Welfare Recipients’ Job Skills and Employment Prospects

Gary T. Burtless

Abstract
The welfare reform goal of moving mothers who rely on welfare into private-sector employment cannot be achieved only by changes in public policy. Employment rates reflect the job qualifications of individuals, obstacles to work outside the home, the attractiveness of available jobs, and the capacity of the labor market to absorb new workers at particular skill levels. This article examines how each of these factors is likely to influence current welfare recipients' success in finding employment and the wages they are likely to earn. The author concludes that the skill deficiencies of recipients of Aid to Families with Dependent Children do not represent an insurmountable barrier to employment, although these deficiencies do restrict the wages recipients can earn. Without continued public assistance in the form of wage subsidies, child care payments, or help securing health insurance, most families that move from welfare to work will remain below the poverty level.

Any plausible strategy to reform American welfare must face up to a central fact of economic life: Long-term welfare recipients suffer extreme disadvantages in the job market. As this article will show, typical adult recipients are young women who have few job skills, limited schooling, and low scores on standardized tests of ability and achievement. Health disabilities and child care responsibilities make their employment problems even more difficult.

When the modern welfare system was established in the Great Depression, the low level of job skills among recipients was a minor concern, because a mother was then expected to act as a caregiver and homemaker, not as a breadwinner (see the article by Blank and Blum in this journal issue). When job holding became increasingly common among married mothers in the 1970s and 1980s, voters saw less reason to excuse single mothers from the obligation to work. The reforms proposed and recently enacted by states and the federal government are based on the premise that paid work by single mothers is not only feasible but desirable.
Most welfare reform plans aim to reduce the number of single mothers who collect public aid and to boost the number who support themselves through work. Liberals hope to achieve these ends by improving the job qualifications of poor single mothers, by supplementing the earned incomes of low-wage breadwinners, or by increasing the support services available to low-income workers. Conservatives believe the goals can be accomplished by limiting single parents’ access to welfare, trimming monthly benefits, or forcing welfare recipients to participate in work and job search programs.

This article examines whether these goals are realistic by considering the obstacles faced by welfare recipients in their search for employment; the employment rates, job types, and wage levels typical among this population; and the changing nature of the market in which they must find work. The article argues that despite obstacles, it will be possible to increase the percentage of recipients who hold jobs, with most holding unsubsidized jobs in the private labor market. The American economy has an enormous capacity to produce additional private-sector jobs, even for unskilled workers, if an adequate supply of workers is available to fill these jobs.

Unfortunately, the evidence presented here also suggests that a majority of welfare recipients would earn only six to seven dollars per hour or less. Moreover, if welfare reform forced millions of recipients to find jobs, the added supply of unskilled workers would accelerate the current trend toward lower wages. Thus, while it is realistic to expect that most adult recipients could find and hold jobs, at least eventually, it is unrealistic to believe that their earnings would lift them much above poverty.

**Hurdles to Employment**

The poor labor market prospects of welfare recipients, especially those most dependent on cash assistance, are obvious when one considers their child-rearing responsibilities, low educational attainment and standardized test scores, health limitations, problems with transportation, and lack of work experience. Evidence in each of these areas suggests that many recipients would face serious problems in finding and holding steady jobs.

**Family Composition**

Data about the characteristics of welfare recipients concern those who have received Aid to Families with Dependent Children (AFDC)—the cash assistance program that will be replaced, starting in 1997, by block grants to the states. Government surveys indicate that the typical AFDC family is made up of a mother with two children. In 1992, some 43% of AFDC households included one child, 30% included two, and 26% included three or more children. Close to half the children supported by AFDC are under age six—25% are under age three, and 22% are between three and five.

Women who rear very young children find it hard to work, whether they are married or unmarried, and child care responsibilities can represent a significant obstacle to employment. One research review notes that one-third of unemployed welfare recipients say that the lack of child care is why they are not working. Although there is little agreement on the percentage of single mothers who must rely on expensive market-provided child care, there is no question that they cannot work without some form of child care. (See the article by Kisker and Ross in this journal issue for further discussion of child care issues.)

**Education and Basic Skills**

The educational attainment of AFDC mothers, though improving, remains well below average. Government data indicate that less than 56% of the mothers who received AFDC in 1992 had completed high school. In comparison, more than 85% of all
American women 25 to 34 years of age had completed high school in that year. Only 14% of AFDC mothers report one or more years of college, compared with slightly more than half of all U.S. women 25 to 34 years of age. These discrepancies in educational attainment partly reflect the relative youth of AFDC mothers. Nearly a third are under age 24. Even so, low levels of education limit the job opportunities available to these mothers.

Another source of information about the job qualifications of welfare recipients is the National Longitudinal Survey of Youth (NLSY). The NLSY is an annual survey of young people who were first interviewed in 1979, when respondents were between 14 and 22 years of age. Each year, the survey collects information on educational attainment, employment, and reliance on welfare. About a year after they entered the sample, most respondents completed a cognitive test known as the Armed Forces Qualification Test, which is used to determine which applicants are eligible to enlist in the military. The composite score on this test is considered a reliable indicator of a test taker’s general problem-solving ability.

Information about young women’s educational attainment and aptitude scores derived from the annual NLSY survey confirms that women collecting AFDC have serious educational deficiencies. Table 1 shows the educational attainments and aptitude scores of three groups of women, defined by their use of AFDC in the 12 months before their interview at age 25. The least dependent group of 25-year-olds, constituting 92% of the sample, received no AFDC during those 12 months. Three percent received benefits during at least 1 but fewer than 12 months of the previous year. The most dependent 5% received benefits in all 12 months. Whereas only 14% of the women who did not rely on AFDC had failed to complete high school by age 25, among those who were most dependent on AFDC, the comparable figure was 52%. AFDC recipients also performed poorly on standardized tests of ability and achievement. In the most-dependent category, 72% of the women obtained a score on the Armed Forces Qualification Test placing them in the bottom quarter of all test takers. Only 12% placed in the top

<table>
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<td>Percentage of Women in Group</td>
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<td>Educational Attainment by Age 25</td>
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<td>Total*</td>
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* Percentages may not total 100% due to rounding.

Source: Author’s tabulations based on data from the National Longitudinal Survey of Youth (CD-ROM) Ohio State University, 1979–92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.
The low educational attainment and limited skills of AFDC recipients restrict the types of jobs they can hold.

women who have reported a health limitation. The more serious the reported disability, the less likely an exit from the welfare rolls to a job. This research suggests it is unrealistic to expect single mothers with serious physical or psychological problems to be good candidates for full-time or even part-time jobs.

Surprisingly, the long-term health problems of dependent children represent a less serious obstacle to work. About 1 AFDC mother in 10 has a child with some type of continuing health problem, yet the mothers with chronically sick children are about as likely as other mothers to exit the AFDC rolls for jobs. Evidently, it is the health of the mother rather than that of the child that is the most important determinant of a mother’s work capacity.

Transportation
Transportation can represent a serious hurdle to employment for single mothers who live in isolated areas, such as the countryside or small towns. Even in these areas, however, many poor families have access to a car. Three-quarters of welfare recipients live in metropolitan areas, where transportation is a less serious obstacle to work. Job seekers can use public transportation, and mothers who find jobs can often afford to buy an inexpensive car if public transportation turns out to be inconvenient. Of course, time and money spent on transportation reduce the time and net income that working mothers have left over to care for their children.

In sum, welfare recipients face a variety of obstacles to finding and holding jobs, especially well-paying jobs. In a few cases the obstacles may be insurmountable. Recipients with serious disabilities or with very young children may find it difficult or impossible to hold a job. In most cases, however, AFDC recipients are capable of holding jobs, even if the jobs are not particularly well paid. The skill limitations of most recipients suggest that the wages most of them can earn will be low.

Work Experience and Earnings
Previous work experience is an important qualification for future employment, but many welfare recipients, especially young ones and those with long spells on welfare, have only limited work experience. Until very recently, only a small percentage of AFDC recipients reported any current wage income at all. Less than 8% of the cases included in a 1992 government survey reported current earnings. Some mothers who report no earnings to AFDC may nonetheless earn wages or irregular labor income that goes unreported. In addition, many AFDC applicants have earned wages in the recent past. More than 60% of first-time claimants for welfare report work experience within the year prior to filing for AFDC. In the mid-1980s, almost three-quarters of the adult welfare caseload...
reported some employment experience within the previous five years, even if only a limited amount.\textsuperscript{2}

The long-term recipients of AFDC, who are of special concern to policymakers, are unlikely to work or have recent work experience. Often, experimental welfare-to-work programs are specially aimed at these long-term recipients. In welfare-to-work experiments conducted in the California counties of Alameda and Los Angeles, for example, only 17\% to 24\% of the long-term AFDC recipients enrolled in the experiments reported any work experience within two years prior to their entry into the experimental program.\textsuperscript{8}

A substantial minority of AFDC mothers, including the long-term recipients mentioned above, spend lengthy periods without work even if they are enrolled in a special training or job placement program. Researchers recently examined the long-term effects of welfare-to-work experiments conducted during the 1980s in Baltimore, San Diego, Virginia, and Arkansas. AFDC recipients enrolled in these experiments were divided at random into two groups. Recipients enrolled in the treatment group were required to participate in job preparation programs intended to lead to unsubsidized employment; recipients enrolled in the control group were not obliged to participate in these job programs. In the fifth year after women were enrolled in these experiments, the employment rate averaged 38\% among women who had been enrolled in the welfare-to-work programs and 36\% among women in the control group.\textsuperscript{9} In California, only 40\% of the women enrolled in a six-county welfare-to-work experiment held jobs at any time during the third year after enrollment, compared with 34\% of women in the control group.\textsuperscript{10} Employment rates were even more dismal in Alameda and Los Angeles counties, where the experimental work and training programs were offered mainly to women who had collected AFDC steadily for several years.

The findings from these experiments suggest extraordinary efforts will be needed to boost the employment rates of single AFDC mothers to rates that are typical among American mothers more generally. For purposes of comparison, about 63\% of American women who have children under age 18 are employed.

**Wage Levels and Jobs**

The low educational attainment and limited skills of AFDC recipients restrict the types of jobs they can hold. Recipients who find employment often end up in jobs that pay very meager wages, a fact illustrated in Figure 1. The chart shows trends over an 11-year period in hourly wages received by a sample of one-time AFDC recipients interviewed in the National Longitudinal Survey of Youth. To be included in the sample,
women had to have been between 18 and 22 years old in 1979 and have received AFDC benefits sometime between 1979 and 1981. In many years between 1979 and 1990, fewer than half of the women in this population worked. Figure 1 shows the real hourly wages of working women in the sample whose earnings placed them at three points in the wage distribution—at the 10th, 50th, and 90th percentiles. (Note that the calculations include only those women who held a job and had a reported wage.) The top line, for example, shows wages received by women who earned more than 90% of the sample of working one-time AFDC recipients but earned less than the top 10% among these former recipients. The lowest line traces wage movements among women who earned more than the bottom 10% of working one-time AFDC recipients but less than 90% of working former AFDC recipients. The middle line shows the median wage received by working women who once received AFDC benefits.

From 1979 to 1990, the median real wage of women who once received AFDC rose from $6.07 to $6.72 an hour—an annual wage gain of six cents per hour, or a bit less than 1% a year. Near the top of the wage distribution, at the 90th percentile, wages climbed to a respectable level, reaching almost $12 an hour by 1990. However, the great majority of young women who received AFDC in the period from 1979 to 1981 did not fare as well. The women whose wages placed them at the 10th percentile of working former recipients saw their wages fall to $4.26.

The hourly wage figures may be more understandable if they are converted into flows of annual earnings. In 1979, the median wage of $6.07 received by women who were once dependent on AFDC would yield slightly more than $12,000 a year for a person working on a full-time, year-round schedule (2,000 hours per year). By 1990, a woman earning the median wage in this

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**Figure 1**

Trend in Hourly Wages at Selected Points in the Earnings Distribution of Former AFDC Recipients

![Trend in Hourly Wages at Selected Points in the Earnings Distribution of Former AFDC Recipients](chart)

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*Among women who received AFDC between 1979 and 1981 and who have recorded wages on National Longitudinal Survey of Youth for a selected year.*

Source: Author’s tabulations based on data from the National Longitudinal Survey of Youth (CD-ROM) Ohio State University, 1979–92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.
sample could expect to earn $13,400 if she worked on a full-time, year-round schedule—just 15% above the poverty line for a family of three. This means that, even in the unlikely event that welfare recipients could all find and retain full-time, year-round jobs, many would struggle with annual incomes that remain depressingly low.

As bleak as this scenario sounds, it probably overstates the income most AFDC recipients can expect to earn. The median wage received by former AFDC recipients who actually work is greater than the wage that nonworking women could earn if they found jobs. As noted earlier, only about 50% of the women who had collected AFDC between 1979 and 1981 reported working in a given year, and only the wages of working mothers are reflected in Figure 1. On average, nonworking women had fewer qualifications than those who worked, so if they found jobs, most currently nonworking women would earn wages that fall below the median wages displayed in Figure 1.

When estimating potential earnings, it is also unrealistic to expect that all single women with young children will be able to work full time on a year-round basis. Many will choose to work part time in order to make child rearing more feasible. Others will spend part of the year without jobs as a result of involuntary unemployment, illness, or difficulty in arranging child care. Unemployment is a particular hazard for these women because many of them will land jobs in which turnover is high.

A close examination of the jobs held by current and former welfare recipients makes it clear why their earnings are so low. A recent study analyzed the employment patterns of AFDC recipients who combined welfare benefits with significant earnings. The researchers focused on single women interviewed in the Survey of Income and Program Participation who received AFDC in no fewer than 2 of the 24 months covered by the survey, and who reported at least 300 hours of paid employment over the two-year period. This restriction limits the sample to AFDC recipients who are relatively committed to market work. (Less than half of the single women who received AFDC met the criterion of 300 or more hours of employment.)

As the occupational mix in Figure 2 shows, AFDC recipients’ principal jobs were overwhelmingly concentrated in poorly paid occupations. More than 40% of the jobs were in low-wage service occupations, for example. The typical wage received by AFDC recipients in these occupations was not much more than $4 an hour (measured in 1993 dollars). Wages were substantially higher in the managerial, professional, and operator and handler occupations, but fewer than a third of AFDC recipients managed to find jobs in these better-paid occupations. In addition, recipients’ jobs were heavily concentrated in low-wage industries, primarily retail trade and the service sector. A trademark of jobs in these industries is that tenure tends to be brief, job promotion rare, and fringe benefits meager.

**Broader Labor Market Trends**

The U.S. labor market in many respects appears quite healthy. Unlike Canada and Western Europe, the United States has seen only a small long-term trend toward higher unemployment. The number of employed Americans has grown by more than 26 million since 1980, while the number of payroll jobs has climbed more than 30%. On balance, the number of jobs grew faster than the working-age population, indicating that the United States economy has little problem generating enough jobs to keep potential new workers employed. The economy’s success in generating new jobs has not been matched by a capacity to generate middle-income jobs. Although there has been a substantial increase in the number of jobs that pay $80,000 per year or more, there has also been a rapid growth in the number of jobs paying $15,000 per year or less.

The latter trend is particularly relevant to AFDC recipients, since only a handful of recipients can expect to find jobs that pay extremely high wages. The employment prospects of AFDC recipients were bleak in

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**From 1979 to 1990, the median real wage of women who once received AFDC rose from $6.07 to $6.72 an hour.**
the 1980s, as has been shown, but their prospects deteriorated after 1989. Overall wage inequality in the United States has increased since the mid-1970s for both men and women. For men, the rise in inequality meant a significant drop in earnings among workers with limited skills. Until the 1990s, rising inequality among women involved wage stagnation or slow wage growth among the least skilled and sharply increasing wages for the highly skilled. Until recently, women with limited occupational skills did not suffer sizable losses in real hourly or annual earnings. Since 1989, however, less skilled women have also experienced significant earnings losses.

The effects of rising wage inequality are evident in Figure 3, which shows trends in weekly wages among unmarried mothers who are between 18 and 44 years old.16 Each bar represents the 1979–1993 change in real weekly earnings at a selected point in the earnings distribution of working unmarried mothers. The chart shows a remarkable pattern of wage divergence over the 14-year period. Real wages sank at the bottom of the distribution, fell slightly in the middle, and grew at the top. Unmarried mothers in the bottom 25% of earners saw their wages tumble by between 23% and 32%, with the largest declines occurring at the very bottom of the distribution.

The jump in earnings inequality has been the focus of much research by economists, who have tried to discover why earnings shrank at the bottom while continuing to grow at the top.17 Part of the growth in inequality is due to the increased willingness of employers to reward workers who have more education, skill, and work experience. The flip side, of course, is that the earnings penalty for limited skill is now much harsher. Substantial declines in earnings have occurred among young workers and workers with little education.

By way of illustration, Table 2 shows how education and age affected real weekly
Welfare Recipients’ Job Skills and Employment Prospects

earnings in 1979 and 1993 for unmarried mothers. The top half of the table shows earnings changes among three age groups of unmarried mothers who failed to complete high school. The bottom half shows trends among mothers who completed high school but received no further education.

Unmarried mothers with the least schooling have experienced the largest earnings losses. For example, high school dropouts 25 to 34 years of age saw their real earnings fall by about 25% between 1979 and 1993. Even women of that age who completed high school experienced some loss in earnings, as their wages shrank by 10% to 16%. In contrast, women who were older (35 to 44 years of age) and were high school graduates enjoyed modest earnings gains.

The wage developments shown in Figure 3 and Table 2 have important implications for welfare reform. The great majority of adult AFDC recipients are young unmarried mothers who have no schooling beyond high school. Their skills typically prepare them for poorly paid jobs. The wages for these jobs are not only low, they are declining at a rate of about 1–1.5% a year. If welfare is reformed in a way that forces more unmarried mothers into the labor market, the added supply of unskilled workers can be expected to push down wages further.

In 1993, the full-time gross wage paid to an unmarried mother 25 to 34 years of age who was a high school dropout averaged slightly more than $230 a week, close to the poverty threshold for a family of three. Even with income supplementation provided by the Earned Income Tax Credit and food stamps, most single mothers who are forced to live on earnings this low will be tempted, at least occasionally, to consider applying for cash public assistance. In states offering relatively generous welfare benefits, the combination of cash assistance, food stamps, and Medicaid may provide welfare recipients with a higher standard of living than the standard of living that unskilled single mothers can afford through work alone. If eligibility for cash assistance is sharply curtailed, the living standards of many unskilled recipients will almost certainly decline.

Realistic Expectations About Employment

Though the job prospects of most welfare recipients are poor, it is reasonable to expect that the percentage of recipients who hold jobs can be boosted. Employment rates among current and former AFDC recipients are quite low. Among NLSY respondents who collected AFDC benefits between 1979 and 1981, only 50% held jobs in 1984. The employment rate was 84% among respondents the same age who did not collect AFDC.18 In spite of the obstacles they face in finding jobs, some welfare recipients permanently leave the AFDC rolls within a few months, frequently to take jobs. Women who remain dependent on welfare for longer periods face more severe obstacles to finding and holding a job. But many of them would be forced into employment if cash benefits were slashed or might be persuaded to take jobs if the attractions of employment were improved.

People who are sympathetic to the plight of poor single mothers sometimes view the work obstacles they face as insurmountable “barriers” to work. This viewpoint is unrealistic. Only a minority—probably a small minority—of single mothers are flatly prevented from holding a job as a result of a supposed “barrier” to employment. It is more helpful to think about the different kinds of costs faced by single mothers when they enter employment. These costs include...
the monetary expense of transportation and child care as well as the psychological costs of seeking work in a hostile labor market and hanging onto jobs that may be unpleasant or demeaning. If society as a whole or single mothers themselves are willing to bear the costs of employment, work should be considered a practical option for the great majority of mothers receiving cash assistance. The problem, of course, is that mothers may be unwilling to accept the burden of finding and holding a job if the rewards from work are small. Since most welfare recipients do not have skills that equip them to hold well-paid jobs, even a relatively small expense of employment—such as a three-dollar round-trip bus fare—may represent a formidable obstacle to work.

The educational and skill deficiencies of welfare recipients restrict their access to well-paying jobs, but they do not preclude employment altogether. An unskilled welfare recipient, if she is able-bodied and moderately resourceful, can almost certainly find an employer willing to offer her a job if she is willing to accept a low enough wage and an inexpensive package of fringe benefits. In many urban labor markets, jobless workers with few qualifications apply to temporary employment agencies for short-term work. Although the employment is uncertain and irregular, a worker who is diligent and persistent can usually obtain temporary work assignments, at least occasionally, and can often find permanent employment if her job performance impresses the manager who offered the short-term assignment. Other job opportunities for less qualified workers can be found in low-wage retailing, cleaning services, agriculture, manual labor, and informal child care. With relatively little training, less educated women can find work as home health aides.

While these job opportunities do not offer outstanding prospects for a fat paycheck, a secure career, or a big promotion, it is important to recognize that job opportunities exist for applicants who are willing to accept them, a fact confirmed by the job-finding success of unskilled immigrants.

It is less certain that unskilled welfare recipients could find jobs if hundreds of thousands or even millions of them were forced to find work within a one- or two-year period. Many observers doubt that the U.S. labor market can provide enough jobs to absorb the able-bodied recipients who would be forced to seek jobs under a system of time-limited welfare. With roughly seven million jobless workers, even at full employment, is it plausible to expect employers could offer an additional two million jobs for AFDC recipients forced from the rolls?

In the long run, most labor economists would probably agree that the answer to this question is “Yes.” In the short run, however, many unskilled job seekers would face serious problems. Though employers could eventually create enough unskilled positions to employ most of the job applicants, it is unrealistic to expect that the new jobs will be created overnight. Many aid recipients will face a lengthy wait before finding a job. In the long run, however, the skill deficiencies of those who now depend on welfare do not represent an insurmountable barrier to employment. Skill deficiencies restrict the wages recipients can earn, but they do not bar employment altogether.

**Conclusion**

The evidence in this article has several implications for practical welfare reform. First, it is clear that the current employment rate of welfare recipients can be substantially increased. Only a relatively small percentage of long-term recipients hold jobs, even though for most of them the actual obstacles to work are not overwhelming. Most long-term recipients fail to work because the attractiveness of available jobs is low in comparison to the monetary expense of transportation and child care as well as the psychological costs of seeking work in a hostile labor market and hanging onto jobs that may be unpleasant or demeaning. If society as a whole or single mothers themselves are willing to bear the costs of employment, work should be considered a practical option for the great majority of mothers receiving cash assistance. The problem, of course, is that mothers may be unwilling to accept the burden of finding and holding a job if the rewards from work are small. Since most welfare recipients do not have skills that equip them to hold well-paid jobs, even a relatively small expense of employment—such as a three-dollar round-trip bus fare—may represent a formidable obstacle to work.

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While these job opportunities do not offer outstanding prospects for a fat paycheck, a secure career, or a big promotion, it is important to recognize that job opportunities exist for applicants who are willing to accept them, a fact confirmed by the job-finding success of unskilled immigrants. Many immigrants enter the United States suffering even worse disadvantages than those of long-term welfare recipients. Immigrants often have less schooling and lower English-language proficiency than welfare recipients. Illegal immigrants are not eligible to collect income transfers, except emergency medical aid, so they must rely on their own earnings to survive. The great majority find jobs, and even the least skilled immigrants sometimes prosper. It is less certain that unskilled welfare recipients could find jobs if hundreds of thousands or even millions of them were forced to find work within a one- or two-year period. Many observers doubt that the U.S. labor market can provide enough jobs to absorb the able-bodied recipients who would be forced to seek jobs under a system of time-limited welfare. With roughly seven million jobless workers, even at full employment, is it plausible to expect employers could offer an additional two million jobs for AFDC recipients forced from the rolls?

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with the cost of finding and keeping a job. If the employment rate of able-bodied recipients were increased to the level that prevails among mothers who do not receive cash assistance, the employment rate of long-term recipients would increase severalfold.

Second, few long-term welfare recipients would enjoy a comfortable standard of living on the wages they can earn in the private labor market. Recipients can typically expect to earn $6 to $7 an hour or less in private-sector jobs. Even if they could earn this wage steadily in a full-time job, a large minority of recipients would have gross incomes below the poverty level. After subtracting the costs of transportation and child care, a majority would probably fall below the poverty line.

Third, any reform that forces a large number of recipients to leave the welfare rolls and seek work will accelerate the decline in wages among unskilled workers. If one or two million additional unskilled workers were thrown into the job market, employers would eventually create enough jobs to employ most of them, but they would be induced to do so only if the prevailing wage for unskilled workers falls.

The evidence on one basic point is fairly plain. Many single mothers who collect welfare cannot earn enough money to escape poverty. Recent labor market developments continue to push down the potential earnings of most aid recipients, since the demand for workers with limited skills is shrinking. A large percentage of long-term recipients, if forced to rely on their own wages, would almost certainly remain poor even if they worked full time on a year-round basis. Nonetheless, the actual earnings of welfare recipients could be substantially increased if they devoted their best efforts to finding and keeping a job.

A program that forces aid recipients to seek private-sector jobs could substantially raise the employment rate of poor single mothers, thus boosting their earnings. However, unless the program supplements private-sector earnings with a generous wage subsidy, most new workers would remain poor, and a majority would be worse off than they are under the present system. The earnings capacity of most women who collect welfare is limited. Any effective and humane reform plan must take this unpleasant reality into account.

To make employment an acceptable alternative to welfare, voters and policymakers must face up to the fact that the living standards of low-wage working single mothers will have to be improved. This could be achieved by publicly financing part of the cost of child care, by offering public subsidies for health insurance for children in low- and moderate-income families, and by directly subsidizing the wage earnings of low- and moderate-income families. The dramatic liberalization of the Earned Income Tax Credit since 1986 has gone partway toward lifting the net earnings of low-income wage earners, but the net incomes of low-wage single mothers (and their children) remain unacceptably low.

The potential wages of long-term welfare recipients are extremely low. Training programs to lift the potential earnings of recipients have sometimes produced moderate earnings gains, but these gains are almost never large enough to lift single mothers out of poverty. This fact does not mean that a work-oriented welfare strategy is doomed to fail. It does mean that measures intended to force potential breadwinners from the rolls must be combined with an assistance package that improves the living standards of recipients who find private-sector jobs.


5. See note no. 4, Acs and Loprest, Tables 3 and 6.


10. See note no. 8, Riccio, Friedlander, and Freedman, p. 122.

11. Wages are measured in constant 1993 dollars using the Consumer Price Index for All Urban Consumers (CPI-U-X1) deflator. For purposes of comparison, among all women between the ages of 18 and 22 in 1979, including both recipients and nonrecipients of AFDC, the median wage climbed fairly rapidly. It rose from $6.27 an hour in 1979 to $9.39 an hour in 1990, a wage gain of 4.5% or $0.28 per year.


14. See note no. 13, Hartmann and Spalter-Roth, p. 16, Table 3.


16. The women are never-married, divorced, or separated mothers who live with unmarried own children who are under age 18.


18. Author’s tabulations based on the responses of women in the National Longitudinal Survey of Youth (NLSY) who were between 18 and 22 years old in 1979.
