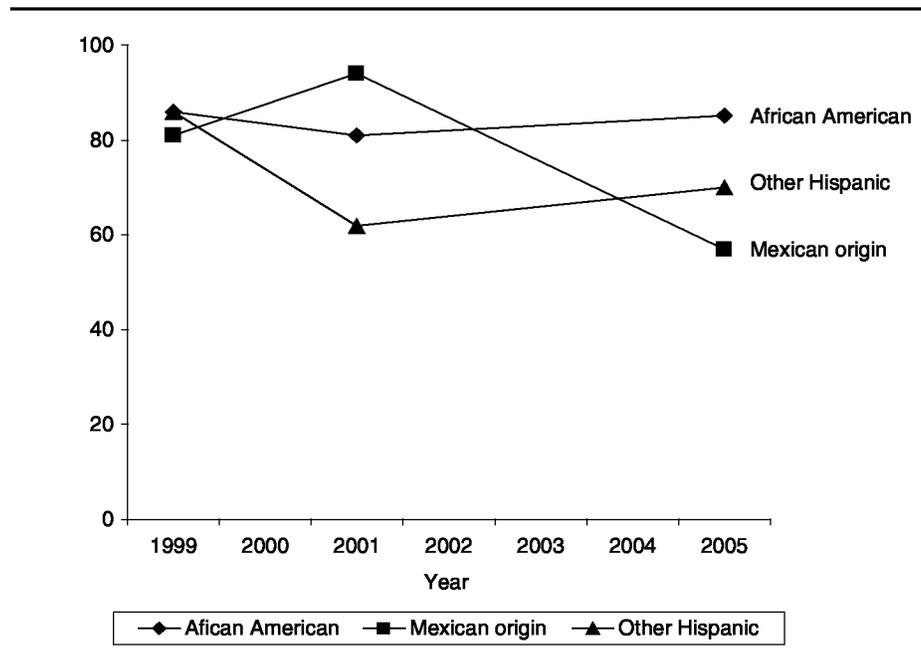


the other Hispanic group and the 79 percent increase among Hispanics of Mexican origin. This differential could reflect differences in women’s earnings, in the earnings of other household members, or in the receipt of program income other than TANF.

Figure 2 shows the percentage of women in each group with incomes that fell below the federal poverty line. There was virtually no change in the official rate of poverty among African American women who left welfare: 86 percent were poor by this definition in 1999 when they were all receiving TANF, and 85 percent were poor in 2005 when none were receiving TANF. In contrast, both Hispanic groups showed declines in the percentage below the poverty line: a 16 percentage point drop for other Hispanics and a 24 percentage point drop for those of Mexican origin. So even a Hispanic group composed mainly of Puerto Ricans and Dominicans made some progress, on average, in leaving poverty after they exited welfare, but African Americans made almost none.

The federal poverty line is the most widely cited figure in discussions and debates about low incomes, poverty, and inequality, and it has the advantage of historical continuity because it has been calculated the same way since the 1960s. Many poverty analysts argue, nevertheless, that the restricted definition of what counts as income has made the official poverty line increasingly unrealistic as a

FIGURE 2
PERCENTAGE POOR (OFFICIAL DEFINITION) FOR MOTHERS
WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
(TANF) BY 2005, BY RACE-ETHNICITY



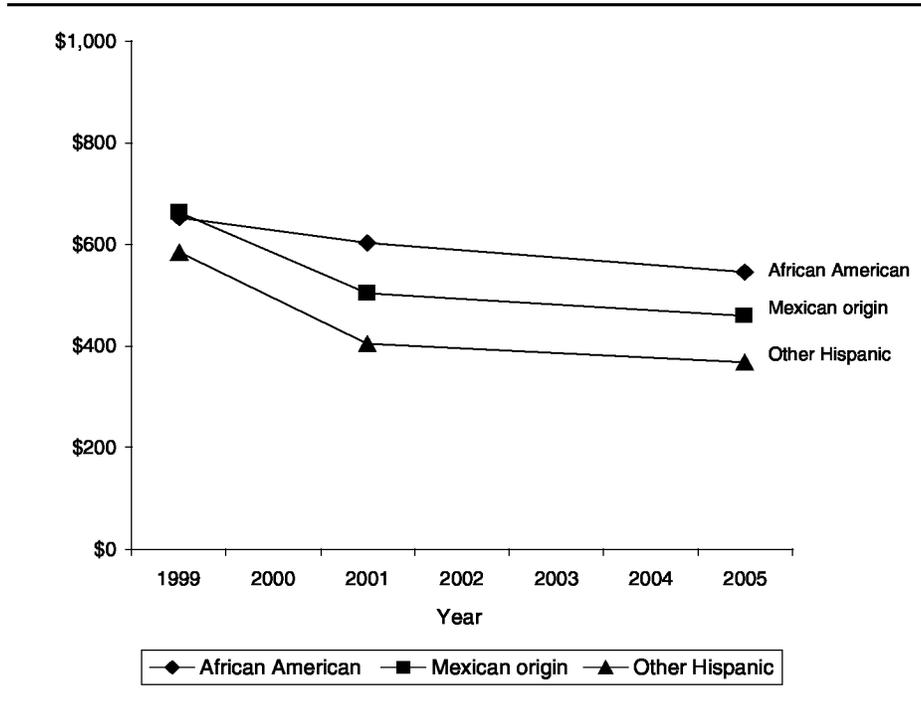
measure of household income. For instance, the expansion of the EITC program since its inception in 1975 is not reflected in the poverty line, and it now costs the federal treasury more than TANF. Nor is the value of food stamps counted. In addition, leaving welfare could have improved the economic circumstances of some poor families by raising them closer to the federal poverty line without pushing them across the line, and this kind of progress cannot be assessed in analyses that simply look at the percentage above and below the line.

Another way of measuring progress in reducing poverty is to calculate for each family the poverty gap. For a mother below the poverty line, the gap is calculated as the official poverty line for her household minus her household income. It is a measure of how far the household’s income falls short of reaching the line. For households with incomes above the line, the poverty gap is zero. We calculated the monthly poverty gap for each household, defined as one-twelfth of the federal poverty line for that household minus monthly household

income, including income from food stamps and potential EITC income.⁹ If the result was a negative number, the gap was assigned to be zero. The results are presented in Figure 3.

The poverty gap declined for all three groups, meaning that the average amount of additional income it would take for every family in the group to be at

FIGURE 3
MONTHLY POVERTY GAP (INCLUDING FOOD STAMPS AND
POTENTIAL EARNED INCOME TAX CREDIT [EITC]) FOR MOTHERS
WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
(TANF) BY 2005, BY RACE-ETHNICITY

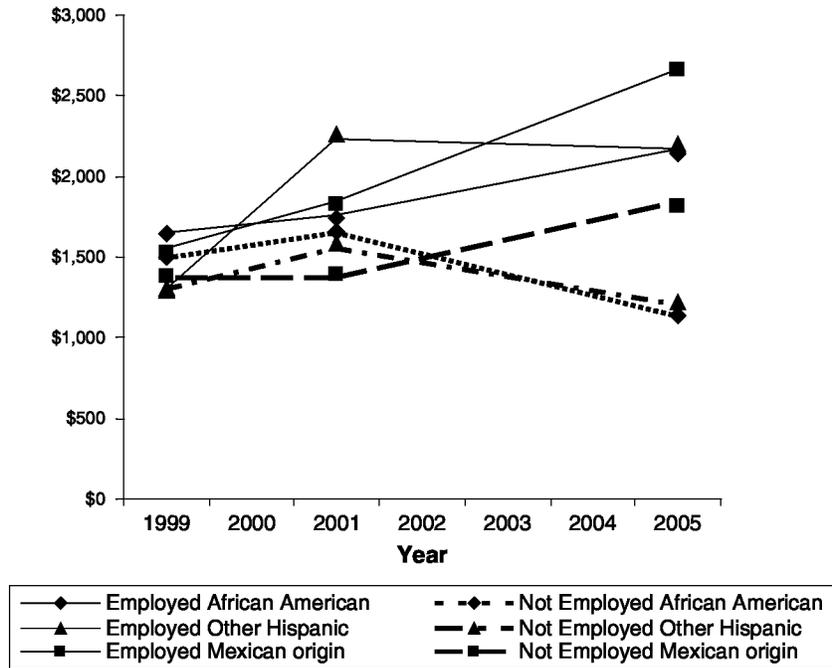


or above the poverty line declined as they left welfare from 1999 to 2005. Put another way, the average family that was still below the line in 2005 was less poor—closer to the line—in 2005 than in 1999. Once again, the improvement was smallest for African Americans, among whom the poverty gap declined by 17 percent, compared to 31 percent among Hispanics of Mexican origin and 37 percent of other Hispanics.

So far, we have presented only the average experience of all African American women, all women of Mexican origin, and all women of other Hispanic origins. But the experiences of women within each group combine those who are employed and those who are not employed. Clearly, the trajectories of the employed are likely to differ from the trajectories of the unemployed. In that sense, the “average” effect of leaving welfare is likely to be misleading since it combines the experiences of those whose economic situation may have improved and those whose situation may have deteriorated.

In Figures 4 and 5, we present two trend lines for each group, one for women who were employed at the 2005 wave and one for those who were not employed

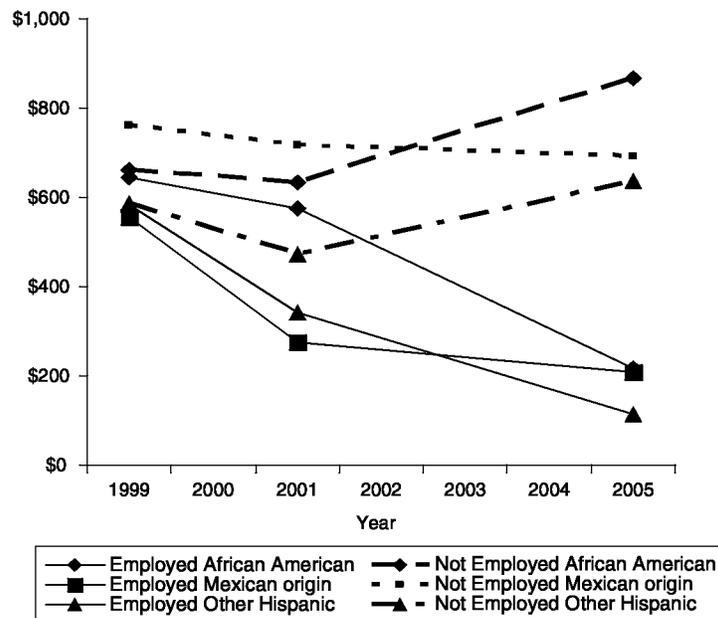
FIGURE 4
MONTHLY HOUSEHOLD INCOME (INCLUDING FOOD STAMPS
AND POTENTIAL EARNED INCOME TAX CREDIT [EITC]) FOR MOTHERS
WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)
BY 2005, BY RACE-ETHNICITY AND EMPLOYMENT STATUS IN 2005



in 2005, where “employed” is defined as having income from employment in the previous month. Women in all of the groups may or may not have been employed in 1999 and 2001; our classification is based only on 2005 employment. As shown in Figure 4, which presents trends in monthly household income including Food Stamps and potential EITC, much less variation existed in 1999 than in subsequent years. Indeed, by 2005, the variation is substantial.

The average household income for Mexican-origin women who were employed in 2005 increased by 93 percent, whereas for other Hispanics who were employed, it increased by 68 percent. For African Americans who were employed, household income increased by 30 percent. For women who were not employed in 2005, however, the situation is much different. African American women who were not employed in 2005 had household incomes that had declined by 24 percent since 1999. Mexican-origin women who were unemployed nevertheless saw an increase of 18 percent in their household incomes.

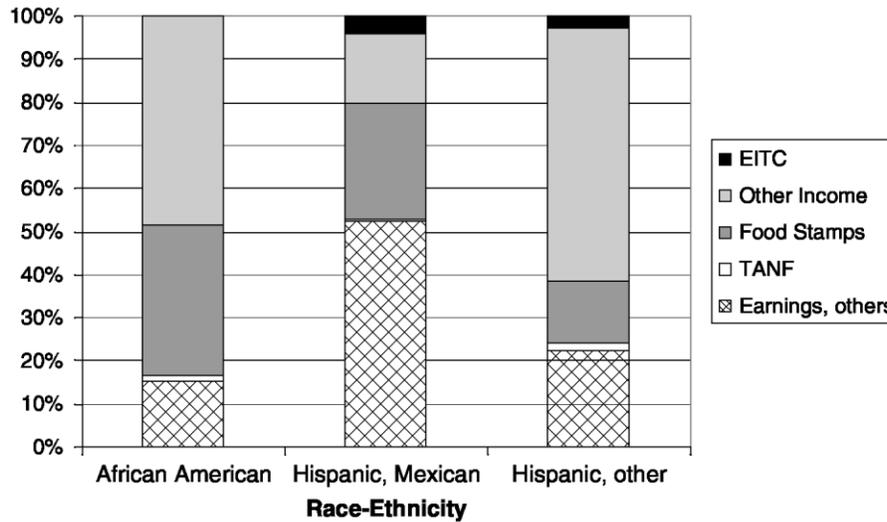
FIGURE 5
MONTHLY POVERTY GAP (INCLUDING FOOD STAMPS AND POTENTIAL EARNED INCOME TAX CREDIT [EITC]) FOR MOTHERS WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BY 2005, BY RACE-ETHNICITY AND EMPLOYMENT STATUS IN 2005



Women of other Hispanic origin who were not employed in 2005 were treading water: their incomes had decreased by 5 percent. In other words, among non-employed welfare leavers in 2005, African American and to a lesser extent other Hispanic women experienced an absolute decrease in their average household incomes, whereas Mexican-origin women who were not employed were able to increase their incomes, on average.

Figure 5 displays the poverty gap for the employed and unemployed and tells a similar story. The only group that displayed a substantially worsening trajectory was African Americans who were not employed in 2005. Their poverty gap had increased by nearly one-third, on average, from \$662 to \$867. Almost all of them had been below the poverty line to begin with in 1999, and they were even further below the poverty line in 2005. Hispanics of non-Mexican origin who were not employed showed a modest increase in their average poverty gap (worsening economic status), while Mexican-origin Hispanics who were not employed showed a modest decrease in their poverty gap (improving economic situation). In contrast, employed women in all three racial-ethnic groups decreased their average poverty gaps substantially. Among African Americans who were

FIGURE 6
PERCENTAGE OF HOUSEHOLD INCOME BY SOURCE FOR MOTHERS
WHO LEFT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)
AND WERE NOT EMPLOYED IN 2005, BY RACE-ETHNICITY



employed, for instance, the average gap fell from \$645 to \$216. Overall, employed women from all three racial-ethnic groups were faring much better economically in 2005 than in 1999, while nonemployed Hispanic women had experienced small upward or downward changes and nonemployed African American women had experienced a substantial worsening of their economic situation.

Why were nonemployed Mexican-origin women able to increase their household incomes and decrease their poverty gaps modestly whereas nonemployed African Americans were not? The reason is that they were more likely to live in households in which other members contributed earnings. Nonemployed Hispanics of Mexican origin were able to insulate themselves from declines in income caused by leaving TANF by adding earners to their households and through the increased earnings of already existing household members. In contrast, African Americans, both employed and not employed, drew the least income from additional household members. Indeed, food stamps constituted a larger share of the household income among African Americans, and both African Americans and non-Mexican Hispanics relied more on a broad category we have labeled “other income,” which includes SSI, social security disability insurance, child support payments, and assistance from people outside the household (see Figure 6).¹⁰

Predictors of Disconnection

What predicts being disconnected from sources of income at the end of the study? In this section, we examine the predictors of being disconnected in 2005 using three definitions similar to those used in previous studies (Loprest 2003; Turner, Danziger, and Seefeldt 2006; Blank 2007); and to be consistent with previous studies, we include all women who were receiving TANF in 1999, not just the women who had left TANF by 2005. Under the first and simplest definition, a woman is considered disconnected if at the time of the 2005 interview she was receiving income from neither TANF nor employment. The second definition adds the criterion that she also was not receiving cash assistance from SSI or Unemployment Insurance (UI) programs. The third adds the further criterion that she was not living with a spouse or partner who was employed at the 2005 interview. Thus, under the third definition, a woman was disconnected from sources of income if she had no access to income from TANF, SSI, UI, employment, or a partner. Under the first definition, 40 percent were disconnected; under the second definition, 28 percent were disconnected; and under the third and most restrictive definition, 22 percent were disconnected.

Table 2 presents the results from logistic regression models of whether a woman was disconnected, according to each of the three definitions, as a function of the predictor variables discussed earlier. Considering the first definition of disconnection, we see that just two coefficients are statistically significant at conventional levels. One of them is age of youngest child: the older that child is, the less likely the mother is to be disconnected. This result may reflect the easing of the burden of child care that occurs when one's children are older, reducing the difficulty of combining work and child care. The second is the presence of a work-limiting disability, which greatly increases the odds of being disconnected: other things being equal, a woman who reported a work-limiting disability in 1999 was 2.7 times more likely to be disconnected in 2005 than a woman who did not report one. All women who said they had a work-limiting disability were also asked what the health condition was. No condition dominated. Seventeen percent said that the problem was depression, with Hispanics more likely to mention this factor than African Americans. From 1 to 10 percent named each of the following conditions: vision problems, arthritis, back or neck problems, fractures or other injuries, heart problems, hypertension, diabetes, lung or breathing problems, and weight problems.

When the second definition is used, however, disability is no longer a significant predictor of being disconnected. This definition adds the criterion that the woman is not receiving SSI or UI. In fact, the number of welfare leavers receiving SSI increased from fifty-two in 1999 to seventy-four in 2005. The rise in SSI receipt partially compensated for the decline in TANF receipt among those with a work-related disability. Educational attainment also emerges as a significant predictor in the second definition, with a lower likelihood of disconnection among women with education beyond high school.

TABLE 2
LOGISTIC REGRESSION OF DISCONNECTED STATUS IN 2005 (N = 516)

	Definition 1 (Odds Ratios)	Definition 2 (Odds Ratios)	Definition 3 (Odds Ratios)
Reported a work-limiting disability in 1999	2.68**	1.45	1.29
Health was "good" or better in 1999	0.70	1.01	0.921
Age	1.04	0.99	1.01
Age of youngest child	0.87**	0.90*	0.89*
Educational attainment (no degree is reference category)			
High school degree or GED	0.64	0.59	0.82
More than a high school degree	0.59	0.27*	0.27*
Woodcock-Johnson Letter-Word Test score	0.99	1.0	0.99
Family received welfare from birth to age sixteen	1.48	1.34	1.38
Someone in the household owns a car or truck	0.81	0.98	1.30
Brief Symptom Inventory score	1.07	1.07	1.14
Alcohol or drug use scale score	0.92	0.93	0.91
Child's Health is "good" or better	2.70	1.68	1.38
Experienced physical or sexual abuse as an adult	1.00	1.21	1.29
Race-ethnicity (Mexican is reference category)			
African American	0.66	0.51	3.62**
Other Hispanic	0.62	0.54	2.07
City of residence (Boston is reference category)			
Chicago	1.39	2.11	2.12
San Antonio	0.90	1.23	3.07*
-2 log-likelihood	619.6	553.2	483.8

* $p < .05$. ** $p < .01$.

Note that there are no significant differences in the likelihood of being disconnected among the three racial-ethnic groups under definitions one and two. Under definition three, however, where we add the criterion that to be disconnected a woman also has to be living in a household without a spouse or partner with earnings, African American women become 3.6 times as likely to be disconnected as Mexican-origin women. This finding is consistent with the sources of household income that were shown in Figure 6. A much lower proportion of African American mothers, 22 percent, were living with spouses or partners in 2005, compared to 56 percent of Mexican-origin women. As a result, African American women who had no income from cash assistance or employment were less able to compensate by relying on a partner's earnings. Among the largely Puerto Rican

and Dominican “other Hispanic” group, 27 percent were living with a spouse or partner, which is closer to the African American figure. The coefficient for other-Hispanic group indicates a likelihood of disconnection that was between African Americans and Mexicans; it was not significantly different from either.

Conclusion

Nine years after the passage of PRWORA and six years after we began our three-city study, the economic circumstances of the women who were receiving welfare at the start of the study had diverged by their subsequent TANF receipt, employment status, and race-ethnicity. At the start of the study, when all of the women were receiving TANF, their income and poverty levels were similar. By 2005, a large majority had left TANF, and about half of the leavers were employed. African Americans who left TANF were faring substantially worse in 2005 than Hispanics of Mexican origin; and on some measures, they were faring worse than non-Mexican Hispanics (mostly Puerto Rican and Dominican), whose national levels of poverty and single-parent families are close to the national levels of African Americans.

African American welfare leavers experienced at best a modest decline in poverty, depending on the measure of poverty that is used, and a modest increase in household income. Hispanic leavers experienced larger declines in poverty and increases in income. African American welfare leavers were far more likely than Mexican leavers to be living without a spouse or partner, which increased the likelihood that they would be disconnected from welfare, work, and spouse’s or partner’s earnings in 2005.

Among welfare leavers who were employed in 2005, we found a substantial gain in household incomes and a narrowing of the gap between their incomes and the poverty line among all three racial-ethnic groups. Nonemployed African American welfare leavers, however, experienced an increase of one-third in the gap between their incomes and the poverty line since 1999. They were a very impoverished group. Hispanic welfare leavers who were not employed were able to compensate better through earnings from others in their households.

Do the findings in this article help answer the common question posed by Blank (2006) and others of whether welfare reform has been a success? No social scientific analysis can provide a definitive answer because people with different moral and political views will look at the same data and arrive at different conclusions. But the results from the Three-City Study do help narrow the answer somewhat. Even if welfare reform is to be judged a success, it has been less of a success for African Americans than for Hispanics, particularly Mexican-origin Hispanics; if welfare reform is to be judged problematic, it has been more problematic for African Americans. Welfare reform appears to have helped African American families in which women were able to leave the assistance rolls and find employment. Their numbers—nearly half of the African Americans in our study—are higher than many critics of the 1996 law expected. Yet, the other half is increasingly impoverished. Welfare reform has not managed to put to rest the regrettable historical pattern of American social welfare programs, in which African Americans tend to benefit the least.

APPENDIX A
**INCOME AT WAVES 1, 2, AND 3 FOR NON-HISPANIC, AFRICAN AMERICAN WELFARE LEAVERS,
EMPLOYED AND NOT EMPLOYED IN WAVE 3**

	All Leavers			Leaver Employed in Wave 3			Leavers Not Employed in Wave 3		
	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3
<i>N</i>	215			106			109		
Monthly household income (official poverty rate definition)	1,100	1,280	1,172	1,149	1,294	1,612	1,052	1,266	740
Poverty rate									
Official definition (%)	86	81	85	80	75	77	92	86	94
With Earned Income Tax Credit (EITC) and food stamps (%)	74	66	64	65	60	37	83	71	89
Poverty gap									
Official definition	1,005	935	911	982	938	573	1,028	932	1,242
With EITC and food stamps	654	604	545	645	575	216	662	633	867
Monthly earnings									
Individual	362	594	541	475	767	1,094	251	425	0
Others in household	109	246	259	122	196	346	96	295	174
Temporary Assistance for Needy Families (TANF)	428	178	8	413	112	0	442	243	16
Food stamps	384	305	358	390	283	319	378	326	396
Other income	202	261	363	139	220	172	263	303	551
EITC income (potential)	84	116	101	101	170	205	68	62	2
Percentage of households with earnings from someone other than the individual	17	26	25	21	21	36	13	32	15
Percentage of households with a spouse present	11	10	14	16	14	18	7	6	10
Percentage of households with a partner present	7	7	11	7	6	9	6	9	14

NOTE: Means of characteristics for caregivers from Three-City Study who completed all three waves of data collection and who had children at all three waves. Estimates use sample weights. Income amounts adjusted by the Consumer Price Index for All Urban Consumers (CPI-U) and expressed as constant (December 2005) dollars. Other income includes supplemental security income, social security disability income, social security, other types of welfare assistance, workers compensation or disability payments, pension or retirement income, child support, and help from friends and relatives.

APPENDIX B
**INCOME AT WAVES 1, 2, AND 3 FOR HISPANIC WELFARE LEAVERS OF MEXICAN ORIGIN,
EMPLOYED AND NOT EMPLOYED IN WAVE 3**

	All Leavers			Leavers Employed in Wave 3			Leavers Not Employed in Wave 3		
	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3
N	98			45			53		
Monthly household income (official poverty rate definition)	996	1,144	1,786	981	1,364	2,364	1,010	940	1,250
Poverty rate									
Official definition (%)	81	94	57	72	92	41	88	95	72
With Earned Income Tax Credit (EITC) and food stamps (%)	67	70	53	71	61	38	64	77	67
Poverty gap									
Official	1,010	886	798	857	650	443	1,153	1,105	1,127
With EITC and food stamps	663	503	459	556	274	207	762	716	692
Monthly earnings									
Individual	65	421	638	90	488	1,327	41	360	0
From others in household	463	465	931	440	680	907	485	266	953
Temporary Assistance for Needy Families (TANF)	354	158	4	337	147	0	369	168	7
Food stamps	333	287	331	268	254	166	393	319	484
Other income	114	100	213	114	49	130	115	147	290
EITC income (potential)	125	166	100	124	204	126	126	131	77
Percentage of households with earnings from someone other than the individual	39	38	60	33	58	65	45	19	55
Percentage of households with a spouse present	43	29	48	43	44	57	42	16	40
Percentage of households with a partner present	1	6	10	1	5	5	0	7	15

NOTE: Means of characteristics for caregivers from Three-City Study who completed all three waves of data collection and who had children at all three waves. Estimates use sample weights. Income amounts adjusted by the Consumer Price Index for All Urban Consumers (CPI-U) and expressed as constant (December 2005) dollars. Other income includes supplemental security income, social security disability income, social security, other types of welfare assistance, workers compensation or disability payments, pension or retirement income, child support and help from friends and relatives.

APPENDIX C
**INCOME AT WAVES 1, 2, AND 3 FOR HISPANIC WELFARE LEAVERS OF OTHER THAN MEXICAN
 ORIGIN, EMPLOYED AND NOT EMPLOYED IN WAVE 3**

	All Leavers			Leavers Employed in Wave 3			Leavers Not Employed in Wave 3		
	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3	Wave 1	Wave 2	Wave 3
<i>N</i>	103			56			47		
Monthly household income (official poverty rate definition)	994	1,648	1,467	1,009	1,959	1,893	979	1,322	1,020
Poverty rate									
Official (%)	86	62	70	86	59	51	86	64	90
With Earned Income Tax Credit (EITC) and food stamps (%)	78	57	53	77	52	22	80	63	85
Poverty gap									
Official	846	585	526	856	540	270	836	632	795
With EITC and food stamps	585	405	369	584	341	113	586	472	637
Monthly earnings									
Individual	173	720	685	243	1,109	1,340	99	313	0
Others in household	65	360	263	75	475	251	55	241	276
Temporary Assistance for Needy Families (TANF)	484	193	15	486	181	9	482	205	22
Food stamps	245	189	135	213	189	100	280	188	172
Other income	273	375	503	205	194	294	343	563	722
EITC income (potential)	61	90	119	88	110	203	32	71	32
Percentage of households with earnings from someone other than the individual	12	37	27	13	44	22	11	30	33
Percentage of households with a spouse present	11	6	12	8	10	15	14	2	10
Percentage of households with a partner present	3	19	14	4	13	14	2	24	14

NOTE: Means of characteristics for caregivers from Three-City Study who completed all three waves of data collection and who had children at all three waves. Estimates use sample weights. Income amounts adjusted by the Consumer Price Index for All Urban Consumers (CPI-U) and expressed as constant (December 2005) dollars. Other income includes supplemental security income, social security disability income, social security, other types of welfare assistance, workers compensation or disability payments, pension or retirement income, child support and help from friends and relatives.

Notes

1. U.S. Administration for Children and Families (2007).
2. Quoted in Katz (2001, 327).
3. U.S. Census Bureau (2002, 2005).
4. “Temporary Assistance for Needy Families—Active Cases,” <http://www.acf.hhs.gov/programs/ofa/character/FY2005/tab08.htm> (accessed September 24, 2007). The figures are for October 2004 to September 2005. Thirty-seven percent of the families were African American, and 32 percent were white.
5. See <http://www.urban.org/center/anf/nsaf.cfm> (accessed September 4, 2007).
6. See Pamela Winston (1999).
7. Two percent of mothers received Temporary Assistance for Needy Families (TANF) in 1999, did not receive it in 2001, but received it again in 2005. We exclude these mothers from our analyses.

8. The subsample of 416 women who left TANF after 1999 included 201 Hispanics and 215 non-Hispanic African Americans.
9. Potential Earned Income Tax Credit (EITC) amounts were calculated using the TAXSIM program available at <http://www.nber.org/~taxsim> (Feenberg and Coutts 1993). Our calculations assume that all eligible families participate and claim the maximum possible amount based on an annualization of their monthly incomes. Recent studies suggest that at least 75 percent of families eligible for the EITC participate in the program. See Holt (2006).
10. The small amount of TANF income among Hispanic welfare leavers (no African American woman reported any) was contributed by subfamilies in the woman's household, such as a sister and her child, that were receiving TANF. Similarly, the small amount of EITC income reflects tax credits on the earnings of others in the household.

References

- Blank, Rebecca M. 2002. Evaluating welfare reform in the U.S. *Journal of Economic Literature* 40:1105-66.
- . 2006. Was welfare reform successful? *Economists' Voice* 3 (4): Article 2.
- . 2007. Improving the safety net for single mothers who face serious barriers to work. *The Future of Children* 17:183-97.
- Blank, Rebecca M., and Lucie Schmidt. 2001. Work, wages, and welfare. In *The new world of welfare*, ed. R. M. Blank and R. Haskins, 70–96. Washington, DC: Brookings Institution.
- Derogatis, Leonard R. 2000. *Brief Symptom Inventory 18: Administration, scoring, and procedures manual*. Minneapolis, MN: National Computer Systems.
- Feenberg, Daniel, and Elisabeth Coutts. 1993. An introduction to the TAXSIM model. *Journal of Policy Analysis, and Management* 12:189-94.
- Gooden, Susan T., and Nakeina E. Douglas. 2006. Ever present, sometimes acknowledged, but never addressed: Racial disparities in U.S. welfare policy. In *The promise of welfare reform: Political rhetoric and the reality of poverty in the twenty-first century*, ed. K. M. Kilty and E. A. Segal, 207-22. New York: Haworth.
- Gordon, Linda. 1994. *Pitied but not entitled: Single mothers and the history of welfare*. New York: Free Press.
- Grogger, Jeffrey T., and Lynn A. Karoly. 2005. *Welfare reform: Effects of a decade of change*. Cambridge, MA: Harvard University Press.
- Holt, Steve. 2006. *The Earned Income Tax Credit at age 30: What we know*. Washington, DC: Brookings Institution, Metropolitan Policy Program. http://www.brookings.edu/metro/pubs/20060209_Holt.htm.
- Katz, Michael B. 2001. *The price of citizenship: Redefining the American welfare state*. New York: Metropolitan Books.
- Krivo, Lauren J., Ruth D. Peterson, Helen Rizzo, and John R. Reynolds. 1998. Race, segregation, and the concentration of disadvantage: 1980–1990. *Social Problems* 45:61-80.
- Landale, Nancy S., R. Salvador Oropesa, and Cristina Bradatan. 2006. Hispanic families in the United States: Family structure and process in an era of family change. In *Hispanics and the future of America*, ed. Marta Tienda and Faith Mitchell, 138-78. Washington, DC: National Academies Press.
- Loprest, Pamela. 2003. Disconnected welfare leavers face serious risks. Washington, DC: Urban Institute. <http://www.urban.org/url.cfm?ID=310839> (accessed October 25, 2007).
- Massey, Douglas S., and Mitchell T. Eggers. 1990. The ecology of inequality: Minorities and the concentration of poverty, 1970-1980. *American Journal of Sociology* 95:1153-88.
- Moynihan, Daniel P. 1986. *Family and nation*. San Diego, CA: Harcourt, Brace, Jovanovich.
- Quadagno, Jill S. 1994. *The color of welfare: How racism undermined the war on poverty*. New York: Oxford University Press.
- Rainwater, Lee, and William L. Yancey. 1967. *The Moynihan Report and the politics of controversy*. Cambridge, MA: MIT Press.

- Reimers, Cordelia. 2006. Economic well-being. In *Hispanics and the future of America*, ed. M. Tienda and F. Mitchell, 291-461. Washington, DC: National Academies Press.
- Turner, Leslie J., Sheldon Danziger, and Kristin S. Seefeldt. 2006. Failing the transition from welfare to work: Women chronically disconnected from employment and cash income. *Social Science Quarterly* 87:227-49.
- U.S. Administration for Children and Families. 2007. Temporary Assistance for Needy Families, separate state program-maintenance of effort, Aid to Families with Dependent Children: Caseload data. <http://www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm#afdc> (accessed October 11, 2007).
- U.S. Census Bureau. 2002. Historical census statistics on population totals by race, 1790 to 1990, and by Hispanic origin, 1970 to 1990, for the United States, regions, divisions, and states. Working Paper Series no. 56. <http://www.census.gov/population/www/documentation/twps0056.html> (accessed June 27, 2007).
- . 2005. The Hispanic population in the United States: 2004. <http://www.census.gov/population/www/socdemo/hispanic/cps2004.html> (accessed June 27, 2007).
- U.S. Department of Health and Human Services. 2007. Indicators of welfare dependence: Annual report to Congress 2007. <http://aspe.hhs.gov/hsp/Indicators07/> (accessed September 6, 2007).
- Winston, Pamela. 1999. Welfare, Children, and Families: A Three-City Study. Overview and design. In collaboration with Ronald J. Angel, Linda M. Burton, P. Lindsay Chase-Lansdale, Andrew J. Cherlin, Robert A. Moffitt, and William Julius Wilson. [http://web.jhu.edu/threecitystudy/images/overviewanddesign](http://web.jhu.edu/threecitystudy/images/overviewanddesign.pdf) .pdf.