

Does welfare reform work in rural America? A 7-year follow-up

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Does Welfare Reform Work in Rural America? A Seven Year Follow-Up¹

Abstract

Even before the advent of welfare reform, studies of low income working and welfare dependent groups showed that low wage working women are worse off than those who combine welfare with other income sources and that most used a wide variety of livelihood strategies. This is especially the case in poor rural settings where work is scarce and additional obstacles to employment such as lack of transportation and childcare are endemic. Data from a self-administered survey of users of human service agency programs in four counties in a distressed region of Appalachian Ohio in 1999, 2001, and 2005, provide a comprehensive picture of livelihood strategies, including labor force participation, informal and self-provisioning practices, and use of government and private transfers early and late in the welfare reform process. We compare working and nonworking human service clients at all three time periods and across communities with different levels of capacity to implement welfare to work policies to determine how labor force participants differ from other recipients and whether they are better or worse off. The data demonstrate the problems in making ends meet for all respondents, regardless of employment status and county capacity in all three time periods. While county differences are minimal, workers are better off than nonworkers and more so by the third survey year. They employ a wide variety of livelihood strategies beyond work for wages. Nevertheless, they remain poor and vulnerable to numerous hardships.

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Introduction

The advent of the policy changes known as “welfare reform” created massive changes in the policies, expectations and practices of poor persons that had been in place throughout the last third of the twentieth century. The two major components of the new policy are time limits to cash benefits and devolution of authority from federal to state and local jurisdictions. Placing time limits on cash assistance meant that the majority of welfare recipients face pressure to find paid employment, yet studies of urban low income working and welfare dependent groups, both prior to welfare reform and after, demonstrate that low wage working women are no better off and in some cases are worse off than those who combine welfare with other income sources as a livelihood strategy. There is little comparable research in poor rural settings where work is scarce and additional obstacles to employment such as lack of transportation and childcare are endemic. In theory, devolution permitted greater understanding and responsiveness to local conditions and need, but also raised the possibility of increasing the burden on areas with few resources for managing new responsibilities.

In this study we examine sources of income and livelihood practices for low income rural recipients of public assistance at both the early stages of welfare reform and after the policies had been in place and were well-established. The purpose is to determine the impact of welfare reform on livelihood practices by creating a profile of income sources and other resources for recipients in poor rural communities in Appalachian Ohio at three points in time over a seven year period. Data collected in 1999, 2001, and 2005 represent times that are early, midway and late in implementation of these policies. We focus on two primary comparisons: the differences between those who have fulfilled the expectation of welfare reform and have some form of paid

employment and those who do not; and community level differences embodied in county social and economic characteristics and human service agency operations.

Background

By now it is well-known that the passage of PRWORA, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, more commonly known as “welfare reform,” effectively implemented the political promise “to end welfare as we know it.” It changed the contours of the safety net initiated during the Great Depression and further elaborated in War on Poverty programs that entitled means qualified recipients to public assistance. Most notably, it marked the end of the primary program of cash assistance, AFDC (Aid to Families with Dependent Children), and substituted more circumscribed measures, primarily TANF (Temporary Assistance to Needy Families), whose purpose was seen as temporary, limited, and geared toward moving recipients into self-sufficiency through formal labor market employment. The legislation gave the states great flexibility in designing and implementing their own welfare programs, but a primary parameter was a 60 month lifetime limit for assistance. Many states, including Ohio, designed programs that placed far lower limits on eligibility, usually restricting it to two or three years maximum. States’ policies also differed in their emphasis on goals of reducing welfare rolls or increasing employment among former recipients (Nathan and Gais 2001). A few states (also including Ohio) took devolution one step further and gave counties much greater responsibility for program design and implementation. Regardless of strategy differences adopted for reducing welfare use, the avowed purpose of the radical restructuring of the welfare state was to reduce welfare dependency and increase independence and self-sufficiency by moving recipients off cash assistance and into waged labor.

Numerous assumptions about poverty, welfare use, and outcomes of welfare reform were embedded in political discourse leading up to this policy revolution. Foremost among these is the issue of dependency and its sources. Increasingly, the pre-reform welfare system was redefined as the cause of poverty and dependency, rather than its remedy. There was a widely shared belief among the public and policy elites alike that welfare recipients were unwilling to work and were assisted in their disinclination by an overly generous and permissive welfare system. While the most influential of these attacks came from the right in a “war on welfare” that reversed the logic of the War on Poverty by inverting the causal link between poverty and welfare (Gilder 1981, Gingrich 1994, Murray 1984), belief in the structural disincentives to work embodied in welfare was also embraced by liberal analysts who argued for the need to restructure programs to make work pay (Bane and Ellwood 1994). Even feminists argued that the old system, embedded in a patriarchal state, created dependency through the devaluation of care work and a two tiered social welfare provision system (Abramovitz 1988, Fraser 1990). Thus, there was widespread agreement that the old system was broken and needed to be fixed and great support for changing the incentive structure. A primary goal of welfare reform was to use public policy to induce labor force attachment among nonworkers (Tickamyer et al. 2000).

Empirical research from pre-welfare reform provides a more complex picture of welfare recipients’ livelihood strategies than is evident from public polemics. Rather than finding that welfare and employment are oppositional or mutually exclusive practices, research on how recipients and low income workers make ends meet demonstrate a diversity of income generating activities that often include a mix of formal and informal employment, self-provisioning, and use of government and private transfers, sometimes alternating, sometimes

supplementing, sometimes conducted within the rules and regulations of the system in which they operate, more often in violation of the system (Edin and Lein 1997, Fitchen 1981, Harris 1997, Nelson and Smith 1999, Stack 1974).

In the most comprehensive study prior to welfare reform, Edin and Lein (1997) studied low income single mothers in four U.S. cities between 1988 and 1992. In support of the idea of a dysfunctional incentive structure, they found that neither work nor welfare alone provides adequate income to meet the needs of single mothers' families, and that all used a wide variety of private and public sources of income to cover basic living expenses. Contrary to popular belief, mothers with formal labor market participation, were worse off than women on welfare. The main reason appears to be that formal employment cuts down on their ability to seek income from other sources, whether it was from "side jobs" (informal or off the books employment) or from forms of public and private assistance.

Edin and Lein also argued that social structural context influences survival strategies. Their study was conducted in four urban areas to represent a range of welfare benefits: Boston had high benefits, Chicago approximated the national average, while two Southern cities had lower than average benefits. Cities also differed in size, labor market characteristics, characteristics of the informal and underground economies, and child support policies and programs. Their results varied by place, confirming their view that structural characteristics of place influence survival strategies and the costs and benefits of different practices.

The impact of welfare reform on income generating and livelihood practices remains a matter of debate. While cash assistance rolls have been drastically reduced – up to fifty percent – there are large gaps in the research on how poor and low income groups fare. There is little

research comparable to the Edin and Lein landmark study. Instead, the numerous studies of “leavers” – those who exit welfare as a result of welfare reform rarely provide the detail that Edin and Lein document, and while a number demonstrate that leavers are better off than those who remain on cash assistance, they are inconclusive about how both groups manage or their ultimate fate (CLASP 2001, Jones-DeWeever et al. 2003). Many studies show that poverty rates remain high for former recipients (Lichter and Jayakody 2002, Loprest 1999, Moffitt 2002) and they continue to struggle with a variety of hardships, lack of resources, and support (Hays 2003). Furthermore, despite numerous state based studies there is little attention to context or spatial variation in these findings.² In the rare cases where community level factors are examined, it becomes clear that these have an impact (Parisi et al. 2006).

There also has been little comparable research conducted among the rural poor, especially in high poverty locations either before or after welfare reform. Yet, there is substantial evidence that conditions of rural poverty differ from the urban inner city circumstances documented by Edin and Lein (RSS Task Force Report 1993, Lichter and Jensen 2002, Snyder et al. 2006), and a number of studies document that rural women are worse off and face different economic circumstances than their metro peers (Brown and Lichter 2004, Lichter and Jayakody 2002, Lichter and Jensen 2001, Snyder and McLaughlin 2004, Snyder et al. 2006). Similarly,

² As a result of devolution, states vary widely in their policies and programs, making comparability problematic, especially for evaluation and assessing outcomes. Most evaluations are state based and state-wide with little effort to examine variation within states or between states. While there have been a few comparative studies as well as efforts to compare (or at least compile) results across locations (see for example CLASP 2001), few systematically examine spatial variation or look at contextual effects. In Ohio several reports examine outcomes of welfare reform for selected counties with varying characteristics, including a longitudinal study spanning a two year period (ORC Macro 2003) and a short term study of outcomes of closed cases (Ohio Department of Job and Family Services in collaboration with Center for Human Resource Research The Ohio State University 2001).

while still highly debated, there is broad speculation and accumulating evidence that the contours of welfare reform differ for remote rural areas compared to urban and metro locations. Rural areas lack the jobs, social services, human and social capital, and infrastructure to facilitate the transition off cash assistance and into paid employment required by the new system (Fisher and Weber 2002, Parisi et al. 2003, 2006, Partridge and Rickman 2006, Pickering et al. 2006, Tickamyer et al. 2007, Weber et al. 2002). Few studies directly examine variation within rural areas.

In this research we examine changes brought about by welfare reform by examining the ways that residents of poor rural areas make ends meet early in the implementation process for welfare reform, before the end of eligibility for cash assistance, again two years later after the initial period of eligibility had run out in the study area, and then again four years after that. We examine sources of income and noncash survival strategies among the rural poor to determine general patterns of livelihood practices in poor rural areas and how they vary by employment status and characteristics of place.

The Study: Context, Research Design and Methods

The final version of welfare reform devolved responsibility to the states for design and implementation of specific programs, but required maximum lifetime limits of five years on eligibility and specific goals for removing recipients from welfare rolls and into employment. In Ohio, under a plan called Ohio Works First (OWF), a 36 month lifetime limit was adopted, beginning October 1997, and stringent work requirements were imposed. The primary characteristic of the Ohio plan was further devolution to the counties. County officials and agencies, assisted by an infusion of state and federal funds to permit local program initiatives,

assumed major responsibility for specific program design and implementation. Counties vary in the types of measures they have adopted and in their capacity to meet the requirements of reform measures.

The 29 counties of Appalachian Ohio comprise a region of historically high levels of poverty and unemployment that is largely rural, remote, the product of deindustrialization, lacking in investment and capital necessary for economic development, and with relatively little access to state and federal policy makers and circles. Even within this relatively homogeneous region, however, there are large differences in social and human capital, employment opportunities, and local capacity to implement and administer welfare reform programs (Tickamyer et al. 2007). We selected four counties in this region for intensive study that represent similar high levels of poverty and unemployment, but varying degrees of urbanization, isolation, and access to human resources, social and investment capital to draw on for the process of welfare reform. The four counties range from a nonmetro, nonadjacent, completely rural population county to one that is officially part of a small metro area but nevertheless retains its small town and rural character.³ Table 1 (tables 1-8 displayed at end of document) shows county characteristics for these four counties in comparison with the state. The data show that while all

³ For details of county selection and classification see Tickamyer et al. 2002, 2007. Relative rurality is determined by Beale codes, a rural-urban continuum based on “a classification scheme that distinguishes metropolitan counties by size and nonmetropolitan counties by degree of urbanization and proximity to metro areas.” Beale codes vary from 1 to 9 with 1 representing central counties of metro areas with a population of 1 million or more and 9 designating completely rural counties containing no urban areas with a population of 2,500 or more, and not adjacent to a metro area. The four Appalachian counties include one small county that comes under the smallest metro designation (Washington, Beale code = 3), a formerly nonmetropolitan county that by Census reclassification in 2000 is now considered “micropolitan” (Athens = 4 on the Beale code) and two nonmetro counties that include the most rural designation (Vinton = 9), and one that is slightly less remote Meigs = 6) (<http://www.ers.usda.gov/Data/RuralUrbanContinuumCodes>).

four counties perform substantially below the state average, there are also large differences between the counties. The two more urban counties tend to have higher economic indicators (although not uniformly) than the two completely rural counties. The latter also have less human capital and generally are more isolated economically and socially.

The primary data for this paper come from surveys administered in the offices of human service agencies⁴ in four counties in Appalachian Ohio during the summer of 1999, one and a half years into the beginning of the 36 month eligibility window for Ohio recipients of cash assistance and again during the summers of 2001 and 2005, well after the end of the initial three year eligibility for recipients of cash assistance. Eligible respondents include recipients of welfare benefits including cash assistance, food stamps, and medical programs. Survey items ranged from basic demographic and household characteristics, to detailed information on program use, employment, welfare use, other livelihood strategies, and attitudes about poverty and welfare reform. It should be emphasized that this is a trend study. Respondents are not the same individuals surveyed at three points in time, but rather represent a snapshot of human service clients in the same welfare offices at each point in time. The results permit a comparison of changes in the social and economic characteristics of welfare users early and late in the

⁴ Despite efforts by human service personnel to prevent long delays, recipients generally spent substantial amounts of time waiting for appointments in the human service agency offices and were very receptive to filling out a survey while they waited. Survey instruments were constructed with the aid of local adult literacy instructors to require only minimal literacy skills, and research assistants were available to help anyone who required or desired assistance. Although the state agency publishes monthly county level statistics on program use, this information is not available by individual, and we did not have access to county records. Therefore, it is not possible to compare our sample with the county population of agency clients. However, county regulations require their clients to physically check in at least once a year, making the waiting room a crossroads where virtually all users of agency services show up. While the ensuing sample is not a probability sample, the procedures used to collect the data make it representative of the clients of the human service agency in each county at that time.

welfare reform process, but not of the changing fortunes of individual recipients.⁵ A total of 1,246 useable surveys resulted, 399 from 1999, 401 from 2001, and 446 from 2005.

The surveys are part of a larger study of the impacts of welfare reform in poor rural communities. The Rural Welfare Reform Project is a multi-year, case comparative study of devolution and welfare reform that combines existing statistics, administrative records and primary data collection including focus groups, surveys, and in-depth interviews with recipients, employers, human service agency personnel, and local decision-makers. The research was designed to provide both quantitative and qualitative data from each of the participating groups in the welfare reform process from the beginning of reform efforts through the expiration of initial eligibility and its institutionalization in order to have adequate opportunity to discover the meaning of these changes from both a “bottom up” and “top down” perspective, rather than imputing or imposing them from above (Reinharz 1992, Schram 1995). We supplement the survey data with findings from interviews and focus groups with the populations affected by welfare reform and by publicly available administrative and archival data.

In this paper we examine income sources for survey respondents and how these influence total household income for each of the years in which data were collected. We also compare total household income and indicators of hardship for respondents with and without formal labor force employment. Income is measured by responses to the question “If you added together all of the money that you and people living in your home got during the last year (including OWF/TANF) what would the total amount be?” Response categories were \$5,000 intervals ranging from 0 to \$25,000 and up, recoded to the category midpoint. Information about a very

⁵ Changes in individual circumstances were collected through in-depth interviews with a panel of twelve recipients in each county (48 total) across the years. See Henderson et al. (2002a,b).

large variety of income sources, both cash and noncash, public and private, formal and informal was asked as well as basic demographic, household and family information. Labor force participation is indicated by a positive response to a question about whether the respondent currently works for pay. Indicators of economic hardship ranging from lacking money for food to experiencing homelessness are also examined. County capacity uses degree of rural/remoteness and a variety of other measures of social and human capital, economic development and employment opportunities to group the four counties into “high” and “low” categories. The two most urbanized counties are classified as high capacity, the two most rural are labeled low capacity (see Tickamyer et al. 2007 for details).

Findings

Survey Data

Table 2 provides information about the social and demographic characteristics of survey respondents by year, the changes from year 1999 to 2005, and counties grouped by capacity. There are very few differences by year. As expected in this rural area, the vast majority are white women with an average age in the mid thirties. Most have children of their own, averaging slightly over two. The majority of respondents have children under 18 at home and a substantial number live in households with persons who are not members of their nuclear family. This increased substantially between the first year of the survey and the subsequent two. Educational attainment of respondents has improved across the three surveys, with a large decrease in percentage without a high school diploma and corresponding increases in those who have completed high school (or its equivalent) or who have some type of additional schooling, with the biggest change occurring between 1999 and 2001.

Partitioning the data into high and low capacity counties produces few significant changes from the total sample. With minor exceptions, demographic characteristics are essentially the same across the counties. Respondents are somewhat older in low capacity counties in the two subsequent surveys. Both types of counties have marked decreases in the number of respondents who do not have a high school diploma or its equivalent, but the decline is much larger for high capacity counties, possibly the result of more aggressive campaigns to improve the educational credentials of welfare recipients.

Table 2 partitions the demographic data by whether respondents are currently employed in the formal labor market across the three time periods. A number of differences appear by work status, although the trends are not uniformly linear. Workers are initially younger, older in 2001, and again younger by an average of five years in 2005. Fewer workers are married in the first two surveys, but this reverses although not significantly in the last year. Workers have more children living in their homes, but fewer live in households with persons who are not part of their nuclear family. Only in the first year does total household size differ significantly between workers and nonworkers. Finally, workers are better educated than non workers and this improves substantially across this time period.

Table 4 displays detailed economic characteristics of Appalachian users of human services in the three survey years and by county capacity. Economic characteristics include work behavior, individual and household income, income sources from public assistance, public and private transfers, and informal sources, and finally, sources of food assistance. There were notable changes in work effort between 1999 and 2001 and again in 2005, rising from almost 28% to 36.5% and then declining to just over one third of the sample. Other changes across this

time period include an increase in the percent who have ever worked for pay and rises in monthly earnings and household income, although these are not statistically significant. The percent looking for work declines in 2005, presumably because they either are working or have some barrier to employment. Average monthly earnings increase across the years but not significantly. Especially noteworthy is the low income of respondents, even for impoverished households in a region of persistently high poverty levels, unemployment, and underemployment. In 2005, the average household income is slightly over \$10,000 per year, a low figure considering households average close to 4 members. It should be noted that even the highest average income just barely exceed the official poverty level for a single individual (\$8,501 in 1999, \$9,039 in 2001, \$10,160 in 2005). When it is recalled that average household size is approximately four individuals (with corresponding poverty thresholds of \$17,029, \$18,104, and \$19,971), the degree of impoverishment experienced by these families is underscored.

When these data are partitioned by county capacity, there are large differences between the more urbanized locations and the more rural counties in percentage of recipients who are employed in the first two years with higher employment rates in the high capacity counties. The difference diminishes in 2005. Similarly, an initial large gap between high and low capacity counties in the percentage looking for work also is reduced in the subsequent years. There is very little difference in monthly earnings. An initial large gap between high and low capacity counties in household income diminishes and somewhat surprisingly, reverses by 2005.

Table 4 also shows the sources of income for respondents and their households for the previous year. The most obvious change is in cash assistance. There is a marked decrease in the

percentages of the respondents who receive OWF/TANF with the biggest decrease taking place between 1999 and 2001. Food stamp use, on the other hand, decreases substantially in 2001 but then rises again to slightly higher than their original level in 2005. It should be noted that large majorities receive food stamps in all three years, unlike OWF which declines from almost 42% to slightly more than a quarter of the respondents by 2005. Other significant changes are decreases in persons reporting that someone in their household received social security or a pension and disability and an increase in receipt of unemployment benefits.

When these data are partitioned by county capacity, interesting differences emerge. There are large differences within year by capacity for welfare receipt. Low capacity counties have higher percentages reporting receiving OWF/TANF and food stamps and a much more dramatic decline in their receipt than higher capacity counties. Significant differences also emerge in WIC (the Special Supplemental Nutrition Program for Women, Infants, and Children) that were not evident in the unpartitioned data. Generally, the low capacity counties have higher rates of use, except in the middle survey year where the relationship is reversed. Other differences are found in transfers. There are no significant differences between counties in 1999 and few in 2005, but in 2001 more residents of low capacity counties report receiving social security or a pension, or disability, and fewer report benefiting from the EITC (Earned Income Tax Credit) or child support.

A substantial percentage of the population uses informal sources of income and ways of making ends meet in both years with conducting odd jobs for pay (but off the books) and bartering or trading goods and services most often reported. These two activities also have statistically significant changes from the early to later surveys, with a decrease in performing odd

jobs (similar to other cash based informal work that does not show significant change in the two years) and an increase in barter. High capacity counties have more respondents who report earning money from odd jobs (except in 2005 when they have fewer) and trading goods and services.

Generally, there is a small increase in self-provisioning and accessing some form of either public or private food assistance over the years. Use of food pantries increased from 1999 to 2001 and then declined slightly. There is a significant difference between high and low capacity counties in food pantry use in 2001, with much greater reported use in the two lower capacity counties.

If the same economic variables are examined by whether the respondent is currently working, it becomes obvious that households where the respondent is formally employed are somewhat better off. Table 5 shows that their income is substantially higher in all years, and they have lower levels of welfare receipt (significantly lower in 2005). Employment decreases food stamp use, even as it increases for everyone in 2005. Workers are also less likely to have someone in the household on a pension or disability, but they are much more likely to receive child support and to take advantage of the EITC. Differences in informal activity are small and generally not significant. However, it is interesting to note that more respondents who are currently employed also report income from odd jobs and from trade and barter, in opposition to previous speculation that formal labor force participation decreases likelihood of informal work. Finally, food pantry use which is high across the board, declines for working respondents in 2005.

Based on the descriptive analysis, for each survey year, we constructed a multivariate

model of influences on household income using ordinary least squares regression. Income is regressed on current work status, county capacity, controlling for individual and household characteristics, including age, marital status, number of children under 18 in the home, the presence of nonnuclear family members in the household (either an adult child living in the home or the presence of others in the household), having less than a high school education, and receipt of public assistance including OWF/TANF, food stamps, and WIC to determine how each factor contributes to household finances. Table 6 shows that in all years, employment increases income substantially and significantly, whereas county capacity has little effect after controlling for other variables in the model. Living in a low capacity county reduces income in the first two survey years and reverses in the third, but the effect is not significant in any year. The explanatory power of the models is modest and declines slightly over the three years. However, it is not out of line with other studies of income prediction.

In 1999, statistically significant positive contributions to household income come from age, being married, having others in the household (in this case, an adult child living at home), as well as formal labor market employment. Negative effects on income are the result of not having a high school diploma, and receiving welfare benefits (OWF/TANF or food stamps).

In 2001, the positive contribution of working is almost the same as in the previous year (about \$1800). The effect of being married is smaller, but having an adult child at home has a larger contribution to income and the presence of children under 18 is now significant. Not having a high school diploma has a bigger effect than in the earlier year. The effects of both working and receiving welfare benefits are very stable over the first two survey years with a sizeable boost to income from employment and even larger decreases from receiving cash

benefits and food stamps.

Differences in both size and direction of effects appear in 2005. Most notably, the size of the unstandardized regression coefficient for working, at almost \$3200, is much larger than in the previous two surveys. Age, dependent children, and receiving WIC have positive effects on yearly household income; receiving food stamps has a large negative effect. The WIC coefficient is positive, a reversal from 1999, and many times larger than in the previous survey. Getting food stamps has a much larger negative effect, while receiving cash benefits although still substantial is smaller in absolute value than earlier. Having less than a high school education is no longer significant and has a smaller depressing effect on income.

Finally, we were interested in how these welfare recipients and low income workers experience their economic circumstances. Table 7 examines economic hardships experienced by respondents and their families by year and county capacity. Indicators of hardship include running out of money for food or food stamps during the past year, lacking food for either oneself or one's children,⁶ lacking medical insurance for self, spouse, or children, failing to see a doctor when necessary, and experiencing an episode of homelessness. There has been a notable change across the years, with large decreases from 1999 to 2005 after initial increases in 2001 for all but the health insurance variables. When county capacity is controlled, a few differences between high and low capacity counties emerge, but diminish over time. Perhaps the most interesting outcome, although not statistically significant, is that at each survey year, more persons in high capacity counties report having experienced at least one hardship.

Table 8 partitions the data by whether the respondent is formally employed during each survey year. Differences by work status are small, and none hold up across all three years, with

⁶ This item is worded slightly differently in 2005 than in the first two surveys.

hardship generally declining by 2005. Somewhat surprising, however, in a number of cases, workers have higher levels of hardship, although the difference is not statistically significant.

Panel Data

Evidence from the panel study assists in the interpretation of these findings.⁷

Respondents report mixed views of the impact of welfare reform on their lives. Certainly, their views of the changes are not all negative. A common theme among the interviewed women, especially those who were employed or had employed partners was that there had been real improvements in their lives:

I think it's [welfare reform] workin'. 'Cause a lot of people that had been on it [welfare] are off an' find out that they can do the job, they can go out and get jobs and have somethin' better in life than a check that comes in once a month that won't get them nowhere. (Cindy, married and subsequently divorced, one child)

They are especially pleased to be able to provide for their families needs:

I think my family's better off. I really feel strongly that my family's much better off. I'm able to do things for my kids I wasn't able to do before. Not everything I'd like, but, ya know. I don't go vacationing for two weeks down in Florida. [laughs] But um, when school comes around and they have their list of school supplies, I can actually go buy those school supplies. It's sometime hard. (Beth, married, one child)

Cindy, the woman first quoted, elaborates:

⁷ The 48 recipients who agreed to be part of the panel study were recruited either by volunteering at the time of the initial survey or through snowball sampling. They consented to one to two hour semi-structured interviews, initially for two sessions, but for the majority of the sample, third and in some cases, fourth interviews were conducted with their eager consent between 1999 and 2004. By the third interview, 34 of the women remained available. Panel members were very similar to the survey respondents in demographic characteristics. For details see Henderson et al. (2002b).

Well I'm glad I'm not receiving assistance anymore. Because, you know, on the check you got, three hundred dollars a month. You couldn't do anything. And um, now I can get Josh, like I pay for any extra thing Brady does...He's in Boy Scouts. So I pay for like his camping money, stuff he needs for Boy Scouts and stuff like that. And we wouldn't have been able to do it if we's still on assistance. 'Cause I thought Cub Scouts was expensive but Boy Scouts puts it to shame. Um, any time they go on a camping trip it's at least ten dollars for the parents.

A number identified benefits to their sense of efficacy and self-esteem. Cindy articulates this view in a way that resonates with many of the women's experience:

I'm smarter than what I thought I was. Especially, ya know, like I said about my, that my dad would always put us down an' everything an' it's, if nothin' else I've proved to myself that I can do it...I'm a lot stronger than what I used to be.

Another woman described:

...when I was first on assistance, I had no self-confidence, didn't even care if I ever got off assistance. I didn't care. I was just so down. And everybody has their ups and downs, but a lot of times, at the end of the day, I'm just proud of myself that I am, although it's difficult, I have a good job, that I can, you know, come home from work every day. An' I put a roof over my kids' head an' there's food on the table an' my kids tend to be, seem to be happy. (Diane, single mother of three children)

Having discretionary income and being able to able to make decisions on how to spend it was particularly valued. As Mary, a divorced mother of four, states: "*Spend it [my money] the way you want to. I don't have to have anybody tell you how to do it.*" On the other hand, these

decisions aren't always easy: *"It's really hard though, trying to decide, "Okay, do we need to buy diapers or pay the electric bill?" I mean, hm, choices, choices...poopy babies or freeze to death."* (Whitney, single mother of three in long term cohabiting relationship)

In general, respondents continue to have numerous problems and no illusions about the difficulties they face:

Just because you're working doesn't mean that you're making enough money to live...Because, you know, we all know Wal-Mart hirin' always. But they're only hirin' ya for twenty-five hours at minimum wage. Then you got to have, you know, what do they always, like thirty before they give you any benefits.... (Karen, widow in her thirties with two children)

Similarly:

You're always behind on something or something's going to bounce or, there's always something not right. You can never get to the point where you can pay your bills plus buy groceries. (Joyce, married, one child)

And Beth, a married mother of one child agrees: *"Seems like I have more bills. I feel like I struggle more now."* This is not for lack of effort. Beth works two jobs as she describes:

I'm working. Ya know, I have, I'm lucky to have one day a week off. An' I'm workin', ya know, my one job I work thirteen hours an' the other job I'm workin' eight and a half every day an' it's like, ya know, I am workin' my butt off an' I am working every day and I don't call off an', ya know, but I'm still struggling.

One particularly graphic example offered by Whitney demonstrates the ongoing problems of the working poor, in this area, always living on the edge:

I needed a part that was like two hundred an' some dollars, an' all the body work was done, but the part I need to, for the car to run....Clay lost his job because we lost the car. The car broke down so he had no way to drive to Columbus every day. So he lost his job. So then we didn't have the money to pay for the part for the car.

This story is particularly illustrative of the problems for those who seemingly successfully transition off of welfare. The job in Columbus (the state capitol and a major metropolitan area) represented a very long commute (approximately two hours each way) for a tenuous position that couldn't pay enough to cover the costs of the trip. Yet finding work often requires this kind of effort, given the lack of employment opportunities in the study counties.

Summary and Conclusions

The results of this study suggest a number of outcomes of welfare reform for low income populations. First, the overall demographic profile of the users of human services is remarkably similar across the years. The biggest change is an increase in educational attainment, undoubtedly reflecting efforts by human service agency personnel early in welfare reform to push recipients to complete at least a GED. Second, even though demographic characteristics of the samples don't change very much, their livelihood practices do. There are big differences in household income and livelihood activities across the years. The numbers of persons in the labor force increase, as do the percentage of respondents who have ever worked for pay (the vast majority of the sample in all cases). On the other hand, receipt of cash benefits decreases. There are large declines in the percentage of the population who receive cash benefits (OWF/TANF), while food stamps first decrease then increase. There are also declines in other sources of transfer income, including social security and disability, while unemployment compensation

increases slightly. Informal income sources decline but barter increases substantially. Half or more of the sample gets food from self-provisioning or from taking advantage of public and private food sources (food pantries, free lunch programs for school children, borrowing from family and friends, etc.) Although income increases in dollar value, the difference is not significant across years. Third, there are very few significant differences between the more rural counties characterized as low capacity and the more urbanized higher capacity locations. Finally, there are clear differences between labor force participants and nonworking respondents with different patterns in both demographic and economic characteristics. Working respondents are better off in general, with significantly higher incomes, less frequent use of public and private transfers, and greater likelihood of benefit from the EITC and child support. Their mix of income sources and livelihood practices differ from their nonworking counterparts.

These changes herald reduction in hardships experienced by these low income respondents by the time of the last survey. After initial increases in the hardships reported by respondents in the first two years, there is marked decline by 2005. These changes undoubtedly have been compounded by the ups and downs of the national and regional economy. As the data were being collected in 2001, the economic boom that had assisted placing welfare recipients into jobs at the time of the initial survey had ended and rising unemployment rates were threatening the fragile accommodations many families had made. The economy showed signs of recovery by the third survey, and in the area under study, a number of rural development initiatives were in place. Nevertheless, hardships reported still remain distressingly high, and work status has no significant effect on hardship reports.

The multivariate analysis shows that while work remains a strong predictor of household

income for respondents across the first two years, capacity washes out controlling for individual demographic and economic factors. Income predictors, including welfare benefits are fairly stable in their effects. There are higher levels of work effort later in the welfare reform process, but with some exceptions, the pattern of influences on income remains very much the same.

How do we interpret these outcomes? What do they mean for the impacts of welfare reform? In general, it appears that even in persistently poor rural areas, welfare reform has mandated major shifts in the livelihood practices of low income residents. Opportunities for income acquisition differ in rural compared to more urbanized areas, but within a region of persistent poverty such as the four counties in this study, differences in county capacity and resources available to implement welfare reform do not show up as differences in recipient characteristics and outcomes. Employment, on the other hand, has more obvious effects. While we are not able to say definitively whether working respondents are better off than nonworking clients, these data are suggestive of the often heard claim for the goals of welfare reform that employment does have a beneficial effect. In these data, clients who are more dependent on public assistance sources are substantially worse off in their access to disposable income.

The in-depth interviews with the panel of recipients this period, beginning at the time of the first survey, reinforce this finding. Respondents indicate strong support for the goals of welfare reform, particularly moving from welfare to work. Although, those who experienced the transition reported enormous adjustment and financial problems, they also indicated great pride in working and in having control over cash, being able to spend money as they thought best, and serving as a positive role model to their children.

Nevertheless, it should be remembered that regardless of income source, the data indicate

very low incomes for almost *all* respondents to this survey, well below the poverty line on average. Workers have higher incomes, but the amounts they are able to earn or piece together still make them among the poorest members of society, experiencing severe and significant hardship, such as running out of food or being unable to see a doctor when necessary, as is demonstrated by these data. The kind of work available to these individuals, typically at or slightly above minimum wage with limited hours and no benefits, is not likely to lift them out of poverty, making the very real issues of poverty an ongoing problem that has not been adequately addressed by welfare reform. These findings reinforce structural theories of poverty that argue impoverishment is less the source of individual failings, welfare dependency or unwillingness to work, but rather reflects deficiencies in the economic system and safety net that do not provide adequate opportunities or social support (Rank 2004).

This situation is all the more pressing for these rural residents. Similar to past urban findings, neither work nor welfare provides adequate income. However, in these data, working respondents are better off than nonworkers, suggesting that the variety of alternative sources of income available to nonworkers in urban areas does not apply to the more limited, isolated, and economically depressed rural milieu. The lack of impact of informal work reinforces this conclusion, since alternatives to the formal or cash economy do not provide much assistance. Overall, the results of this study indicate the severe limits on income strategies for rural residents and the huge difficulties they experience in earning a living with limited state assistance. It will be important to continue to follow the fortunes of current and former recipients as they struggle to make ends meet in and out of the labor market.

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Table 1. Economic Characteristics of Appalachian Ohio Study Counties

	Washington		Athens		Meigs		Vinton		Ohio	
Beale Code*	3		4		6		9		NA	
Year	1999/00~	2004/05/06	1999/00~	2004/05/06	1999/00~	2004/05/06	1999/00~	2004/05/06	1999/00~	2004/05/06
Population	63,251	61,867 [^]	62,223	61,860 [^]	23,072	23,092 [^]	12,806	13,519 [^]	11,353,140	11,478,006 [^]
Median household income (\$)	33,426	36,297 [^]	28,965	29,785 [^]	25,223	28,859 [^]	26,697	32,086 [^]	40,956	43,371 [^]
Per capita income (\$)°	22,735	26,370	17,875	21,928	19,763	20,307	17,208	19,453	28,205	31,860
% of persons in poverty	12.3	12.2 [^]	19.1	20.2	20.4	18.1 [^]	18.7	16.8 [^]	10.6	11.7 [^]
Unemployment Rate (%)	4.6	5.9 ^w	11.1	6.4 ^A	10.0	9.8 ^M	9.0	8.1 ^V	5.0	5.9 ^O
% of female headed households with children under 18 in poverty	44.6	na	47.0	na	55.2	na	50.7	na	34.6	na
% with less than high school degree	11.6	na	12.8	na	18.6	na	20.3	na	12.6	na
% of population in the labor force	61.6	na	56.9	na	54.6	na	55.7	na	64.8	na
* from http://www.ers.usda.gov/Data/RuralUrbanContinuumCodes										
~ from http://quickfacts.census.gov (Census 2000)										
[^] from http://quickfacts.census.gov/qfd/states/39000.html										
^w http://www.odod.state.oh.us/research/files/S0/Washington.pdf										
^A http://www.odod.state.oh.us/research/files/S0/Athens.pdf										
^V http://www.odod.state.oh.us/research/files/S0/Vinton.pdf										
^M http://www.odod.state.oh.us/research/files/S0/Meigs.pdf										
^O http://www.odod.state.oh.us/cms/uploadedfiles/Research/s100.pdf										

Table 2. Demographic Characteristics of Appalachian Ohio Human Service Users by Year and Capacity

	All Counties				1999		2001		2005	
				% change	High	Low	High	Low	High	Low
	(N=399)	(N=401)	(N=446)		(N=200)	(N=199)	(N=201)	(N=200)	(N=226)	(N=220)
% Female	85.3	82.0	79.0	-7.4	84.0	86.2	85.7	78.3	80.4	77.5
% White	96.2	95.3	94.2	-2.1	97.0	96.6	95.6	95.0	93.8	94.5
Mean age	34.5	35.3	35.4	2.6	34.3	34.6	32.6	37.9	34.7	36.2
% Currently married	38.9	40.4	36.1	-7.2	36.0	41.9	32.3	49.0	34.5	37.7
Mean Birth Children	2.4	2.3	2.3	-4.2	2.2	2.5	2.1	2.5	2.3	2.3
Mean children <18 at home	1.7	1.7	1.6	-5.9	1.6	1.8	1.8	1.7	1.6	1.6
% with Non-Nuclear Members of Household	29.3	38.4	36.2	23.5	34.8	37.8	43.3	33.5	37.2	35.2
Total Household Size*	3.7	4.0	3.8	3.8	3.5*	3.9	4.0	4.0	3.8	3.8
Education***										
% < high school	31.1	20.5	20.9	-32.8	33.6	28.5	17.2	23.7	19.0	22.8
% high school	50.5	54.5	54.6	8.1	47.9	53.2	51.0	57.4	52.9	56.3
% > high school	18.4	25.0	24.5	33.2	18.5	18.4	31.7	18.9	28.1	20.9

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

Table 3. Demographic Characteristics of Appalachian Ohio Human Service Users by Year and Current Work Status

	1999		2001		2005	
	Not Working	Working	Not Working	Working	Not Working	Working
	(N=277)	(N=107)	(N=251)	(N=144)	(N=251)	(N=127)
% Female	86.9	86.9	81.5	84.4	79.4	78.7
% White	95.7	97.2	95.6	95.1	93.6	95.3
Mean age	35.1	32.4*	32.4	36.7***	37.4	32.2***
% Currently married	40.2	37.4+	43.2	36.8**	34.7	37.0
Mean Birth Children	2.4	2.5	2.3	2.3	2.4	2.8*
Mean children <18 at home	1.7	2.0*	1.6	2.1***	1.5	1.7+
% With Non-Nuclear Members in Household	36.7	16.2***	41.0	33.3+	34.5	32.8
Total Household Size	3.7	3.7	3.8	4.4**	3.7	3.8
Education	**		**		***	
% < high school	33.0	23.8	23.0	15.1	23.4	8.9
% high school	52.1	47.6	57.4	49.6	53.2	54.0
% > high school	15.0	28.6	19.6	35.3	23.4	37.1

+ Difference statistically significant at $p < 0.1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

Table 4. Economic Characteristics of Appalachian Ohio Human Service Users by Year and Capacity

	1999				2001		2005		2005	
	All Counties				High	Low	High	Low	High	Low
	(N=399)	(N=401)	(N=446)	% change	(N=200)	(N=199)	(N=201)	(N=200)	(N=226)	(N=220)
% Currently Working for Pay**	27.9	36.5	33.6	20.4%	34.5	21.1**	43.0	29.7**	35.2	31.8
Mean Hours of Work Per Week	35.3	33.4	34.5	-2.3%	35.4	35.0	33.6	33.2	33.0	36.5+
% Who Have Ever Worked for Pay+	82.1	87.4	87.5	6.6%	85.7	79.3	88.0	87.0	90.4	84.6+
% Looking for Work	49.0	50.2	42.2	-13.9%	56.8	42.5*	52.9	48.0	42.6	41.9
Mean Earnings Per Month	650	705	800	23.0%	650	651	731	669	800	754
Mean Annual Household Income	8,514	9,715	10,266	20.6%	9129	7,858+	10,155	9,219	9,962	10,560
Mean Grocery Bill Per Month	282	295	315	11.5%	280	285	330	288	310	320
Income Sources for the Past Year (% of respondents receiving...)										
Welfare:										
OWF/TANF***	41.9	30.7	27.1	-35.3%	33.3	51.1***	25.5	36.3*	22.6	31.8*
Food stamps***	81.6	68.0	82.8	1.5%	78.2	85.1+	65.6	70.6	81.7	84.0
WIC	38.1	36.0	31.8	-16.5%	32.3	43.9*	43.8	27.4***	30.6	33.2
Transfers (% with someone in the household receiving...)										
SS/Pension***	30.9	17.7	18.2	-41.1%	31.1	30.8	12.1	24.0**	17.3	19.1
Disability***	27.5	16.9	13.7	-50.2%	23.6	31.5	13.7	20.5+	10.2	17.3*
EITC	23.7	21.3	20.9	-11.8%	25.7	21.7	26.8	15.2**	21.7	20.0
Unemployment*	5.5	10.0	10.3	87.3%	6.8	4.2	8.9	11.1	9.7	10.9
Child Support	20.6	19.7	18.2	-11.7%	18.9	22.4	23.2	15.8+	19.0	17.3
Gift	9.6	9.7	15.5	61.5%	10.1	9.1	11.1	8.2	16.8	14.1
Informal Income Sources (% with someone in household receiving...)										
Flea market \$	7.9	7.2	12.3	55.7%	6.1	9.8	5.8	8.8	12.8	11.8
Odd job \$+	17.9	12.7	15.5	-13.4%	21.6	14.0+	14.7	10.5	12.8	18.2+
Selling home grown/homemade goods	3.4	1.7	0.9	-73.5%	2.7	4.2	1.1	2.3	0.4	1.4
Selling firewood/mushrooms	1.0	0.6	2.2	120.0%	0.7	1.4	0.5	0.6	1.8	2.7
Other	5.2	5.0	2.9	-44.2%	6.1	4.2	5.3	4.7	2.7	3.2
Traded goods/services**	22.4	31.4	34.6	54.5%	26.5	18.2+	34.3	28.2	37.4	31.8
Food (% who...)										
Self-provision	50.6	48.1	51.7	2.2%	48.0	53.3	49.3	47.0	41.9	54.3
Food from public or private sources	59.2	61.6	74.3	25.5%	59.0	59.3	62.2	61.0	73.1	75.5
Food pantry/bank	40.6	45.0	38.9	-4.2%	38.1	43.2	38.1	52.4**	38.4	39.4

+Difference statistically significant at $p \leq .1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

Table 5. Economic Characteristics of Human Service Users by Year and Current Work Status

	1999		2001		2005	
	Not Working	Working	Not Working	Working	Not Working	Working
	(N=277)	(N=107)	(N=251)	(N=144)	(N=251)	(N=127)
Mean Annual Income	7,933	10,025**	8,768	11,349**	9,203	13340***
Mean Grocery Bill Per Month	281	287	277	325*	331	299+
Income Sources for the Past Year (% of respondents receiving...)						
Welfare:						
OWF/TANF***	43.8	38.7	32.2	27.9	30.7	18.9**
Food stamps***	83.6	76.4+	72.2	60.9*	87.2	70.9***
WIC	38.1	38.2	35.1	37.7	31.5	36.4
Transfers (% with someone in the household receiving...)						
SS/Pension***	36.2	17.1**	25.8	5.1***	25.1	6.3***
Disability***	30.0	19.7+	20.8	10.3**	15.1	3.9***
EITC	16.4	43.4***	15.4	31.6***	15.9	37.0***
Unemployment*	4.7	7.9	10.9	8.8	10.4	13.4
Child Support	17.4	28.9*	16.3	25.7**	15.9	26.0*
Gift	11.7	3.9*	9.5	10.3	16.3	17.3
Informal Income Sources (% with someone in household receiving...)						
Flea market \$	7.5	9.2	7.7	6.6	11.2	17.3+
Odd job \$+	17.4	19.7	11.8	14.7	15.1	16.5
Selling home grown/homemade goods	3.3	3.9	0.9	2.9	0.4	1.6
Selling firewood/mushrooms	0.5	2.6	0.5	0.7	2.0	1.6
Other	4.7	6.6	6.3	2.2+	2.4	4.7
Traded goods/services**	21.3	26.8	29.4	35.7	37.8	38.4
Food (% who...)						
Self-provision	53.3	50.9	52.8	45.8	51.9	54.5
Food from public or private sources	59.8	60.7	58.3	63.8	74.3	78.5
Food pantry/bank	40.9	40.4	46.3	42.6	41.5	30.6*

+Difference statistically significant at $p \leq .1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

**Table 6. Regression of Household Income on Social and Economic Characteristics of Human Service Recipients
1999, 2001, 2005**

Year Variable	1999			2001			2005		
	B	Std Error	Beta	B	Std Error	Beta	B	Std Error	Beta
(Constant)	8192	1804		7984	1860		6615	2294	
Low capacity county	-660	695	-0.05	-657	776	-0.05	988	870	0.05
Working	1807*	749	0.14	1838*	772	0.13	3177***	987	0.17
Age in years	40***	35	0.07	58	37	0.09	67	43	0.09
Married	2959***	773	0.22	1969**	839	0.13	3919	980	0.22
# under 18 at home	827	267	0.17	510+	280	0.10	702*	351	0.11
others in household ¹	1527+	813	0.12	2055*	970	0.12	2545***	794	0.17
Less than high school	-1911**	761	-0.13	-3311***	971	-0.18	-1985	1086	-0.09
Received OWF/TANF	-2058*	750	-0.16	-2728**	885	-0.18	-1667 +	982	-0.09
Received food stamps	-3823***	961	-0.22	-3516***	853	-0.23	-4974***	1196	-0.21
Received WIC	-313	845	-0.02	282	866	0.02	2182*	1058	0.12
Informal income sources	-107	798	-0.01	-739	864	-0.04	684	876	0.04
R sq, adj Rsq.		.28, .25***			.25, .22***			.20, .18***	

+Difference statistically significant at $p \leq .1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

Table 7. Economic Hardship of Human Service Users by Year and County Capacity

	All Counties				1999		2001		2005	
	1999 (N=399)	2001 (N=401)	2005 (N=446)	% change	High (N=200)	Low (N=199)	High (N=201)	Low (N=200)	High (N=226)	Low (N=220)
% Of respondents who(se):										
Ran out of \$ for food	78.4	79.9	73.9	-5.7	75.7	81.3	75.6	84.6*	76.4	71.3
Lacked food for children	26.8	35.2*	9.0	-66.4	21.8	31.8+	31.7	39.2	9.6	8.3
Lacked food for self	51.8	57.8	30.1	-41.9	50.8	52.9	55.7	60.1	33.2	27.0
Lacked medical insurance	30.8	20.2**	19.9	-35.4	35.0	26.2+	16.6	24.2+	20.0	19.8
Spouse lacked insurance	16.6	12.3	8.2	-50.6	13.4	20.0	8.6	16.6*	7.8	8.6
Children lacked insurance	15.6	7.5***	8.2	-47.4	15.3	15.9***	6.9	8.3	8.8	7.6
Did not see a doctor when needed	57.4	62.2	18.8	-67.2	58.2	60.7	62.2	62.2	19.5	18.2
Were homeless	25.4	34.4**	11.7	-53.9	25.8	24.8	34.0	35.0	14.9	9.5+
Experience \geq 1 hardship	85.7	80.1*	82.5	-3.7	88.0	83.4	82.6	77.5	84.1	80.9

+Difference statistically significant at $p \leq .1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$

Table 8. Economic Hardship of Human Service Users by Year and County Capacity

	1999		2001		2005	
	Not Working (N=277)	Working (N=107)	Not Working (N=251)	Working (N=144)	Not Working (N=251)	Working (N=127)
% of respondents who(se):						
Ran out of \$ for food	73.7	80.7	75.4	82.3	76.3	73.2
Lacked food for children	25.8	27.8	32.1	36.8	11.9	6.1+
Lacked food for self	56.2	43.4*	55.9	58.7	33.3	30.7
Lacked medical insurance	44.3	25.0***	24.0	16.7+	18.3	23.1
Spouse lacked insurance	15.9	17.3	9.6	14.3	7.6	11.1
Children lacked insurance	20.5	13.5	6.4	8.4	5.4	11.1+
Did not see a doctor when needed	60.8	58.2	61.8	62.2	17.5	27.6*
Were homeless	25.5	25.8	35.9	31.6	11.4	13.9
Experienced \geq 1 hardship	85.9	89.7	79.3	81.9	82.0	84.3

+Difference statistically significant at $p \leq .1$

* Difference statistically significant at $p \leq .05$

** Difference statistically significant at $p \leq .01$

***Difference statistically significant at $p \leq .001$