Community distress predicting welfare exits: the under-examined factor for families in the United States

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ABSTRACT Using a quasi-experimental design, a sample of female welfare clients (N = 91) was followed over 32 months to compare two competing models used to describe welfare dependency. The individual deficit model suggested that clients would not engage in work activities on their own initiative and that legislative sanctions were required to force clients into employment. The ecological/community model suggested that community economic distress, rather than lack of skills or motivation, prevented clients from becoming gainfully employed. Results showed that while both models explained the rate at which clients left the welfare system, the community that one lived in was a stronger predictor of welfare exits than government programs mandating individual effort. Results revealed that many clients were employed regardless of whether or not it was mandated. Furthermore, clients who resided in lower income communities and were required to work to keep receiving welfare benefits under the new legislation, spent an average of nearly twice as much time in the welfare system (22.75 months) as individuals who faced neither stress (11.5 months). The findings highlight the need to incorporate community economic development strategies in the overall program to decrease welfare dependency, rather than focusing solely on individual remediation.

KEY WORDS Poverty legislation; welfare reform; women; community economic development; community psychology; ecological model

RESUMEN Basados en un diseño quasi-experimental, una muestra de clientes femeninas (N = 91) participando en el welfare* fueron observadas durante 32 meses con el objetivo de comparar dos modelos utilizados usado en describir la dependencia del welfare. El modelo deficiente individual plantea que los clientes no buscaban empleo por su propio iniciativa y que las sanciones legisladadas fueron necesarias para exigirles a aquellos a buscar empleo. En contraposición al modelo anterior que enfatiza la carencia de habilidades o motivaciones, el

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*Para el proposito de este articulo, el concepto ingles de ‘welfare’ es cercana al concepto del ‘estado benefactor’ en america latina.

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modelo ecológico comunitario sostiene que los problemas económicos comunitarios impidieron a los clientes obtener empleo productivo. Los resultados mostraron que mientras ambos modelos explican la proporción de las clientes que abandonaron el sistema del welfare, la comunidad en que ellas vivieron fue el indicador más evidente de salidas, en lugar de los programas gubernamentales que enfatizaban el esfuerzo individual. Además los resultados revelaron que muchas de las clientes fueron empleadas independientemente de las estipulaciones del gobierno. Bajo la nueva legislación, las clientas residentes en comunidades de bajos ingresos fueron exigidas a trabajar para recibir los beneficios del welfare. Ellas participaron por promedio de casi dos veces más (22.75 meses) en comparación a aquellas que no convivieron en comunidades de bajos ingresos ni fueron obligadas a trabajar para obtener beneficios (11.5 meses). Los resultados destacan la necesidad de incorporar estrategias comunitarias de desarrollo económicas en la globalidad del programa para reducir la dependencia del welfare, en lugar de enfocar exclusivamente en soluciones individuales.

PALABRAS CLAVES Pobreza legislación; bienestar reforma; mujeres; comunidad desarrollo económico; comunidad psicología; ecológica modelo

Problem

Recently, the United States Congress signed into law sweeping welfare reform legislation that mandates paid employment as a condition of receiving monthly cash welfare benefits for those living in poverty, and it places a lifetime maximum of five years on those benefits. Given the difficulties of conforming to these mandated labor-market activities, it is expected that many families with children will lose their benefits, increasing the large number of children already living in poverty.

The individual deficit orientation (Ryan, 1971) has been the predominant approach toward welfare reform. This approach assumes that poverty results from individual faults and that efforts to reduce poverty should be directed at correcting individual flaws. Current US legislation mandates that clients engage in work-related activity as a condition of public assistance. Such legislation presupposes and reinforces the belief that the fundamental cause for welfare dependency among all clients is a lack of desire to work. This perception of public assistance clients as psychologically deficit persists, despite the report that the majority of single mothers receiving public assistance are employed (Harris, 1993) and have the same motivation and self-efficacy attributes as non-welfare populations (Benjamin & Stewart, 1989; Carson, 1967).

An ecological approach (Bronfenbrenner, 1979), that recognizes external influences on individuals, may be more appropriate for understanding welfare dependency. Structural barriers such as poor health, lack of child-care, lack of transportation, and lack of quality jobs to support families above the poverty level (Bowen, 1993; Goodwin, 1989) have been found to prevent employment. Furthermore, macro-level forces such as employment discrimination (Turner, 1997), racial composition, regional location, industry mix, and educational inequality (Dowdall, 1977) have been strong factors in preventing success in the labor market.
Purpose of this study

In light of the fact that there is interest in welfare reform and it is unclear whether individual-based workfare [1] policies will work (Goodwin, 1989), this paper will use early data from the Michigan workfare experiment to examine the strength of the individual deficit model (Ryan, 1971) and the community/eco-
logical model (Bronfenbrenner, 1979) in determining how quickly clients prog-
ress out of the welfare system.

The individual deficit model focuses on the effect of the mandated labor-
market activity legislation in predicting decreased welfare dependency. It sug-
gests that clients would not engage in such work activities on their own initiative and that those external sanctions must be enforced to motivate clients into this action. Within this explanation of welfare dependency, clients who are man-
dated to engage in work activities to retain public assistance benefits would be expected to exit the welfare system more quickly than clients who have no mandate to participate in the labor market. Additionally, those who comply with the imposed labor-market sanctions would be expected to leave the welfare system more quickly than those who do not comply.

The ecological model examines the level of economic distress [2] in a community as a factor in welfare dependency. This model asserts that external forces and systemic barriers prevent clients from fully participating in the labor market even though the individual motivation and skill are present. Since employment income is an indicator of the community economy and labor-
market opportunities, clients who reside in communities with higher incomes should progress through the welfare system more quickly than those from communities in economic distress.

Research question

It is hypothesized that both individual and ecological factors will contribute to the rate at which clients leave the welfare system. This rate is a critical outcome due to the institution of the lifetime cap on benefits. Welfare reform legislation focuses on the social mandate to perform work-related activities as an end to welfare dependency and overlooks the role of community economic opportunity that may be an important factor. The authors hypothesize that the nature of the community economy will have an equally important role in predicting welfare exits as does individual compliance with mandated labor-market activities. The analyses will examine the extent to which the following variables will effect the rate of exits from the welfare system:

1. being assigned to the experimental workfare program versus being exempt from the program;
2. completing workfare activities (regardless of whether or not the client was assigned to the program);
3. the level of community economic distress; and
4. the combined impact of the workfare experimental program and the level of community economic distress.

This study is unique in examining both individual and ecological attributions for welfare dependency and testing these models within an empirical framework using longitudinal time-series data. These individual and ecological factors will be examined within a prototype welfare reform program implemented in the state of Michigan and adopted as part of the national welfare reform model (Kossek, Huber-Yoder, Castellino & Lerner, 1997). Findings will provide information for policy-makers regarding appropriate levels of funding and support for individual-based and community-based interventions. These findings will have implications for the success of current federal welfare reform legislation in moving clients from welfare to work and leading to economic self-sufficiency of families and children.

Method

Sample and procedure

Within this quasi-experimental longitudinal study, a sample of 91 female clients receiving public assistance was studied for a period of 32 months beginning in January of 1994 when a random sample of clients was selected for inclusion in this study. The clients in this study, representing a subset of a larger study (see Kossek et al., 1997), were tracked over a period of three years following the implementation of the mandated workfare experiment in October of 1993. The sample was fairly homogeneous in regard to family composition. The median age of the clients at the beginning of the study was 35 years of age. Clients had at least one child between the ages of 9 and 13. The median number of children in the household was three, with the majority of the families having two to four children. The sample consisted of 45% white females and 54% African-American females. Nearly all families (80%) were headed by single females. The focus on female clients was important since women in poverty have disproportionate financial and care-taking responsibilities for children (Lord, 1993), while simultaneously having barriers to gainful employment that are unique to women with children (Waldfogel, 1997).

Clients were randomly selected from experimental districts within the state of Michigan. In these districts, a portion of the clients was randomly mandated to participate in a workfare program. This program required 20 hours of labor-market or job-readiness activities (e.g. education and self-improvement activities) each week as a condition of receiving benefits. The remaining clients were exempt from the program and did not receive information about the workfare program.
Measures

The data used in this analysis were obtained from multiple sources collected over a period of three years. The present study used data from three sources: (1) telephone interviews conducted with the clients; (2) archival data sources provided by the State of Michigan Family Independence Agency (FIA); and (3) 1990 United States Census Bureau zip code level data.

Four variables were measured using these multiple data sources. These included the following variables:

1. Workfare status indicated whether the client was mandated to participate in work activity or was exempt from this experimental workfare program. This variable was measured using FIA archival data. This workfare program required a minimum of 20 hours of work-related activity to be in compliance with the newly implemented statewide program.

2. Labor market activity level measured whether individuals participated in at least 20 hours of work-related activity each week, regardless of whether or not they were mandated to meet this requirement. This variable was assessed during interviews with clients. Clients working fewer than 20 hours were considered inactive, while clients working 20 hours or more were considered active in the labor market.

3. Economic distress was a community-level predictor measured as a component of the ecological model of welfare dependency. The median household income level (reported in the 1990 United States Census) was used to measure the level of community economic distress in each zip code. It was intended to reflect general patterns of poverty or underemployment in the community. This income variable was measured for the zip code of each clients' residence at the beginning of the study. To provide categorical comparison groups, clients were split into two groups of community income levels based on the median of the client group which was $31,066. Clients in communities with income levels of $31,066 or greater were assigned to the 'higher' income community category and the remaining clients were assigned to the 'lower' income community category [3].

4. Welfare status, defined by the receipt of public assistance cash grants, was the main outcome variable. This was assessed from monthly FIA records. Clients were considered 'active' in the welfare system until they did not receive cash grants for three consecutive months. Within this period of 32 months, clients were considered 'inactive' and out of the welfare system for that episode of assistance after three successive months of not receiving public assistance cash grants.

1. Results

Survival analyses were performed to examine the timing of welfare exits in relationship to other factors hypothesized to contribute to this outcome. Survival analysis is a useful technique for exploring the 'form and determinants of...
qualitative change' as individuals 'shift from one mutually exclusive state to another' (Luke, 1993, p. 205). The change from receiving public assistance benefits to having to depend solely on one's own earned income can be classified as such a qualitative change. Survival analyses are appropriate for understanding the process and rate of exiting the welfare system, not just the final outcome. Survival analyses visually depict the rate at which clients exit the welfare system in their current cycle of dependence, and how this rate differs based on characteristics of clients and their communities.

A. Individual deficit model of welfare dependency

(1) Effects of the mandated workfare program. The first survival analyses examined the potential effects of mandated work activities on how quickly clients progressed out of the welfare system. Figure 1 shows that clients left the welfare system at nearly the same rate, regardless of whether or not they were assigned to participate in the mandated workfare program. In the first months of the implementation of the workfare program, 100% of the sample was receiving welfare payments. As the months progressed, this proportion decreased. After 32 months when the evaluation concluded, 41% of the workfare group and 36% of the non-workfare group remained in the welfare system. The average number of months in the welfare system was 25 for the workfare group and 26 for the non-workfare group. There were no statistical differences between these two groups in their rate of welfare exit (Wilcoxon Gehan statistic = 0.190, df = 1, \( p = 0.6626 \)).

(2) Effects of active participation in the labor force. Although clients were assigned to be in the workfare or non-workfare groups, clients' actual participation in work activities could be different from their assignment. For example, 44% of the clients who were assigned to the workfare program were not working the minimum 20 hours per week that was required, while 36% of the non-workfare group worked at least 20 hours per week although they were not required to work. Therefore, a second survival analysis was needed to examine whether actual participation in the labor force affected the rate at which clients left the welfare system.

Figure 2 indicates that clients who were actively working at least 20 hours per week left the welfare system at nearly the same rate as those clients who were inactive (working fewer than 20 hours per week). Both groups spent an average of 25 months in the welfare system. At the conclusion of the study, 42% of the inactive group and 37% of the active group remained on welfare. These groups were not statistically different in their rate of exit from the welfare system (Wilcoxon Gehan statistic = 0.061, df = 1, \( p = 0.8056 \)).

B. Ecological/community distress model of welfare dependency

The third survival analysis considered whether the level of community distress, as measured by the community income level, affected the rate of welfare exits.
FIGURE 1. Rate of welfare exit by workfare program.

FIGURE 2. Community distress and welfare exits.
Figure 3 shows similar rates of exits for clients regardless of the level of economic distress of their home community. Clients from the lower-income communities spent an average of 26 months in the welfare system, while clients from the higher-income communities received assistance for an average of 24 months. At the end of the 32-month study, 37% and 42% of clients remained on welfare from the lower- and higher-income communities, respectively. Clients from these two different community types did not significantly differ in their rate of exits from the welfare system (Wilcoxon Gehan statistic = 0.004, \(df = 1\), \(p = 0.9509\)).

C. Interactional model of welfare dependency

Figure 4 shows differences that were detected in client welfare exits when both individual and community factors were considered together. The group that spent the least amount of time in the welfare system was the non-workfare group from the higher-income community (\(M = 11.50\) months) with only 9% of clients remaining on welfare at the end of the study. Those from the lower-income communities assigned to the workfare program spent nearly twice as long in the system (\(M = 22.75\) months) and 28% of the clients were still receiving welfare assistance at the conclusion of the evaluation. The remaining two groups had an average stay of 32 months in the welfare system, given that over half the clients from those groups had still not exited the welfare system by the end of the study.

The workfare program was not significantly more effective in reducing
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welfare dependency when comparing its impact in the lower- or higher-income communities (Wilcoxon Gehan statistic = 2.311, df = 1, p = 0.1285). However, among the non-workfare group, clients from the higher-income communities were able to leave the welfare system much more quickly than their counterparts in the lower-income communities (Wilcoxon Gehan statistic = 6.531, df = 1, p = 0.0106).

In the higher-income community, the non-workfare group exited the welfare system significantly more quickly than clients from the workfare group (Wilcoxon Gehan statistic = 6.121, df = 1, p = 0.0134). In the lower-income community, a reverse trend was observed with the workfare group exiting more quickly than the non-workfare group; however, this difference was not statistically significant (Wilcoxon Gehan statistic = 3.778, df = 1, p = 0.0519).

Projections were made to estimate how many months it would take for all clients in each group to exit the welfare system if the same observed exit rates were to continue. This was done by superimposing a straight linear regression fit line over each of the existing slope lines for each group. These lines were extended out beyond the original study time-frame as far as needed until the line reached the zero point on the y-axis. In the higher-income community, all clients were projected to leave the welfare system (in this cycle of dependence) within 30–56 months for the non-workfare and workfare groups, respectively. For the lower-income community, clients were projected to exit welfare within 42–115 months for the workfare and non-workfare groups, respectively.

Figure 4. Rate of welfare exit—community income type by workfare program.
Discussion

The individual deficit model and the ecological/community model were individually tested as factors predicting rate of females' exits from the welfare system. Neither individual nor community factors alone predicted welfare exits. An interaction was found in the impact of the workfare program within communities of different levels of economic distress.

The workfare program had a slightly more positive effect in the lower-income communities and a more negative impact in the higher-income communities. Ideological characteristics of the community have been related to the success of workfare programs in various districts (Brasher, 1994). Clients from lower-income communities may have felt more vulnerable to the threat of economic sanctions, thereby increasing their compliance with the work requirement programs. Findings may have also resulted from differential implementation of the workfare program across districts. These findings suggest further investigation of these variations in community opportunities and attitudes that may affect the success of workfare policies.

Clients who faced the dual stresses of living in an economically distressed area and being mandated to work had a much slower rate of exit from the welfare system than the clients who had neither of these stressful situations. Clients who were not mandated to engage in labor-market activities and also resided in communities with stronger economic supports left the welfare system in less than a year, cutting the average time on welfare by nearly half. Among clients who faced only one of these stresses, those from the higher-income communities were able to leave the welfare system more quickly than those from the lower-income communities.

The findings supported the authors' premise that individual and community factors would both have roles in facilitating the transfer from welfare to work. Barriers such as child-care, transportation, and access to health care (Bowen, 1993; Goodwin, 1989) have already been documented as obstacles to employment for women in poverty. In addition, job opportunities, especially high-paying jobs, continue to decline in the lower-income communities (Wilson, 1996). This limits personal earning opportunities and exacerbates the cycle of economic disinvestment within communities that has been fostered by previous United States federal policies (Naparstek & Dooley, 1997). The addition of one or more stresses, such as legislated work activities with the threat of sanctions or the lack of local economic opportunities may have exacerbated the resources of these clients. These findings suggest an interactional relationship between welfare policies and community distress.

Implications

Welfare reform that is based upon the individual deficit model may have negative impacts on the families of the future by putting them at risk from increased poverty. The current welfare legislation is expected to do nothing to
reduce the length of time in the welfare system and may actually increase welfare dependency for those clients living in economically distressed areas. The experiences of the female clients in this study highlight potential economic dangers. While the findings may not be representative of male welfare clients, female-headed households relying on welfare assistance may be in jeopardy of exhausting their benefits and having no safety net.

In the present study, the average welfare client used over one-third of the lifetime maximum allowable benefit [4] within one episode. Clients from economically distressed areas used up even more than one-third of the lifetime maximum during the study. Because clients average multiple welfare episodes in their lifetime (Harris, 1996), many clients will be in danger of going beyond the lifetime maximum before ending their transitional need for welfare assistance. Such legislation may serve to increase the overwhelming number of children already living in poverty.

Legislation that overlooks the importance of community economic opportunities may contribute to the intergenerational transmission of poverty, particularly in economically distressed communities. Because children’s vocational choices often mirror those in their immediate surroundings (Gottfredson, 1981), poverty may become intergenerational (Solorzano, 1992) in communities where few good jobs, and the accompanying role models, exist. This cycle further perpetuates itself in economically declining communities. Children who do have strong educational and vocational aspirations, but live in declining communities, migrate to other communities where opportunities exist (Elder, King & Conger, 1997). Such disinvestment contributes to further community decline.

To enable families to overcome poverty, welfare reform initiatives must include community economic development (CED) strategies. The role of the community economy has been overlooked in welfare legislation due to the overwhelming emphasis on individual remediation. Such CED strategies should target economically distressed areas, build local community capital, and engage multiple stakeholders from the public and private sectors. Such initiatives support the economic growth of the community and provide greater economic self-sufficiency for residents, businesses, community agencies, and the local government (Carter, Huber-Yoder, LaMore, Lerner, Lichty & Rosenbaum, 1997). Promising strategies being used by non-profit and local government agencies to meet these needs include the following:

1. the creation of Individual Development Accounts (Page & Sherraden, 1997) to help low-income households accumulate savings for home-ownership, education, or small business development by providing tax-free matching dollars for the amounts saved; and
2. the development of locally owned community development financial institutions (Waddell, 1995) to provide more access to wealth for low-income individuals and communities.

These strategies can create a more diverse selection of options for low-
income individuals to end welfare dependency, rather than relying solely on jobs that may not exist or provide good wages. Clients can start or expand a home-based business, seek advanced education or training, or build equity by purchasing a home. This systemic approach combines an investment in both individual and community development. Promoting community development may provide the necessary supports to create lasting changes within the public assistance programs that focus on individual initiatives without regard to varying levels of community distress encountered by families in poverty.

Future research should measure the long-term impact of various local and regional economic development strategies to alter the economic environment, increase economic opportunities, and ultimately reduce poverty. Such strategies currently in use include those that are focused on structural changes (e.g. tax abatement programs for businesses moving to distressed communities, municipal bidding policies to favor vendors within the distressed area, development of community financial institutions) and person-centered strategies (e.g. business incubators, small business development, workforce development programs, individual targeted savings programs). Such research should focus on the community level of analysis to determine which community and economic development strategies are the most efficient for broad-scale reduction of poverty since the implementation costs and effectiveness of these programs will vary. From these analyses a model can be developed to document the following: (1) which mechanisms are best able to produce change, (2) how much time is required for these strategies to improve the community economy and the economic well-being of individuals within the community, and (3) how community-level changes and individual changes are interrelated. Instead of focusing on short-term solutions to poverty, future research could show the usefulness of a long-term approach to systematically reducing poverty and the underlying causal mechanisms.

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Notes

[1] Workfare programs have required public assistance clients to work a minimum number of hours as a condition of receiving welfare payments or benefits.

[2] Economic distress refers to systemic problems that affect the broader community economy, not just individuals. It can include such problems as widespread underemployment or poverty, loss of jobs, and financial disinvestment.

[3] These designations of 'lower' and 'higher' are relative to the range provided in this sample and
are not intended to represent categories of upper, lower, and middle class used in national samples.

[4] Families are ineligible for federally funded cash benefits after receiving five cumulative years of federally funded assistance.

REFERENCES


Biographical note

Melissa S. Huber is a research project manager in the Community and Economic Development Program at the Michigan State University Center for Urban Affairs. She received an MA from the community psychology program at Michigan State University and a BA in psychology from Goshen College. She has conducted numerous action-oriented research projects with distressed communities to help them identify community and economic development revitalization priorities using economic analysis tools and citizenship participation. She has also conducted empowerment research in schools and serves as an advisor to the area youth action council.

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