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## WORK, WELFARE, AND SINGLE MOTHERS' ECONOMIC SURVIVAL STRATEGIES\*

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*Past efforts to conceptualize the effects of welfare on work have failed to consider the full range of incentives and disincentives that low-skill single mothers perceive and act upon when making the choice between welfare and work. They also have neglected the fundamental economic reality of these mothers' lives—neither welfare nor low-wage work gives single mothers enough income to meet their families' expenses. In-depth interviews with 379 low-income single mothers in four U.S. cities show that welfare recipients and low-wage workers employ a set of survival strategies to make ends meet. The range of strategies available to mothers is shaped by the social-structural characteristics of the cities in which they live and by the quality of their private social safety nets. We argue that because some survival strategies are more compatible with work than others, the strategies a mother employs may affect her ability to move from welfare to work. Most welfare recipients want to leave welfare for work. However, most also believe that unless they can lower the costs associated with work or increase their earning power through investments in further education, they will be unable to meet their expenses by working.*

In 1996, federal lawmakers dramatically changed the rules poor people live by and made states responsible for implementing these rules. Twenty-five percent of the mothers on each state's welfare caseload must be working by the end of 1997; by 2002, 50 percent must be working. If this legislation is fully implemented, virtually every single mother who is not disabled will be expected to work after two years on the welfare rolls, regardless of her educational preparation or skill level.<sup>1</sup>

We cannot predict the full effect of these reforms on low-skill single mothers and their children because we do not know what support services states will provide for these

workers. However, the reforms will probably force more single mothers than ever before into attempting a speedy transition from welfare to work. Mothers who fail to sustain their families with their wages will, after a lifetime limit of five years, have no government safety net to fall back on.

Longitudinal data on welfare dynamics suggest that if states are to comply with these new federal rules, they face an enormous challenge. In recent years, most mothers who entered the welfare rolls exited relatively quickly—60 percent within two years. Most left for a job, but more than half of those who left welfare for work returned for a subsequent spell (Bane and Ellwood 1994; Harris 1993, 1996; Pavetti 1992). Not surprisingly, those mothers most vulnerable to repeated welfare use had the least work experience and education (Edin and Harris 1996; Harris and Edin 1996). Why was the route from welfare to work so difficult under the old

ability. Under the new federal rules, states can exempt 20 percent of their average monthly caseload from work requirements. We presume that most of these slots will be filled by mothers with disabilities.

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<sup>1</sup> Ellwood (1986) estimates that 20 percent of the welfare caseload have a work-prohibiting dis-

federal system, and what do the experiences of single mothers who moved between welfare and work under the old system tell us about how single mothers might fare under the new state-regulated systems?

Data drawn from multiple intensive interviews with 379 low-income single mothers in four U.S. cities between 1988 and 1992 show that family economics is the primary problem mothers face as they try to move from welfare to work. Under the old rules, welfare did not pay nearly enough to cover a family's monthly bills. However, neither did the kinds of jobs available to former welfare recipients. Therefore, both welfare mothers and working mothers balanced their budgets by generating substantial supplementary income.

Welfare recipients generated extra income by working at side jobs and by obtaining cash from network members, community groups, and local charities. They hid most of this side income from their caseworkers so they could keep their welfare benefits.<sup>2</sup> Working mothers faced larger budget deficits than welfare mothers because they often did not get Medicaid and had considerable work-related expenses. Moreover, working mothers had far less time to work at a side job or solicit aid from community groups and charities. Thus, mothers generally found it more difficult to make ends meet when they worked than when they collected welfare. We demonstrate that those mothers who managed to sustain their families while working at low-wage jobs had unusually low expenses and/or received regular and substantial cash help from people in their personal networks.

In this analysis, we first itemize the expenditures for low-income single mothers and show how these mothers supplemented their main income sources with other income (either welfare or a low-wage job). Second, we demonstrate how low-income single mothers' overall economic situations affected their view of the trade-offs between welfare and work. Although scholars have speculated about the economic incentives and disincentives inherent in the welfare system (Mead 1992; Moffitt 1992; Murray 1984), our mothers' accounts suggest that the incentives and disincentives mothers actually perceived and

acted upon, and the ways in which their actions were constrained by their social-structural and individual contexts, were far more complex than these scholars suggest. Last, we discuss how these data can inform states as they attempt to implement the new federal welfare legislation, and how low-income single mothers and their children are likely to fare under the new rules.

## DATA AND METHOD

We draw our data from multiple and intensive interviews with welfare- and wage-reliant single mothers in four U.S. cities—the Boston area, Chicago, Charleston, and San Antonio. In these interviews we gathered in-depth data on the full range of economic survival strategies both welfare-reliant single mothers and single mothers who relied on low-wage employment used. National-level data indicate that low-income single mothers in both groups report spending far more on average than they receive in benefits or wages (Edin 1993; Edin and Jencks 1992). Our interviews were designed to document how mothers resolve their budget deficits.

In an earlier project in Chicago, Edin attempted to conduct interviews with welfare recipients by telephone, drawing a sample from respondents who had participated in a prior random-sample study of Chicago residents (Edin 1993). While a few respondents were forthcoming, most were unwilling to offer budget information over the phone. When interviewing these respondents in person, she could not construct budgets that balanced—mothers reported spending more than their welfare benefits or earnings covered, but would not reveal the supplementary income sources that allowed them to do this. Lein had similar experiences with a randomly selected group in San Antonio. We believe these difficulties stemmed from the fact that these mothers had no personal introduction to us and feared we would report their income-generating activity to their caseworkers, who would then reduce or even eliminate their benefits.

Because of these difficulties, we recruited welfare-reliant mothers by asking individuals from nongovernmental community organizations and local institutions to introduce us to welfare recipients with whom they had

established some rapport and testify to our trustworthiness. We then asked these mothers to introduce us to one or two other mothers whom they thought we would not contact through an organization. We used the same strategies to recruit our wage-reliant subjects. In each of the four cities, we contacted more than 100 low-income single mothers from between 33 to 40 independent networks, and close to 90 percent of the mothers we approached agreed to participate.

We interviewed approximately equal numbers of African Americans and Whites in Chicago, Charleston, and the Boston area, and equal numbers of African Americans, Whites, and Mexican Americans in San Antonio. We recruited roughly equal numbers of welfare-reliant and wage-reliant mothers in each racial/ethnic group. Approximately one-half of the mothers in each subgroup lived in subsidized housing and one-half lived in private housing. We oversampled mothers in public housing because we wanted to maximize our chances of finding mothers who could live on their welfare benefits or their wages. (Nationally, only 23 percent of welfare recipients receive housing subsidies [U.S. House of Representatives 1993:712]).

After contacting each respondent, we arranged several interviews, which usually took place in respondents' homes and lasted from one to three hours. In the initial interview, we gathered topical life histories. In subsequent interviews, we gathered detailed income and expenditure data. To ensure reliability, after each interview we compared the respondent's income and expenditure data with the budget data they had reported in earlier interviews. Using this method, welfare recipients and workers eventually reported enough income (from welfare, wages, and other sources) to cover their expenditures.

We chose the Boston area, Chicago, Charleston, and San Antonio to represent the range of welfare benefits states offered in the late 1980s and early 1990s. Chicago provided cash welfare benefits that approximated the national average, while Boston's benefits were more generous. Charleston and San Antonio, on the other hand, paid benefits that were significantly below average.

Wages varied in these cities as well. We recruited only those wage-reliant single mothers whose hourly wages fit within the

range that our welfare-reliant mothers reported earning in the past. In San Antonio, the slackest labor market we studied, we limited our wage-reliant sample to mothers earning \$7.00 per hour or less. In Charleston and Chicago, where labor markets were tighter and wages somewhat higher, we interviewed single mothers earning up to \$7.50 per hour. In Boston, where a tight labor market during the 1980s had pushed wages among low-skill workers somewhat higher, we included mothers earning up to \$8.00 per hour.<sup>3</sup>

Finally, these four cities varied in their living costs. In Boston, rents at the 25th percentile averaged \$446 per month in 1990, whereas rents at the 25th percentile were \$375 in Chicago, \$346 in Charleston, and only \$292 in San Antonio.<sup>4</sup>

Although our sample is neither random nor representative, it is heterogeneous. It includes both never-married mothers and divorced mothers; high school dropouts, graduates, and mothers with post-secondary training; mothers from the inner city and the suburbs; African American, White, and Mexican American mothers; mothers living in private housing and public housing; and mothers of different ages.<sup>5</sup> Our past experiences suggest that the budget information we sought was so sensitive that this study probably could not have been done using conventional survey techniques.

## RESULTS

We begin by reporting the economic situations of the welfare mothers we interviewed;

<sup>3</sup> San Antonio mothers earned \$4.50 per hour on average, Charleston and Chicago mothers averaged about \$5.75, and Boston-area mothers averaged \$6.50. Just over one-third of working mothers in our sample worked at technical and skilled jobs—secretaries, receptionists, licensed practical nurses, cosmetologists, maintenance workers, licensed health-care workers, restaurant cooks, and teacher's aides. Two-thirds worked in unskilled or semiskilled occupations—cashiers, stock clerks, general office clerks, nurse's aides, and child-care workers.

<sup>4</sup> Our calculations are based on data from the U.S. Bureau of the Census (1994, table 245, pp. 440–44). We assume that in each metropolitan area, the range in rents is evenly distributed throughout the population.

<sup>5</sup> Mothers younger than 18 were excluded from our analysis.

<sup>2</sup> There was nearly a \$1.00 deduction in benefits for every \$1.00 of reported earnings.

Table 1. Average Monthly Income and Expenses: Welfare-Reliant Mothers in Four U.S. Cities

Average Monthly Expenses/Income	Boston	Chicago	Charleston	San Antonio	
TOTAL EXPENSES	\$927	\$1,003	\$891	\$704	**
Housing	\$239	\$289	\$224	\$112	**
Food	\$217	\$288	\$249	\$278	**
Total Other Essential Expenses	\$372	\$365	\$372	\$258	**
Childcare	10	5	12	4	
Medical	15	15	28	17	
Clothing	74	75	70	58	
Transportation	62	67	97	34	**
Telephone	47	36	25	18	**
Laundry/toiletries/cleaning	53	67	46	40	
Diapers/baby care	20	8	27	19	*
School supplies/fees	8	24	11	13	
Appliances/furniture	23	18	21	10	
Miscellaneous	59	50	36	45	
Total Nonessential Expenses	\$99	\$60	\$46	\$55	**
Entertainment	26	24	14	14	
Cigarettes and alcohol	26	29	16	15	*
Lottery	10	3	0	1	*
Cable TV	13	2	6	6	**
Eating out	24	2	10	19	**
TOTAL WELFARE INCOME	\$696	\$599	\$493	\$488	**
AFDC	495	368	193	192	**
Food stamps	140	230	220	276	**
SSI	61	1	81	21	**
BUDGET DEFICIT					
Welfare income minus total expenses	-\$231	-\$404	-\$398	-\$216	**
Welfare income minus housing and food expenses	\$240	\$22	\$20	\$98	**
Number of mothers	45	62	44	63	
Family size	2.87	3.32	2.95	3.40	
Percent paying market rent	11	34	34	14	**

Note: Income and expenses are in 1991 dollars. Income/expense subcategories may not sum exactly to totals shown because of rounding error.

\*  $p < .05$  \*\*  $p < .01$  (two-tailed tests for significance of differences in means between cities)

we then compare their situations to the economic situations of the low-wage working mothers. For the welfare recipients, we compare the results for San Antonio, Charleston, and the Boston area with the results for Chicago reported in previous work (Edin 1991, 1993; Edin and Jencks 1992).

#### Welfare Recipients' Expenditures

Table 1 shows the welfare recipients' expenditures by city. In Chicago, recipients re-

ported spending roughly \$1,003 each month to keep their families together. Expenditures in the other cities were somewhat lower. Average monthly expense for the welfare-reliant sample as a whole was \$876. Much of the between-city difference is a result of variation in housing costs and food costs (which varied by family size).

The Boston area had the highest rents, followed by Chicago, Charleston, and San Antonio. However, Boston-area welfare recipients spent less on housing than Chicago re-

cipients did. In Boston and its inner suburbs, rents were so high that most welfare recipients without a housing subsidy or a rent-controlled apartment had to share an apartment with another family.<sup>6</sup> San Antonio rents were low, but welfare benefits were also low. Furthermore, a slack labor market meant that opportunities for supplementing one's income through side work were limited in this city. Thus, San Antonio recipients who couldn't get a housing subsidy were as likely to double up as recipients in the Boston area were. Variations in other expenditures largely resulted from the special features of each city rather than from differences in families' consumption.<sup>7</sup>

Table 1 also shows how much welfare recipients in each city received from welfare and compares average monthly welfare income to average monthly expenditures.<sup>8</sup> Welfare-reliant mothers in Chicago and Charleston reported the largest budget deficits. After Chicago mothers paid for their basic needs—housing and food—they had only \$22 left over on average. Charleston mothers were in similar straits, and San Antonio mothers were not much better off. Boston-area mothers were the best off, but only because so many of them shared apartments to save on housing

<sup>6</sup> Most of our Boston-area interviews were conducted north of the Charles River where rents are particularly high.

<sup>7</sup> Charleston recipients' expenditures for transportation were unusually high because the public transportation system did not adequately serve many poor neighborhoods, and mothers often had to maintain used cars or pay taxi fare. Phone costs varied because local phone companies charged varying rates for basic service. Chicago mothers' expenditures for diapers were unusually low because several local charities supplied diapers to poor families who asked for them. Finally, because the Boston-area mothers received relatively generous welfare benefits and saved money by sharing apartments, they spent a little more on nonessentials each month.

<sup>8</sup> Chicago recipients received less SSI income than the other recipients because we interviewed the Chicago mothers before the SSI program was expanded in 1990 to cover disabled children. SSI income varied in the other cities because some city health departments (particularly Charleston's) actively helped mothers with disabled children get SSI. Nationwide, 4 percent of welfare-reliant families received SSI in 1993 (U.S. House of Representatives 1993:719).

costs. Because we oversampled mothers with housing subsidies, these are lower-bound estimates of welfare recipients' budget deficits.

#### Low-Wage Workers' Expenditures

Table 2 shows how the average monthly expenses of welfare recipients compared with those of low-wage working mothers. We do not discuss spending differences by city for working mothers because they generally mirror those of the welfare mothers.<sup>9</sup> Working mothers spent substantially more each month to keep their families together than welfare recipients did. Working mothers spent more on housing, partly because they purchased slightly better housing and partly because working mothers who had a housing subsidy had more cash income than did mothers who received welfare. Both groups paid about 30 percent of their cash income for rent.<sup>10</sup> The only other large differences in spending between the groups were for work-related expenses.<sup>11</sup>

In sum, Tables 1 and 2 show that neither welfare recipients nor low-wage working mothers made ends meet on their main income sources alone.<sup>12</sup> Although the working mothers had more income left over after paying for housing and food, their overall budget deficits were larger because working was more expensive than relying on welfare. The welfare recipients had an average budget

<sup>9</sup> The only major exception is that working mothers in Charleston paid the most in rent because few were doubled up.

<sup>10</sup> Welfare recipients received a substantial portion of their benefits in food stamps, which are not taxed by the housing authority.

<sup>11</sup> Diaper costs varied because few working mothers had infants. Variation in the miscellaneous category was largely due to the fact that working mothers spent more on hair care, cosmetics, and burial insurance than welfare mothers spent. Finally, working mothers spent slightly more for nonessentials than did welfare mothers. Most of this difference was due to the fact that working mothers ate out more than welfare mothers did.

<sup>12</sup> The one exception among the welfare-reliant mothers was a Boston-area mother whose child went without basic necessities so frequently that the mother was investigated for child neglect. There were no exceptions in the wage-reliant group.

**Table 2. Average Monthly Expenses and Income: Welfare-Reliant Mothers and Low-Wage Working Single Mothers in Four U.S. Cities**

Average Monthly Expenses/Income	Welfare-Reliant Mothers	Working Mothers
<b>TOTAL EXPENSES</b>	\$876	\$1,243 **
Housing	\$213	\$341 **
Food	\$262	\$249
Total Other Essential Items	\$336	\$569 **
Childcare	7	66 **
Medical	18	56 **
Clothing	69	95 **
Transportation	62	129 **
Telephone	31	35
Laundry/toiletries/cleaning	52	53
Diapers/baby care	18	10 *
School supplies/fees	14	25
Appliances/furniture	17	22
Miscellaneous	47	78 **
Total Nonessential Items	\$64	\$84 **
Entertainment	20	27 *
Cigarettes and alcohol	22	22
Lottery	3	1
Cable TV	6	9 *
Eating out	13	25 **
<b>TOTAL WELFARE INCOME</b>	\$565	\$60 **
AFDC	307	—
Food stamps	222	57 **
SSI	36	3 **
<b>INCOME FROM MAIN JOB<sup>a</sup></b>	—	\$802
<b>BUDGET DEFICIT</b>		
Welfare/main job income <sup>a</sup> minus total expenses	-\$311	-\$441 **
Welfare/main job income <sup>a</sup> minus housing and food expenses	\$90	\$212 **
Number of mothers	214	165
Family size	3.4	2.9

Note: Income and expenses are in 1991 dollars. Income/expense subcategories may not sum exactly to totals shown because of rounding error.

<sup>a</sup> Welfare/main job income includes monthly earned income tax credit (EITC).

\* $p < .05$  \*\* $p < .01$  (two-tailed tests for significance of differences in means between welfare-reliant mothers and working mothers)

shortfall of \$311 per month as compared to \$411 for working mothers. Although the working mothers reported spending about \$367 more each month than the welfare recipients spent to keep their families together (\$1,243 compared to \$876), the welfare recipients we interviewed probably would have needed to spend more than this if they went to work. Most low-wage working mothers had several mitigating circumstances that lowered the cost of working.

#### Welfare Recipients' Supplemental Income

Table 3 shows how welfare recipients in each city made up for their monthly budget shortfalls. In Chicago, 60 percent of the welfare recipients used work-based strategies to supplement their welfare benefits, whereas only 36 to 44 percent of recipients in other cities worked side jobs. We divide work into three categories: reported work, unreported work, and underground work. *Reported work* refers to work in the formal sector that recipients report to their caseworkers. Across cities, between 2 and 9 percent of our welfare recipients worked at jobs and reported their earnings, compared to 6.4 percent nationally (U.S. House of Representatives 1993:696). *Unreported work* refers to either formal sector work that is not reported or to cash work in the informal sector. Between 32 and 52 percent of our welfare recipients engaged in such work to supplement their budgets. Finally, between 2 and 19 percent sold sex, drugs, or stolen goods to generate extra money. We call this *underground work* because it violates both the welfare rules and other laws.

In addition, between 25 and 44 percent received cash assistance from a community group, local charity, or other nonwelfare agency.<sup>13</sup> Finally, from 69 to 91 percent of the welfare recipients we interviewed in each city used network-based strategies to make extra money. Between 40 and 55 percent of the recipients got cash help from a family member. From 24 to 32 percent received cash assistance from a boyfriend. Finally, between 27 and 41 percent of recipients received cash

<sup>13</sup> We cashed out vouchers and payment of overdue bills, but not other forms of in-kind assistance such as food and clothing.

**Table 3. Economic Survival Strategies of Welfare-Reliant Mothers in Four U.S. Cities**

Survival Strategy	Percent <sup>b</sup>				Average Monthly Income			
	Boston	Chicago	Charles- ton	San Antonio	Boston	Chicago	Charles- ton	San Antonio
<b>TOTAL SUPPLEMENTAL WORK<sup>a</sup></b>	44	60	36	41	\$101	\$180	\$108	\$111
Reported work	2	2	9	6	16	5	25	29
Unreported work	36	52	32	35	54	133	79	81
Underground work	7	19	2	3 **	31	40	3	1
<b>COMMUNITY GROUP/AGENCY ASSISTANCE</b>	44	27	25	30	\$26	\$58	\$49	\$15
<b>TOTAL NETWORK INCOME<sup>a</sup></b>	69	77	91	71	\$126	\$157	\$253	\$114 **
Family	53	40	55	40	44	53	106	54 *
Boyfriends	31	24	32	29	62	60	78	32
Absent fathers	27	32	41	32	20	45	69	27 *
Covert support	24	21	36	16	18	40	60	17 *
Formal support	4	13	18	21	2	4	9	10 *
Number of mothers	45	62	44	63	45	62	44	63

Note: Percentages for subcategories will not sum to total percentages because women engaged in multiple survival strategies. Average monthly income is in 1991 dollars. Income subcategories may not sum exactly to totals shown because of rounding error.

<sup>a</sup> Some mothers engage in more than one survival strategy within a category.

<sup>b</sup> Percent participating over a 12-month period.

\* $p < .05$  \*\* $p < .01$  (two-tailed tests for significance of differences in means between cities)

help from a child's father. Some fathers contributed through the formal child-support system, and some fathers gave money directly to the mothers.<sup>14</sup> These mothers agreed to hide a father's identity from child-support officials if he agreed to pay them directly, using the threat of the formal system to enforce these agreements (Edin 1995).

Our cities differed in ways that explain these variations in welfare recipients' strategies. For this group, we identified four important differences: the strength of the local labor market, city size, the character of the

informal and underground economy, and the practices of local child-support officials.

Tight labor markets (as measured by the county unemployment rate) affected welfare recipients' survival strategies in two ways. First, Chicago's tight labor market provided mothers more opportunities for side work. (Charleston's labor market was even tighter, but other features of the city prohibited some recipients from taking side jobs). Second, Charleston's and Chicago's favorable labor markets increased recipients' income from network members, presumably because these network members' earnings increased. One Charleston mother compared her network support in the late 1980s to her situation in the early 1980s when the city's unemployment rate was higher:

For a while, nobody in my family was helping me 'cause nobody was working. Now my mother and my sister got jobs, and neither one of them are raising kids. . . . [Now] they help me with my bills from time to time.

<sup>14</sup> Fourteen percent of our recipients received some income through the Child Support Enforcement system in the last year. This is somewhat more than the national average for welfare recipients of 12 percent (U.S. Department of Health and Human Services 1990:43). Twenty-three percent of our mothers received support money directly from fathers and circumvented the official system.

City size affected welfare recipients' survival strategies in two ways.<sup>15</sup> First, in large metropolitan areas like Chicago, recipients who worked at unreported jobs had little chance of being detected. In smaller urban areas, recipients who engaged in unreported work had difficulty hiding this work from their caseworkers or others in their communities who might have reported them. One Charleston recipient told us:

I could never get away with taking a regular job [without my caseworker knowing]. Let's say I worked at McDonald's. Everybody in my neighborhood would know about it and someone would turn me in. Even if they didn't, I would probably end up taking an order from my caseworker in the drive-through. Everybody know everybody else's business around here.

Welfare caseworkers in small cities were usually as busy as those in larger metropolitan areas, but found it harder to ignore community members who reported blatant violations of welfare regulations. In these cities, welfare recipients who wanted to combine welfare with covert work generally took less visible jobs in the informal sector (i.e. housecleaning, baby-sitting, or sewing). Mothers usually found these jobs through trusted family members or friends whom they believed would not report them. The need for anonymity also applied to underground work, which also varied with city size.

The character of each city's informal and underground economy also affected welfare recipients' range of possible survival strategies. Only in Chicago and San Antonio did recipients tell us they knew how to obtain a false ID, probably because the large numbers of illegal immigrants in each city had created a market for false Social Security cards. In Chicago, mothers paid roughly \$20 for a Social Security card with another name. They paid up to \$70 if they also required a birth certificate and picture ID. Most welfare-reliant mothers could find suppliers through friends or former coworkers. One Chicago recipient told us:

At the factory [where I worked] there was a lot of foreigners. They was all illegal to this country. Every one of them was doing it. They told me, "Why don't you go out and get a Social Security card in somebody else's name? Then you can get welfare too!" I went down to Madison Avenue, just like they said. I just showed them my money, and the rest was easy.

San Antonio mothers generally knew how to get false IDs as well, but few used them to work in the formal sector because the labor market was so slack.

The practices of local child-support enforcement officials, which varied considerably from place to place, also affected welfare recipients' survival strategies. In Charleston, where enforcement was much stricter than in other cities and county judges routinely jailed absent fathers on contempt charges for failing to meet their child-support obligations, welfare recipients were the most successful in getting contributions from absent fathers. Charleston's strict enforcement rules made mothers' threats of turning fathers who did not pay informally over to the authorities more credible than in other cities.<sup>16</sup> In addition, when Charleston mothers used the formal system, they also received more child support than mothers in other cities did. One mother in Charleston told us:

I get \$100 a month [under the table] from my son's father and \$100 a month [informally] from my daughter's father, and that's the way it's been since my babies were born. That's money that welfare would take away from me if I went through the [child-support enforcement] system. If they don't pay, I [will] turn 'em in. Then they will make them pay [even more every month, and] if they get behind, they [will] go to jail.

#### Working Mothers' Supplemental Income

How did welfare-reliant mothers' survival strategies compare with those of low-wage

<sup>16</sup> In all cities except San Antonio, mothers were more likely to receive covert support than formal support. In San Antonio, a greater proportion of welfare-reliant respondents had been married (because of the high marriage rates of Latinas). For married couples, paternity is assumed, and mothers cannot circumvent the formal system by hiding the father's identity (his name is generally on the birth certificate).

Table 4. Economic Survival Strategies of Welfare-Reliant Mothers and Low-Wage Working Single Mothers in Four U.S. Cities

Survival Strategy	Percent <sup>a</sup>		Average Monthly Income	
	Welfare-Reliant Mothers	Working Mothers	Welfare-Reliant Mothers	Working Mothers
TOTAL EARNED SIDE INCOME	46	39	\$128	\$88 *
Reported part-time job or overtime	5	12 **	19	27
Unreported side job or second job	39	28 *	90	59 **
Underground economy	8	1 **	19	2 *
COMMUNITY GROUP/AGENCY ASSISTANCE	31	22 *	\$37	\$36
TOTAL NETWORK INCOME	77	82	\$157	\$253 **
Family and friends	46	47	62	65
Boyfriends	29	27	56	60
Absent fathers	33	42	39	127 *
Number of mothers	214	165	214	165

Note: Percentages for subcategories will not sum to total percentages because women engaged in multiple survival strategies. Average monthly income is in 1991 dollars. Income subcategories may not sum exactly to totals shown because of rounding error.

<sup>a</sup> Percent participating over a 12-month period.

\* $p < .05$  \*\* $p < .01$  (two-tailed tests for significance of differences in means between welfare recipients and workers)

working mothers? Table 4 compares the survival strategies of mothers in the two groups. We do not discuss differences in working mothers' strategies by city because they mostly mirror the differences for welfare recipients.<sup>17</sup> First, although roughly the same number of welfare recipients and working mothers engaged in side work to supplement their budgets, working mothers who took side jobs made less money than their welfare counterparts did because they worked fewer hours. This in turn was due to the time constraints imposed by their main jobs. Second,

virtually none of the working mothers had earnings from the underground economy, while some of the welfare recipients did. Although several workers told us they had taken such jobs in the past (when they were on welfare), they felt that leaving welfare had made them more respectable in the eyes of their friends and neighbors and they weren't willing to forgo this new status by risking incarceration. Third, welfare recipients were somewhat more likely to receive cash help from community groups. Finally, they were just as likely as the working mothers to rely on members of their personal networks, but working mothers received far more generous contributions from their net-

economy had no measurable effect on workers' survival strategies because only two respondents worked in the underground economy. For working mothers, the practices of the Charleston child-support officials also resulted in higher child-support payments. Finally, the more highly developed service economies of the Boston area and San Antonio meant that more workers received help from community groups and agencies there.

<sup>15</sup> In 1990, the Chicago PSMA numbered over 7 million persons, the Boston PSMA about 3.2 million, the San Antonio MSA roughly 1.3 million, and the Charleston MSA about 500,000.

works than did welfare recipients (especially from absent fathers).

In sum, welfare recipients relied more heavily on side work and on local charities and community groups to supplement their earnings; working mothers relied more heavily on members of their personal networks. We explain these differences in two ways. First, mothers who had to parent children alone and work at full-time jobs had little time to take side work or hunt for a community group or charity that would help them financially. Second, working mothers were more likely to have network ties with others who were better off and could provide steady cash help. Following Bourdieu (1986) and Coleman (1990), we conceive of these ties as forms of social capital. A growing literature shows that social ties have an important effect on both cash and noncash resources (Angel and Tienda 1982; Hofferth 1984; Hogan 1991; Hogan, Hao, and Parish 1990; Marks and McLanahan 1993; Martineau 1977; Parish, Hao, and Hogan 1991; Stack 1974; Taylor 1993; Wellman and Wortley 1990).

Working mothers also had more noncash resources than welfare recipients had—resources that lowered the costs of working. Some had a child-care subsidy, a friend or relative who watched their children for free, or other low-cost child-care arrangements; others lived with friends or relatives who charged them little or no rent; still others had low commuting costs because they could walk to work or had someone who could drive them; and some workers found employers who were willing to provide full family health coverage or managed to get such coverage from their children's fathers' employers. One Boston-area working mother described her personal safety net as follows:

My expenses are very low since I live with my parents. That means I have no rent, no electric bill, no housing bills that people out on their own must pay.

A San Antonio mother who lived with her sister and mother in a three-bedroom apartment (there were five children) told us how she managed to stay at her job:

[We] share all of our expenses in this house, which allows us to afford much more than if we were living separately. [All our kids are in school all day]. [I work from] 9:30 A.M. [to

6:30 P.M.]. [My sister] works from 7:00 A.M. to 3:00 P.M. I drop all the children off at school. She pick[s] up the children from school and [takes] them home. We manage to work [our second jobs] on alternate weekends so that someone is always home with these kids. [If] all else fails, we can always ask our mother to baby-sit. And we don't have to pay her either.

Nine of 10 working mothers reported at least one of these noncash resources, two-thirds reported two or more, and nearly half reported three or more. When we asked our welfare-reliant mothers whether they thought they would have access to similar resources if they left welfare and took a job, less than one-third reported that one or more of these resources would likely be available if they went to work immediately.

Because the working mothers had, on average, more cash network support and more access to noncash resources than welfare recipients had, working mothers generally had a much stronger private safety net than welfare recipients. In many cases, this protected them from having to rely on the public safety net (welfare), at least in the short term. For welfare recipients who relied on covert work or charities, taking a full-time reported job generally meant having to forgo much or all of their income from these sources. For these welfare recipients, leaving welfare for work would result in a net loss in income. For families already living very close to the economic margin, this prospect posed a serious threat to their material well-being.

#### *Mothers' Perceptions of the Benefits of Welfare and Work*

The economic realities described above profoundly affected low-income mothers' perceptions of the relative utility of welfare versus work. Most of the welfare mothers we interviewed were aware of the economic consequences of working because they had held reported jobs in the past—83 percent had work experience in the formal sector and 65 percent had worked at a formal sector job within the previous five years. Furthermore, our recipients had an average of 5.6 years of work experience. National level data show similar levels of work experience among welfare recipients (Bane and Ellwood 1994; Gritz and MacCurdy 1991; Harris and Edin

1996; Pavetti 1992; Spalter-Roth et al. 1995; U.S. House of Representatives 1993:718).

Our mothers learned five primary lessons from their low-wage work experience. First, although even a low-wage job paid more than welfare, it also cost more to work. These costs often equaled, and often even outweighed, a job's earnings advantage. Second, taking a job made the pursuit of other work-based strategies more difficult, so that mothers who relied primarily on these strategies would realize a net loss when they went to work. Third, work income was less stable than welfare income—employers who offer low-wage jobs can seldom guarantee their workers full-time hours, and they are more likely to lay them off than other employers are (Danziger and Gottshalk 1987).<sup>18</sup> Furthermore, such workers were seldom eligible for unemployment insurance (Spalter-Roth, Hartmann, and Burr 1993). Fourth, things would probably not improve over time because most low-wage jobs offer virtually no premium on experience (Blank 1995; Burtless 1985; Harris and Edin 1996; Levitan and Shapiro 1987).<sup>19</sup> Fifth, working in the low-wage sector was often not compatible with parenting. Most of the positions mothers had held offered employees no sick leave or paid vacation days to take care of sick children who could not attend school. In addition, employers seldom allowed mothers to make personal calls from work to check on children left home alone.

Despite these hard lessons, most of the welfare recipients we interviewed showed remarkable dedication to the work ethic. They recognized the stigma that their friends, communities, and the larger society imposed on welfare recipients, as well as the boost in self-esteem and social standing they gained from working. This is why they had tried to live off of work in the past and also why they were trying to find a way to do so in the future.

Of the 214 welfare recipients interviewed, only 15 percent had no real plans to get off

<sup>18</sup> If mothers could not find another job right away, it took the welfare department two to three months to reinstate benefits.

<sup>19</sup> Some unskilled and semiskilled single mothers do become economically self-sufficient over time. Because we limited our sample of workers to those earning low wages, we did not interview any of these mothers.

welfare for work. Of these, more than one-third were receiving disability payments for themselves or a child. About one-half of the rest said they were not planning to leave welfare for work because they worked nearly full-time in the informal or underground economy and believed they were better off combining welfare with unreported work than having to forgo them both for a formal sector job. Of the remaining mothers, one-half planned to marry off of welfare and the other one-half claimed their current situations were simply too unstable to allow them to think about the future (most of these were victims of domestic abuse).

The rest of the welfare recipients we interviewed (85 percent) expressed a strong desire to leave welfare for work, but only 13 percent said they were ready to do so immediately.<sup>20</sup> These mothers had significantly more education and work experience than did the welfare-reliant group as a whole, and none anticipated paying market child-care costs.

Seventy-two percent said they wanted to work, but because of their current circumstances they believed the costs of work would be impossibly high. More than two-thirds of this group of welfare recipients said that the lack of access to affordable childcare created the primary barrier. These women knew that the welfare system would subsidize their daycare costs for a short time, but doubted their incomes would increase fast enough for them to pick up the cost of daycare once the subsidies lapsed. One-third of the group said they or their children had temporary health problems and they didn't want to risk losing their Medicaid benefits until the problem had fully abated (automatic Medicaid eligibility generally ended one year after leaving welfare for a job). For these mothers, the solution to the economic problems of working involved waiting until the costs of working were lower—until their children no longer needed daycare or their health improved.

However, two-thirds of mothers who had plans to leave welfare thought that even if

<sup>20</sup> Survey researchers have repeatedly found highly favorable attitudes toward work among the welfare poor (Goodwin 1972; Tienda and Stier 1991).

their child-care difficulties and health insurance problems were solved, they would have difficulty sustaining their families on a low-wage job. For these recipients, the answer was twofold: Find a way to lower their potential work costs, and in the meantime, pursue further education to improve their earnings potential. In fact, Most recipients believed that combining welfare with quality training was the best way to achieve the long-term goal of economic self-sufficiency. One welfare recipient with substantial work experience told us:

The system is all messed up. When people look in from the outside, [welfare] looks good. You don't have to work and you get money. But no one can live on this. I can't see [any way out]. [If] I get a full-time job [I can't get any help from the government] to go back to school. [If I stay on welfare] I can't afford to live on it. So I'm [going to get a part-time job under the table] and [go part-time to] school.

## CONCLUSION

We have offered a detailed account of the family economics of the choice between welfare and work low-skill single mothers must make. Past efforts to conceptualize the effects of welfare on work have generally failed to take into account the fundamental realities of welfare and low-wage work—neither option offers single mothers enough to pay their bills. Past research also has not accounted for the impact of mothers' economic survival strategies on the welfare/work choice. We have shown that network strategies are conducive to moving from welfare to work, while side work and agency strategies are not. We have argued that mothers do not freely choose the strategies they employ. Rather, their choices are constrained both by the social-structural characteristics of the cities in which they live and by the quality of mothers' social capital and access to noncash resources. Because data regarding these strategies have not been available, most past research has not addressed them.

Finally, we have shown that despite the constraints welfare-reliant mothers face, most have worked in the past and want to work in the future. However, many believe that unless their personal circumstances

change or their job skills improve, the increased costs of working will make it difficult, if not impossible, for them to meet their financial obligations while working.

These findings have clear policy relevance. If welfare reform works the way it is supposed to, two results are relatively certain. First, the "two years and a job" requirement will mean that far more low-skill single mothers will be forced to work at reported jobs. This also means that they will have less time to employ the supplemental income-generating strategies that allowed them to get by economically under the federal welfare system. As a result, substantial numbers of low-skill single mothers, particularly those with little network support or access to non-cash resources, will be significantly worse off financially. Their financial situations will be even more desperate if the increase in the labor supply exerts downward pressure on low-skill women's wages, as many economists fear (Burtless 1995; Levine 1994; McCrate 1996; Tilly 1996).

If families have less money, mothers and children likely will be worse off. In another analysis of these data, we showed that the material hardship rates of families varied substantially by how much they spent (Edin and Lein forthcoming). We believe that as states move single mothers from welfare to work, mothers' and their children's material well-being should be safeguarded. We also believe that only a work-based solution to welfare is politically feasible. Given these convictions, we offer the following policy suggestions.

(1) Allow recipients to count participation in high-quality training or educational programs that lead to living wages as satisfying the work requirement.

(2) Expand transitional child-care and health-care benefits for mothers who leave welfare for work so that they do not end after one or two years, but are continually adjusted according to a mother's earnings.

(3) Expand the Federal Unemployment Insurance program to cover more workers in the low-wage sector, including part-time workers.

(4) Provide affordable high-quality training opportunities for low-wage working parents that will lead to living-wage employment.

(5) Expand the Earned Income Tax Credit further. The new minimum wage of \$5.15 per hour (about \$10,300 per year) will fall far short of the \$16,500 that our privately housed low-income working mothers needed to meet their families' expenses, even though they had smaller-than-average families (1.9 children on average) and had access to substantial noncash resources. The current tax credit fills about one-half of the gap between the \$5.15 per hour the typical welfare recipient can expect to earn (Micalopoulos and Garfinkel 1989) and the \$9 per hour that most single mothers will need to earn to pay their bills.<sup>21</sup>

(6) Continue to improve child-support collection rates for those mothers at the bottom of the income distribution so that they do not have to bear the full cost of raising their children.<sup>22</sup>

Not all of these solutions seem feasible in the immediate future. However, as increasing numbers of low-skill single mothers try to move from welfare to work, public sympathy for their plight may increase.

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<sup>21</sup> Most welfare recipients have larger families and more preschool children than the mothers in our wage-reliant group.

<sup>22</sup> We do not advocate requiring mothers whose children's fathers have abused them to seek child support, however. Our data suggest that the proportion of mothers who fear retaliation from abusive ex-partners may be high. More than one-half of our respondents spontaneously reported past or current domestic abuse.

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