

Path to job can be rocky for many women

BY SHEILA BEACHUM BILBY

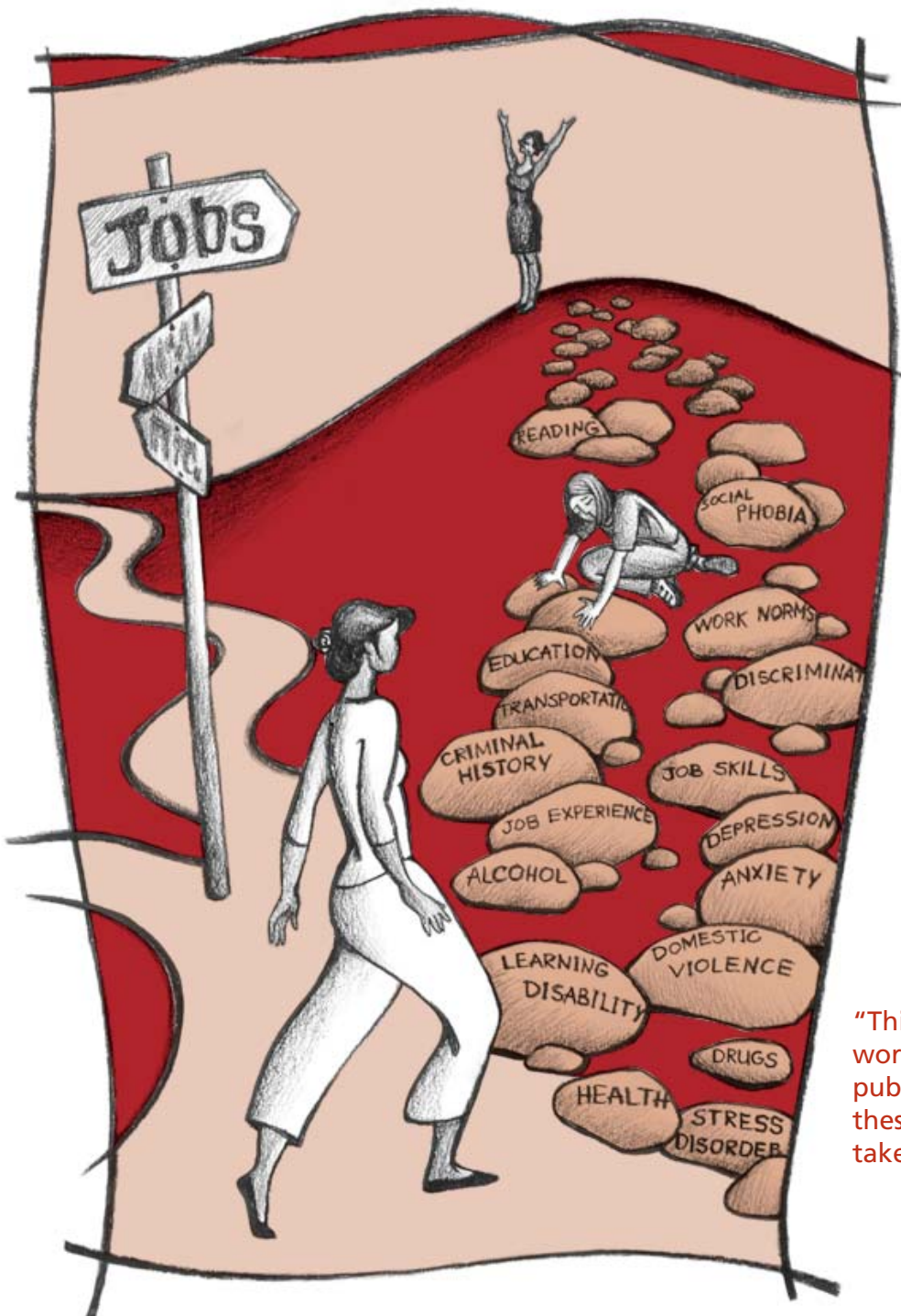
Shortly after federal welfare reform took effect in 1996, experts nationwide began speculating about how the thousands of poor who relied on government aid to help sustain their families would fare in making the required transition to work.

At the time, the economy was robust and diverse job opportunities were available. But what would become of those who faced daunting, persistent barriers to stable employment? And what, exactly, were those barriers?

Researchers from the University of Michigan in Ann Arbor set out to find some answers, producing cutting-edge research by identifying the multiple barriers that mothers who received cash assistance encountered in trying to move from welfare to work.

"This study documents that people work — and work very hard. ... The public should recognize that most of these women are doing their best to take care of their families."

—SANDRA K. DANZIGER



They examined how problems — ranging from lack of a high school diploma, work experience and job skills to a high prevalence of mental and physical ailments — play havoc with many women’s ability to get and maintain jobs, and also contribute to low wages once employed. (See list of barriers.)

Even as researchers elsewhere borrow from the study to shape their own research efforts, the UM findings have provided insights for public policymakers on how to tackle the problems of the hard-to-employ in the welfare-to-work system.

“This study documents that people work — and work very hard,” said Sandra K. Danziger, principal investigator of the Women’s Employment Study and director of the Michigan Program on Poverty and Social Welfare Policy at UM’s Gerald R. Ford School of Public Policy.

“They are trying to take care of their families, so they work less when they have these labor market and personal problems. The movement into work over the 1997-2003 period has been striking. The public should recognize that most of these women are doing their best to take care of their families.”

The study was supported in part with more than \$1.3 million in grants from the Mott Foundation as part of its Pathways Out of Poverty and Flint Area programs. Other funders were the Joyce, and John D. and Catherine T. MacArthur foundations; the National Institute of Child Health and Human Development; the National Institute of Mental Health; and the Substance Abuse Policy Research Program of the Robert Wood Johnson Foundation.

The research results are designed to help inform and shape public-policy discussions about the supports and services that some welfare recipients in Michigan and

nationwide will need to achieve steady employment and escape poverty.

The study’s findings make it clear that supportive public policies and programs are essential to helping low-wage workers address barriers to employment, leave welfare for work and establish lasting stability for their families.

For 79 months — from late 1997 through late 2003 — UM researchers followed about 750 single mothers who in February 1997 were receiving welfare in an urban Michigan county. This period covered an economy that was dynamic in the late ‘90s but slipped into recession in 2001.

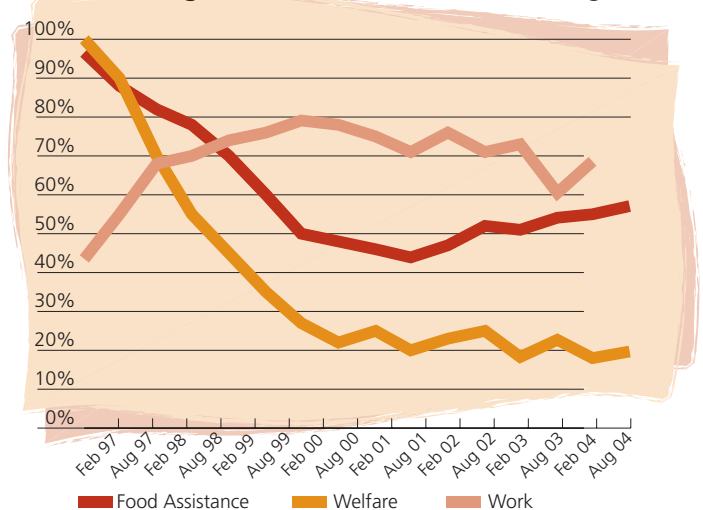
The women agreed to lengthy, in-person, anonymous interviews each fall in the years 1997, 1998, 1999, 2001 and 2003, all conducted by the Survey Research Center at UM’s Institute for Social Research. The response rate for the five waves ranged from 86 to 93 percent.

As in other states, thousands of welfare recipients in Michigan got jobs after the federal Personal



Sandra K. Danziger

1. Percent working, receiving welfare & receiving food assistance Feb. 1997 - Aug. 2004



Employment barriers

The 18 barriers to employment identified in the UM survey are: alcohol dependence, child health problem, criminal conviction, domestic violence, drug dependence, fewer than four job skills, general anxiety disorder, knows five or fewer work norms, learning disability, less than high school education, low reading score, low work experience, major depressive disorder, mother's health problem, perceived discrimination, post-traumatic stress disorder, social phobia and transportation problem.

Responsibility and Work Opportunity Reconciliation Act became law in late 1996. Under this reform, recipients are limited to 60 months of lifetime cash assistance, and most are required to work or participate in work-related activities as a condition of receiving assistance.

In the UM study, 22.9 percent of the women were working in fall 1997 and had not received welfare in the month prior to the survey interview. By 2003, 64.2 percent of the women surveyed had jobs and had not received welfare the previous month. (See chart 1.)

This is consistent with findings from other states. Danziger and Kristin S. Seefeldt, Ford School research investigator and assistant director of the National Poverty

Center, say studies elsewhere have found that employment rates of former recipients range between 50 and 70 percent.

"The good news is that more of these women are working than would have been the case in the absence of welfare reform," said Sheldon H. Danziger, co-



Kristin S. Seefeldt

principal investigator on the study and co-director of the National Poverty Center at UM's Ford School of Public Policy.

He noted the "positive coincidence" of a strong economy in the late '90s in which employers needed workers at the same time welfare recipients were being "pushed" into the labor force. In fact, most of the increase in employment of the women in the UM study occurred between 1997 and 1999.

At the same time, the introduction of the State Child Health Insurance Program in 1997 guaranteed health insurance for the

children of working-poor families. Additional funding for child-care subsidies helped tip the balance in favor of supporting welfare recipients in the transition to work.

"On average, those who work steadily have higher incomes than they had as welfare recipients," Sheldon Danziger said.

"And work-related benefits, like the Earned Income Tax Credit, expanded greatly during the 1990s. Over the study period, the typical respondent received wage increases. But if a woman moves from five to six to seven dollars an hour, her wages are rising rapidly, but they are still low."

As expected, with more women moving into the labor force, fewer continued to receive welfare. The proportion of women in the study who received some welfare, or totally relied on welfare, declined from 72 percent in 1997 to 18 percent in 2003.

There was, however, a disturbing upward trend in the number of women who earned no wages and received no cash welfare benefits. More than 18 percent of the study's respondents in 2003 received no wages or welfare during the month prior to the survey interview, up from 5.1 percent in 1997. (See chart 2.)

The researchers examined this group further, crafting a stringent definition of women who were "disconnected" from the labor market and from welfare. Women were

“disconnected” if they received no wages or cash welfare, had not worked in the three months prior to the interview, did not live with a spouse or partner who earned wages, and did not live in a household where someone received unemployment insurance.

The study shows the number of “disconnected” women increased from 1.1 percent in 1997 to 8.6 percent in 2003.

Seefeldt said some of these women were between jobs at the time of the interviews, but they still experienced longer periods of unemployment than others in the sample.

The “disconnected” women do report some financial assistance from friends and family, and many still get food stamps. But they are more likely to have been homeless or evicted, more likely to have moved in with others or shared expenses, and more likely to have sought help from charities over the 79-month study period, Sheldon Danziger said.

In a recent article on these women by Danziger, Seefeldt and another colleague, Lesley Turner, they report:

“We find that the long-term ‘disconnected’ are more likely to have lost a job than to have lost welfare benefits, and are more economically disadvantaged than those with regular sources of income support. They are also more likely to have a learning disability, a physical limitation, to have used

illegal drugs, to have met the diagnostic screening criteria for alcohol dependence, and to have no car or driver’s license.”

To help make ends meet, a small portion of the women interviewed reported pawning or selling personal possessions, selling their plasma, selling or trading food stamps, or engaging in illegal activity at some time during the six months before the interview. A substantial portion of all respondents reported seeking help from a charitable organization.

In 1997, 46.5 percent of the women reported resorting to one or more of these activities, mostly by receiving help from charities or selling personal possessions. By 2003, a third of the women still said they had engaged in these activities.

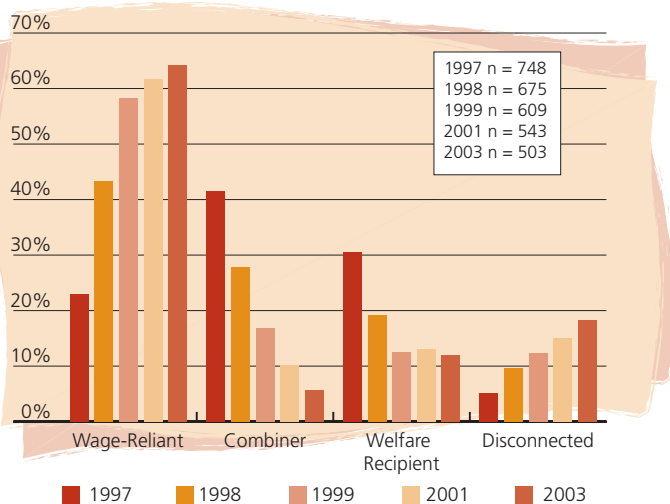


The UM researchers found barriers to employment they expected, such as a lack of high school completion, low work experience, few job skills and credentials, as well as experiences of employment discrimination and harassment. One in five women had low reading scores and one in eight, learning disabilities. While prior criminal convictions also were obstacles to employment, they affected only 4 percent of the women.

More significantly, researchers found that mental health problems were common, with two-thirds of the mothers meeting the diagnostic screening criteria for one of six mental health disorders at least once during the study period.

More than half of the women met the criteria for major depression in at least one survey wave. In addition, at least once, almost 40 percent met the criteria for post-traumatic

2. Work and welfare status 1997-2003



stress disorder, almost 30 percent for generalized anxiety disorder, about 20 percent for social phobia, and less than 10 percent each for alcohol dependence and drug dependence. (See chart 3.)

“We were surprised by the high prevalence of these disorders in the sample,” Sandra Danziger said, “and the lack of help that women are getting and the lack of recognition of these problems by their case workers.”

Another unexpected finding was the sizeable number of women who reported health problems for themselves or their children. Yet another surprise was that domestic violence is a contributing factor for some in trying to establish stable, wage-reliant households.

“The health and mental health problems represent significant barriers to employment for many women,” Sandra Danziger said. “Depression is the most common of the mental health problems that contribute to not being able to leave welfare for work.

Indeed, an article she wrote with two colleagues, Mary Corcoran and Richard Tolman, says: “Women who reported physical health, mental health or child health problems at multiple waves worked fewer months.”

The prevalence of these problems is higher for current and former welfare recipients than for women in the general population, and these factors affect employment even after accounting for the effects of factors like low education and prior work skills.

In the same article, they hypothesize: “We suspect that persistent health and mental health problems can reduce capacity and motivation to work, and reduce an employer’s willingness to hire and retain a woman.”

Seefeldt said that as the debates over welfare reform unfolded in the mid-’90s, many policy analysts assumed that “welfare recipients just don’t know how to behave on the job.”

So the UM researchers measured what respondents knew about workplace norms. They found that the women know what’s expected of them on the job, but that their other problems may prevent them from performing as well as they expect.

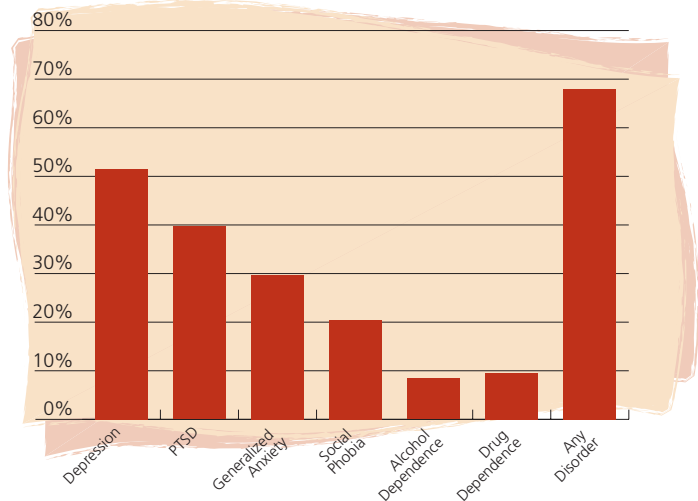
“By measuring barriers like depression, post-traumatic stress disorder, physical limitations and children with health problems,” Seefeldt said, “it becomes clear that there are many issues that have previously been ignored in research on employment among low-income single mothers.”

Even while an increasing number of women who left welfare for work went without medical coverage, about half of the respondents reported suffering a health problem at least once during the six-year study. Almost a third experienced a health problem in one or two waves of the study and about a sixth, or 17.9 percent, had a health problem in at least three of the five waves.

“Health problems are very common and have a significant negative effect on employment,” Sandra Danziger said

Of the women who left welfare, 22.4 percent had no health insurance in 2003, up from almost 18 percent in 1997.

3. Percent of respondents who met diagnostic criteria for a disorder at least once 1997-2003



While some women had no health insurance, more than 90 percent had health insurance for their children. About 42 percent had a child with a health problem in at least one wave of the study, while 12 percent had a child experiencing a health problem in at least three waves.

One of the major findings is that the more barriers a woman has, the less likely she is to be able to maintain stable employment. Furthermore, those with multiple labor market and personal problems are highly unlikely to leave welfare for work and maintain stable employment. Thus, they are unable to fulfill a key objective of welfare reform.

More than 40 percent of the respondents who had zero or one barrier worked more than 80 percent of the months between the fall of 2001 and the fall of 2003, following the nation's latest recession. At the other extreme, a fifth of the women who experienced five or more barriers worked 50 percent or fewer months during the same period. (See chart 4.)

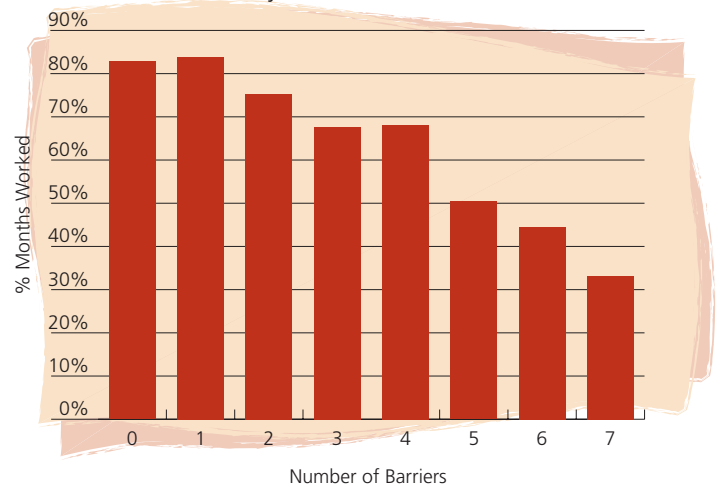
While it is relatively easy to document someone's education and job experiences, uncovering other barriers to employment can be more problematic.

Sandra Danziger and Seefeldt write in an article that "a number of the barriers shown here — particularly mental health, domestic violence and other barriers not easily observed by staff — are not commonly identified."

The dilemma is that if the welfare-to-work agencies, which are on the front lines in trying to help these women leave welfare permanently, are not able to identify and address possible barriers to employment, these women are less likely to obtain the assistance they need to move to stable employment.

Most of the women in the study who were

4. Percent of months worked between fall 2001 & fall 2003 by number of barriers (out of 18)



able to leave welfare for work experienced some measurable improvements in their lives, from modestly higher family incomes to an unexplained upsurge in the percentage of respondents who owned their own homes.

In the fall of 1997, just 7.6 percent of the women held a "good job." The study defines a good job as working 35 or more hours a week and paying either at least \$7 an hour with health benefits or \$8.50 an hour without benefits. By 2003, almost 29 percent of the women reported having good jobs.

Furthermore, the women experienced wage increases over the six years, with inflation-adjusted median hourly wages rising from \$6.66 in 1997 to \$8.35 in 2003.¹

However, despite these gains, many of the women and their families remain economically vulnerable. Almost 42 percent of the women in the fall of 2003 had gross monthly incomes below the federal poverty line, compared with 56 percent in the fall of 1997. In 2003, the poverty line for a single mother with two children was \$14,824.

The increase in home ownership among the women puzzled the researchers. Just 13.4 percent of the women reported owning their own homes in 1997. By 2003, 33 percent had become homeowners.

Without more specific information, the

¹In an offshoot of this study, UM researchers are taking a closer look at wage growth among the women who left welfare for jobs, how they juggle work and family demands, and how they make decisions about forming their families. The goal is to explain different wage trajectories, with a focus on women who have married during the study or who have maintained a stable, long-term cohabitation with a partner.

researchers could only speculate that perhaps women had inherited family homes or had received help from agencies to obtain loans with low down-payments.

“It was a surprise to us,” said Sheldon Danziger, suggesting that a look at welfare reform where housing values are substantially higher — in Chicago or Boston, for example — probably would not duplicate this finding.

The study also highlights other areas of improvement for the women who work. The proportion of jobs covered by a union contract, which typically offers better wages, benefits and job security, increased from 11 to 17 percent over the six years. And there was a decline from 20 percent to 8 percent of those in temporary jobs.

However, half of all respondents in 2003 worked in service-sector jobs, such as nurses’ aides, home health aides, restaurants and hotel workers, janitors and housekeepers, child-care workers, or hairdressers, up slightly from 42 percent at the beginning of the study.

The lack of adequate transportation, a chronic headache for some working poor, decreased during the six-year period. Some 84 percent of the women said they owned or had use of a vehicle in 2003, compared to 63 percent in 1997.

In spite of gains in income, home ownership and access to a vehicle, many of the women in the study still experienced hardships, as measured by high financial stress, not having enough food, or being homeless or evicted.

Except for 2001, about a quarter of the respondents in each wave reported that they were finding it difficult to make ends meet on their existing income and that they expected to experience a problem with housing, food or medical care within the next two months. In 2001, 19 percent of the women admitted to having “high financial strain.”

The monthly receipt of food stamps among the respondents fell from 96.6 percent in February 1997 to a low of 44 percent in the

Hot links: where on the Web

Mott.org/memov4n1/links

- Women’s Employment Study report
- “Study offers insights and implications for welfare reform,” *Mott Mosaic*, Vol. 1, No. 1, September 2002.
- “UM survey studies barriers to employment among women,” *@mott.now*, Vol. 3, No. 1, March 2000.

summer of 2001, climbing back up to 57 percent by August 2004.

Over the course of the six-year study, more respondents reported living with a husband in each successive wave, from 14 percent in 1997 to 24 percent in 2003. Some 43 percent of the women in 2003 were living without a husband, partner or other adult in the household, down from 58 percent in 1997.

Even with ongoing state and federal budget constraints, the researchers say, welfare-to-work programs need to do more comprehensive assessments and screening for possible barriers, make referrals for needed services, and then offer ongoing supports to help women on welfare both get and retain jobs.

“Current state welfare programs typically focus on job search and pay little attention to factors that could influence employment retention, including health and mental health needs, experiences of employer discrimination, and human capital development of recipients,” Sandra Danziger and two colleagues write in a 2004 article on the study.

In Michigan, she said, work groups in the departments of Human Services and Labor and Economic Growth are looking at how the welfare-to-work program is

structured and what changes are possible.

"We think that there are many ways that states could focus on the hard-to-employ recipients and provide more help within the welfare-to-work system," Sandra Danziger said.

For instance, they could exempt a welfare recipient with a diagnosis of depression from work requirements while she pursued counseling. Alternatively, the time in counseling could be considered work-related activity and counted as hours that meet work requirements because it

could be expected to help prepare the recipient for work.

The UM team also would like to see innovations that look beyond just getting jobs and help people overcome, or at least better manage, the barriers that hold them back.

"We're saying the programs have not focused on many of the hardships that people experience and the barriers they have," Sandra Danziger said, "and that those factors help explain why many people have been left behind in the move from welfare to work."

MEMO Credits

Writer

Sheila Beachum Bilby, Okemos, Michigan

Illustration

Alla Dubrovich, Grand Blanc, Michigan

Vice President, Communications

Marilyn S. LeFeber, Charles Stewart Mott Foundation

Publications Director

Donald F. Dahlstrom, Charles Stewart Mott Foundation

Design

Olmsted Associates, Inc., Flint, Michigan

Printing

The McKay Press, Midland, Michigan

Contact Us

Web site

Mott.org

e-mail

info@mott.org

telephone

810.238.5651

fax

810.766.1753

e-mail for publications

publications@mott.org



Charles Stewart Mott Foundation
Mott Foundation Building
503 S. Saginaw St., Ste. 1200
Flint, MI 48502-1851

Nonprofit Org.
U.S. Postage
Paid
Flint, Mich.
Permit No. 196
