

Testimony of  
Laura Lein  
Dean and Katherine Reebel Collegiate Professor of Social Work  
The University of Michigan

Before the  
United States Senate Committee on Finance

Hearing on  
Combating Poverty: Understanding New Challenges for Families

*Poverty and Welfare in a Time of Recession:  
Lessons from Families Lived Experiences*

June 5, 2012

Chairman Baucus, Ranking Member Hatch and Members of the Committee, thank you for inviting me to testify before you today. My name is Laura Lein and I am Dean and Katherine Reebel Collegiate Professor of Social Work at the University of Michigan's School of Social Work. I have spent my career concentrating on the interface between families in poverty and the institutions that serve them.

Programs for families in poverty are at the intersection of three related sets of programs: workforce and economic development programs, child welfare and early education programs, and means-tested income assistance programs. Work in this area is not new, of course, but our current recession is testing programs' efficiency and effectiveness. As poverty rates rise, it becomes more important to recognize that families experience many different pathways into poverty, and that the supports necessary to stabilize families and encourage their full participation in our economy and in our civil society are multi-faceted. Such supports care for both children in poverty – the parents and workers of the future – and for the current workers and parents. We need to expand basic education and workforce development. We need to make quality early childhood education and child care widely available to low income families. We need assistance programs that can protect families and their children from near-destitution.

Families that struggle between limited access to welfare and low-wage uncertain work face a range of challenges. It is not just the nature of these challenges that impedes their progress, but their multiplicity. A study of welfare leavers (Lein and Schexnayder, 2007) discovered that the number of barriers welfare leavers faced (child care, transportation, health, housing insecurity, food insecurity) was itself a barrier magnifying the difficulties posed by any single barrier or problem. One barrier accentuated the impact of another: for instance, families with transportation problems had trouble getting to necessary health services.

Furthermore, families sustaining long-term unemployment accrue debt (Chiteji and Danziger, 2011) for medical care, housing costs, and living expenses. Other qualitative research indicates that these families also have drawn heavily on their informal helping networks of friends and relatives, people who themselves are often economically vulnerable (Edin and Lein, 1997).

**\* Both the welfare eligible and welfare-using populations are varied and probably increasingly so.**

Even as the recession slowly releases its grip, poverty rates in the United States remain high, and larger groups of the American public are experiencing periods of poverty and near-poverty, even though use of TANF (Temporary Assistance for Needy Families) remains relatively low. In addition to periods of unemployment, people are experiencing unstable underemployment. The population who may be income-eligible for TANF and other benefits is varied in need and may require distinctly different services.

Researchers in Washington State (Mancuso et al., 2010), studying those with some welfare receipt in 2007 and then tracked for three years, indicated five different profiles of 2007 welfare users:

-- Quick leavers: Left within 1 year of their last month on TANF in FY 2007 and did not return.

-- Slow leavers: Took more than 1 year to leave following their last month on TANF in FY 2007 and did not return.

-- Low intensity cyclers: Left and returned at least once, with no more than 12 months on TANF over the 36 month follow-up.

-- High intensity cyclers: Left and returned at least once, with more than 12 months on TANF over the 36 month follow-up.

-- Stayers: Continued on the caseload with no break longer than 1 month.”

These groups, composed primarily of single mothers and their children, each require an approach to the provision of services tailored to their needs and situation. What is more common, however, in our current TANF systems across the states is a single, somewhat minimalist approach which is likely to be perceived by users as relatively unhelpful.

**\* Both welfare support and the income from low-wage labor leave families struggling.**

We've known for some time that families cannot sustain a basic pattern of expenditures when they draw only on cash welfare or only on low-wage work. (Edin and Lein, 1997). Furthermore, as households move off of welfare and face the entry-level labor market, they are increasingly vulnerable to a declining standard of living even if their income increases (Romich, Simmelink, and Holt, 2007). That is, they are likely to lose their eligibility for means-tested benefits before their income grows enough to make up for the loss. Overall, low-income working families remain highly dependent on access to EITC (Earned Income Tax Credit), subsidized child care, and medical care insurance, and they remain highly vulnerable to de-stabilizing events (Lein and Schexnayder, 2007; Seefeldt and Horowski, 2012).

**\* As TANF rates have remained stable in a time of recession, the ranks of the “disconnected” – households with neither earned income nor welfare income – have increased.**

Studies using a range of definitions of “disconnected” find that between 13% and 20% of the population of households in poverty are disconnected at any one time. Indeed, TANF goes unused by large numbers of eligible families, including those without employment. While some of these families have informal or non-governmental sources of support,

others experience periods of near-destitution, including days with insufficient food, periods of homelessness or virtual homelessness (Seefeldt and Horowski, 2012).

Families facing multiple barriers to steady employment depend on connections to sustain themselves during their most vulnerable periods and to work towards a more stable household. They need connections to public and private services that can assist them, bridging them over the hardest times. They need the “tight” connections to an informal helping/support network that provides additional resources and social and emotional support. They need the “loose” connections to community and civic organizations that provide these resources and serve as links to jobs, education, and other opportunities. Without these links, families in poverty can easily sink into destitution, as we see in the experiences of those displaced and cut off from their home communities and more public services (Angel et al., 2012). It is likely that disconnected families without cash assistance and employment are missing at least some of these vital connections to the larger society.

**\* More families are living in extreme poverty.**

In a recent report, Shaefer and Edin (2012) estimate that:

“... as of the beginning of 2011, about 1.46 million U.S. households with about 2.8 million children were surviving on \$2 or less in income per person per day in a given month. This constitutes almost 20 percent of all non- elderly households with children living in poverty. About 866,000 households appear to live in extreme poverty across a full calendar quarter. The prevalence of extreme poverty rose sharply between 1996 and 2011.”

Such experiences of extreme poverty appear to leave families debilitated by their debt, by periods with untreated medical conditions, by their lack of stable housing, and by the unmet needs of children who have been missing services ranging from quality child care to regular medical care. For the disconnected, particularly those in extreme poverty, new medical conditions go untreated, medical care can be interrupted, relationships with helping networks become strained, and attention is focused on the immediacies of the next day’s food and housing (Lein and Schexnayder, 2007; Seefeldt and Horowski, 2012).

**\* The nature and working conditions of jobs for low-skilled or low-educated workers leaves the working poor particularly vulnerable.**

Research at the University of Chicago has examined the work structures in the hospitality and retail industries (Henly and Lambert, 2010). In addition to the low wages addressed earlier, they find that the variable hours, the demand by employers that employees hold a large number of hours open for possible call-in, and the need for work outside of the regular work day contribute to the difficulties of low-income working parents. Their hours worked and income varies, leaving them often short of money and unable to plan around expected income. The timing of their hours makes it difficult to plan for child

care. And the lack of benefits associated with these jobs leaves them without medical insurance, and with very little if any sick leave or vacation days to help them cope with family emergencies.

Unemployment and underemployment affect men as well, and the men who fathered children in low-income single-parent families are likely to be impoverished themselves. Research shows that mothers make difficult decisions about the dependence they can place on fathers in an irregular low-wage job market (Edin and Kefalas, 2005). Studies of low-income men indicate the ways in which they move downwards in job earnings and dependability.

**\* Policies that work for families.**

While paid work is the core of family stability, it is enabled by work-supportive services:

- Robust EITC is a critical support, given the inadequacy of wages for family support.
- TANF remains a significant bridging program for those families in difficulties.
- Access to child care and health insurance are keys to family stability.
- Encouragement of “best practices in employment can help employed parents sustain their families while acting as responsible employees.

Alternate programs for parents physically or mentally unable to work:

- Access to disability.
- Access to partial supports such as supported work placements and longer term income and rehabilitative assistance.

Programs that encourage and reward father fiscal and logistical involvement:

- Child support programs (particularly those that offer encouragement for father involvement).
- Training and placement programs for men.

The growing literature testing models for these and other policies should be closely examined for evidence of effectiveness, and opportunities for program expansions to support low income families and children should be encouraged.

Thank you again for inviting me to testify today. I look forward to your questions.

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