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Norman L. Wyers
Portland State University

Robert C. Holloway
Portland State University

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REAGANISM AND THE POOR FAMILY: LIFE ON
AFDC AFTER THE BUDGET CUTS

Norman L. Myers, DSW
Robert C. Holloway, PhD

School of Social Work
Portland State University
Portland, Oregon

ABSTRACT

Recent changes in federal and state welfare policies have had negative consequences for public welfare recipients. This paper summarizes a study which focused on the impact of these policy changes on the AFDC population in the most populous region of Oregon. Of particular importance are the changes in income levels, employment, and social service utilization of recipients. Personal reactions of recipients are also reviewed, as are expectations for the future. The differential economic impact of the policy changes on various categories of recipients is stressed.

Inflation, the dynamics of energy costs, and political ideology have contributed to major changes in federal and state social policies in the United States during the past ten years. One change has been a dramatic curtailment in government expenditures, especially in the social welfare field. Curtailment, commonly referred to as "cut back," has occurred in means-tested and social insurance income maintenance programs, in public health care, in public housing, and in the personal social services. The merits of curtailment are still being debated, and both decent and honest people do not agree on the issues of the debate. Basically overlooked during the debate, however, has been the impact of curtailments on those in need. There has been a good deal of rhetoric expressed in relation to various perspectives on the changes, especially with regard to the polarized focuses of supply-side vs. demand-side economics. The key issue is that little empirical evidence has been collected. This article reports on a descriptive research study intended to examine the effects of curtailment on those in economic need.

The state of Oregon moved steadily towards economic crisis during the 1970s. One of the effects of the ensuing economic travail was a state level, two-pronged set of budget cuts or curtailments in public welfare. The first cuts occurred in late October, 1980. Those cuts reduced the levels of monthly grants of families receiving Aid to the Families of Dependent Children (AFDC). At the same time, the levels of Food Stamp benefits were raised in an attempt to compensate for the AFDC cuts. AFDC cash grants were decreased approximately 21%, and the concomitant increase in Food Stamp grants reduced this loss to an average reduction of approximately 6%. Families hurt the most were those in which several teenagers comprised the child population of the family, because teenagers have the greater cash demands relative to other family members, but receive smaller grant amounts. Those hurt least were women with

one or two small children.

The second level of cuts, which came about as a result of changes in federal policy, redefined the relationship between employment and receipt of both AFDC and Food Stamp benefits. These cuts occurred on October 1, 1981. Selected recipients suffered a loss in benefits because of the cuts, while others were declared ineligible altogether. The study about to be described measured the effect of both series of cuts without attempting to differentiate them.

Impact Study

The study was conducted in the Tri-County area (Multnomah, Washington, and Clackamas counties, all urban and suburban) of Oregon. The intent of the study was to obtain a first-hand account from recipients themselves of the impact of benefit reduction on their lives. Of particular interest were the following: the impact of budget cuts on monthly income, the impact of budget cuts on social service utilization, exact economic needs of AFDC recipients after cutting had occurred, perceived deterrents to social service utilization, and an assessment of the personal reactions to the impact of budget cuts on the part of recipients. The actual number of dollars cut was available from state government; the individualized impact of the cutting of the dollars was not. Thus, the study was planned to supplement the state analysis and to measure both how many dollars were lost by representative, individual AFDC recipients and the subsequent reactions of those recipients to the cuts.

The sample was based on a randomly selected, stratified, proportionate selection such that it was representative of the proportions of recipients in each of the three counties. Two-hundred forty recipients were included in the sample. All were asked to participate via personal letters from the state AFDC program and from the director of the study. One follow-up effort was made to effect maximum participation. Altogether, 34 recipients participated, yielding a participation rate of 14%. Only those individuals completely willing to participate were included. Eventually, 6 additional participants were included upon referral from welfare rights groups in the three counties. Thus, while the total sample number of 40 is not random, the sample is composed exclusively of AFDC recipients, all willing to participate in the study, and all included either by systematic sampling procedures (85%) or by referral from welfare rights groups (15%).

Interviewing was done in the homes of recipients. A pretested interviewing guide was administered by 10 graduate assistants of the Portland State University School of Social Work. Interviews were conducted between October 1981 and January 1982. This period overlapped with the timing of the second level of cuts, which resulted in several of the participants included in the sample becoming ineligible for AFDC or Food Stamps either at the time of the interview or within the next few weeks. Every attempt was made to treat all participants as if they were actual recipients and to disregard discussion of anticipations of future changes.

Findings

In 1981, 40 AFDC recipients participated in the study. Table 1 indicates comparisons of summary characteristics on key profile data for the sample, for recipients in Oregon, and for recipients at the federal level.

TABLE 1
 CHARACTERISTICS OF RECIPIENTS, AS COMPARED TO CHARACTERISTICS OF RECIPIENTS
 AT STATE OF OREGON AND FEDERAL LEVELS, BY PERCENT, MEAN, AND YEARS

Characteristic	Sample: 1981 (n = 40)	Oregon:1979* (n = 365)	Federal: 1975**
			1977*** (1975n = 17,098; 1977n = 27,793)
Sex			
Male	2.5%	-	8%
Female	97.5%	100%	92%
Age	34 years 29 years(mode)	30 years	- 21 years (mode)
Locale			
Urban	77.5%	25%	52.5%
Nonurban	22.5%	75%	47.5%
Mobility			
Years in residence	2.4 years	-	-
In-state	92.5%	-	-
Out-state	7.5%	-	-
Born			
USA	95.0%	-	-
Outside USA	5.0%	-	-
Race			
Caucasian	87.5%	86.0%	39.9%
Black	7.5%	7.3%	44.3%
Hispanic	2.5%	3.9%	12.2%
American Indian/ Alaskan Native	-	1.8%	1.1%
Asian	-	.8%	.5%
Other	-	-	2.0%
Don't Know	2.5%	-	-
Years in School	12 years (mean) 12 years (mode)	11.2 years (mean) -	- 11.5 years (mode)
Public Assistance			
Years on PA	6.0 years	2.25 years	-
Other times on PA	.8 years	-	-
Other PA: Oregon	55.0%	48.0%	-
Food Stamps: Yes	87.5%	77.0%	73.5% (1977)
Family Size			
Size	2.9	2.9	-
Age Children	8.1 years	8.3 years	-
Sex Children			
Male	50.0%	53.0%	51.0%
Female	50.0%	47.0%	49.0%
Mother's Employment Status			
Full-time	25.0%	13.0%	10.0%
Part-time	22.5%	7.0%	6.0%
Not employed	52.5%	80.0%	84.0%

Monthly Grant Accounts (Median)

AFDC	\$285.50	\$278.00	\$262.00 (1977)
Food Stamps	128.25	65.00	85.00 (1977)
*Total	413.50	343.00	347.00 (1977)

- SOURCE: Aid to Dependent Children Characteristics Study: 1979 (Salem, Oregon: Department of Human Resources, State of Oregon, March 1979).
- ** SOURCE: 1975 Recipient Characteristics Study: Part I (Washington, D.C.: Social Security Administration, Office of Research and Statistics, 1977).
- *** SOURCE: 1977 Recipient Characteristics Study: Part II (Washington, D.C.: Social Security Administration, Office of Research and Statistics, 1980).
- NOTE: Comparing sample and state characteristics with characteristics of AFDC recipients on the national level was complicated by different statistical procedures used at the different levels.

The characteristics of the sample were generally similar to the characteristics of AFDC recipients in Oregon. Noticeable differences, however, were the urban nature of the study sample, the numbers of years on public assistance, the total amount of dollars included in grant amounts (including Food Stamp benefits), and the employment levels of the recipients. Differences in grant amounts can partially be explained by inflation. The urban/nonurban ratios were to be expected, since the study site is urban/ suburban, not rural. The differential in the number of years of public assistance is not explained, while the difference in employment patterns may partly be explained by changing eligibility requirements for recipients in the time periods involved and greater availability of jobs in urban areas.

Although many characteristics of the sample were also similar to those of recipients at the national level, there were differences such as race (in which the sample reflects the racial composition of the state), age, urban versus nonurban, and grant amounts. The differences in grant amounts were most likely a function of the differences between grant amounts in 1977 and 1981. The differences in age were not explained by the data.

The typical recipient, then, was female, over 30 years of age, the head of a household, urban, a resident of Oregon for more than two years, native born, Caucasian, a high school graduate, and the mother of two children. She had been receiving AFDC for at least six years, but if she had utilized AFDC in the past it was for less than one year's duration. She was nearly as likely to be employed (part- or full-time) as she was to be unemployed.

Economic Impact of Cuts. 87.5% of the recipients reported a reduction in their AFDC grant some time during 1980 or 1981, while 47.5% reported cuts in their Food Stamp grants. Actually, all of the recipients sustained some level of cuts in their AFDC grants. Most also experienced increases in their Food Stamp grants, which must partially account for the lack of unanimity about grant reductions in AFDC.

Recipients reported median AFDC grant cuts of \$55.25 per month and median Food Stamp grant cuts of \$9.50. The median total cuts in both AFDC and Food Stamps grants was \$80.25.

The median difference between grant levels, after reductions, and monthly expenses was -\$67.00 (\$413.50 - \$480.50). How this deficit was met by the recipients will be covered in a later section. The striking aspect of this table is that AFDC recipients, already living far below absolute poverty levels, were placed in a more serious economic situation in which expenses exceeded income realized from grants.

Seriousness of Cuts. The economic analysis of the budget cuts is one matter. The seriousness of the cuts, as viewed by recipients who experienced the cuts, is another.

TABLE 2
SERIOUSNESS OF AFDC AND FOOD STAMP BUDGET CUTS, AS VIEWED
BY RECIPIENTS, IN RANK ORDER, BY NUMBER AND PERCENT

Level of Seriousness	Number	Percent
Extremely Serious	21	52.5
Moderately Serious	13	32.5
Not Serious at All	3	7.5
Uncertain	3	7.5
TOTALS	40	100.0

Eighty-five percent of the recipients reported that the budget cuts they experienced were either extremely or moderately serious. This finding refutes the commonly-held assumption that AFDC recipients receive surpluses in their monthly incomes and that they can easily sustain cuts in these amounts. To the contrary: even small decreases in their monthly grant amounts place them in economic jeopardy.

Ninety-five percent of the recipients indicated that it was necessary for them to cut back spending or to give up something as a result of the cuts which they sustained.

When asked what the most important essential had to be cut back on was, the recipients responded as shown in Table 3.

TABLE 3
MOST IMPORTANT ESSENTIAL GIVEN UP OR CUT BACK ON, ACCORDING TO
RECIPIENTS, IN RANK ORDER, BY NUMBER AND PERCENT

Essential Cut or Given Up	Number	Percent
Food	11	27.5
Clothing	9	22.5
Heat	6	15.0
Rent	4	10.0
Other (Medical, Dental)	3	7.5
Other Utilities	2	5.0
Transportation	2	5.0
None	2	5.0
Child Care	1	2.5
TOTALS	40	100.0

Food and clothing were given up or cut back on by 50% of the recipients. Rent would have been ranked higher had 45.0% (18) of the recipients not been in receipt of federal rent subsidies. Only 5% of the recipients were not forced to give up an essential or cut back on one.

Recipient Employment. Employment was important to the recipients in that 47.5% (19) of them were employed either part- or full-time. The families headed by recipients who were employed were far more prosperous than those in which the recipients were not employed, since the median monthly income from employment was \$349.00.

A total of 52.5% (21) of the recipients were not employed. The reasons that they were not employed, according to them, are as shown in Table 4.

TABLE 4
REASONS FOR UNEMPLOYMENT, ACCORDING TO RECIPIENTS,
BY NUMBER AND PERCENT IN RANK ORDER

Reason for Unemployment	Number	Percent
Disabled	5	24.0
Care for Someone at Home	4	19.0
Enrolled in School	4	19.0
No Jobs Available	3	14.0
Lack Training	3	14.0
Lack Transportation	1	5.0
Lack Education	1	5.0
TOTALS	21	100.0

The unemployment rate in the state of Oregon during the time the study was conducted was greater than 10%. Thus, either because of the personal employment characteristics of the recipients themselves or the characteristics of the labor market in the state, work is not a potential option for most of those who are unemployed.

Of the total number of recipients, 95% (38) saw themselves as the breadwinners in their families. What the lack of employment means for the self-concepts of these individuals was not measured, but it is likely that individuals who saw themselves as breadwinners but could not win the bread could not usually evaluate themselves positively.

It was more difficult to measure the actual impact of the budget cuts on the employment behavior of the participants. Twenty percent (8) of the recipients reported that the budget cuts had forced them into the labor market, while another 25% (10) indicated that they had taken jobs within the past six months.

Recipient Expectations. One of the most telling of all the findings of the study was the lack of hope or positive expectation which these recipients have insofar as the state AFDC program is concerned. When asked whether they expected additional help in the near or distant future, over 90% said no.

It is clear that these recipients did not look to the state AFDC program to provide additional resources for them in either the near or distant future. The cuts were real and permanent. The state will not be an ally in assisting these participants with their financial difficulties, as they saw it. Only 32.5% (13) of the recipients have been able to locate new sources of income since their grants were cut.

Additional Resources. Altogether, 65% of the recipients lived in family situations in which there were no other adults. In those families in which there were other adults, 15% (6) had other adults who were employed either part- or full-time. Total monthly earnings from the employment of others in the families provided a median amount of \$235.00 each month.

Sixteen (40.0%) of the recipients identified sources of income other than their own or others' income. The total median amount per month from these sources was \$210.00 and is broken down as follows:

TABLE 5
SOURCES OF OTHER RECIPIENT INCOME, BY NUMBER AND PERCENT

Source	Number	Percent
No Sources	24	60.0
SSI	6	15.0
Other	6	15.0
Social Security	2	5.0
Contribution from Family	1	2.5
Unemployment Compensation	1	2.5
TOTALS	40	100.0

Other income maintenance programs are important sources of income for a small but significant number of these recipients. The "Other" category represented unusual income sources. One recipient reported selling marijuana; another admitted to prostitution. Several reported irregular, part-time work, educational stipends, and educational grants or loans.

All of the sources of income other than AFDC were important to these recipients. The additional sources of income provided needed financial assistance and helped to ease financial strain. For many of the families, however, there was no additional income, and these were the families which were already facing a deficit between their income levels and their expenses.

When asked if additional income were necessary for family survival, 97.5% of the recipients indicated that it was. The median amount needed, however, was small: \$125.00 per month. Thus, minor modifications in the AFDC grant amounts could be of real assistance to these families.

Social Service Utilization. The study discovered that recipients were utilizing both public and private social services less at present than they did in the past. This finding shows that the social services are not important resources for these individuals.

Public social services were utilized to a greater extent than were the private social services. This differential may be in part related to the functions of the services, since the most important reason, for those recipients who did use public social services, was for employment purposes, while the most important reasons given for the utilization of the private social services had to do with other than employment-related problems.

A far more serious issue, however, is that these recipients tended to know almost nothing about the social services. When asked to list those services which they had information about or knowledge of, the recipients could list only one service, on the average. When asked whether the services had ever been described to them, 48% (19) of the recipients indicated no and 23% (9) said yes, but only when they asked for information.

Only 25% (10) of the recipients recalled that they had ever been given information about the social services voluntarily. Nearly half of them had never been given information at all. This lack of information or knowledge also manifested itself when recipients were asked to identify the single most important reasons why they were not utilizing the social services.

If the lack of knowledge and the lack of understanding are combined, nearly half of the recipients are included. This situation is not necessarily a function of the budget cuts, but rather a function of rationing scarce social services by not informing recipients about them. Policy implications behind this assessment are obvious.

Personal Reaction. The recipients also identified their personal reactions to the budget cuts, both subjectively and objectively. The objective reactions are as shown in Table 6.

TABLE 6
PERSONAL REACTIONS OF RECIPIENTS TO BUDGET CUTS,
BY NUMBER AND PERCENT, IN RANK ORDER

Reaction	Number	Percent
I am worried, but I have a plan which I think might work	13	32.5
I am angry but don't know what to do to express my anger	7	17.5
I am not worried or concerned. I know that I will make it.	5	12.5
I am worried and I fear that the plan I am developing will not work.	5	12.5
I don't know what to do.	2	5.0
I am frightened about what is happening to me.	2	5.0
I feel let down.	2	5.0
I feel like fighting back.	2	5.0
I feel like giving up.	1	2.5
Other	1	2.5
TOTALS	40	100.0

Recipients also responded in their own words about the effects the cuts have had on their families.

A 36-year-old mother with two young children at home has lost \$170 in AFS grants. She is unemployed and has no sources of income other than AFS and Food Stamps:

(The budget cuts) made me more insecure. (A) feeling of not being able to take care of my own children . . .

A working mother with three daughters, ages 8 through 11, has lost all of her AFS grant and she now receives no Food Stamps:

It has made life very difficult for us. I am frightened for my children's safety. I have no childcare. We have no medical or dental insurance. If anything happens to one of us, I don't know what we will do . . .

In a household of four, a 60-year-old woman's AFS and Food Stamps help support a teenage granddaughter and grandson. The mother contributes \$50 of unemployment insurance. The family has lost some of the AFS support. The grandmother revealed that her grandson has quit school to look for work:

Depressing. I was crying this morning. We have no money for Christmas. We can't buy meat anymore. We are living on bread and potatoes. We don't buy any new clothes. No milk, it's too expensive. What is it all worth?"

A 32-year-old part-time working mother had this to say about how the budget cuts affected her:

(The) budget cuts have forced me to go to work more days outside the home and leave a 2½-year-old child with someone else. I am a single parent and should be home with my child till he is school age . . .

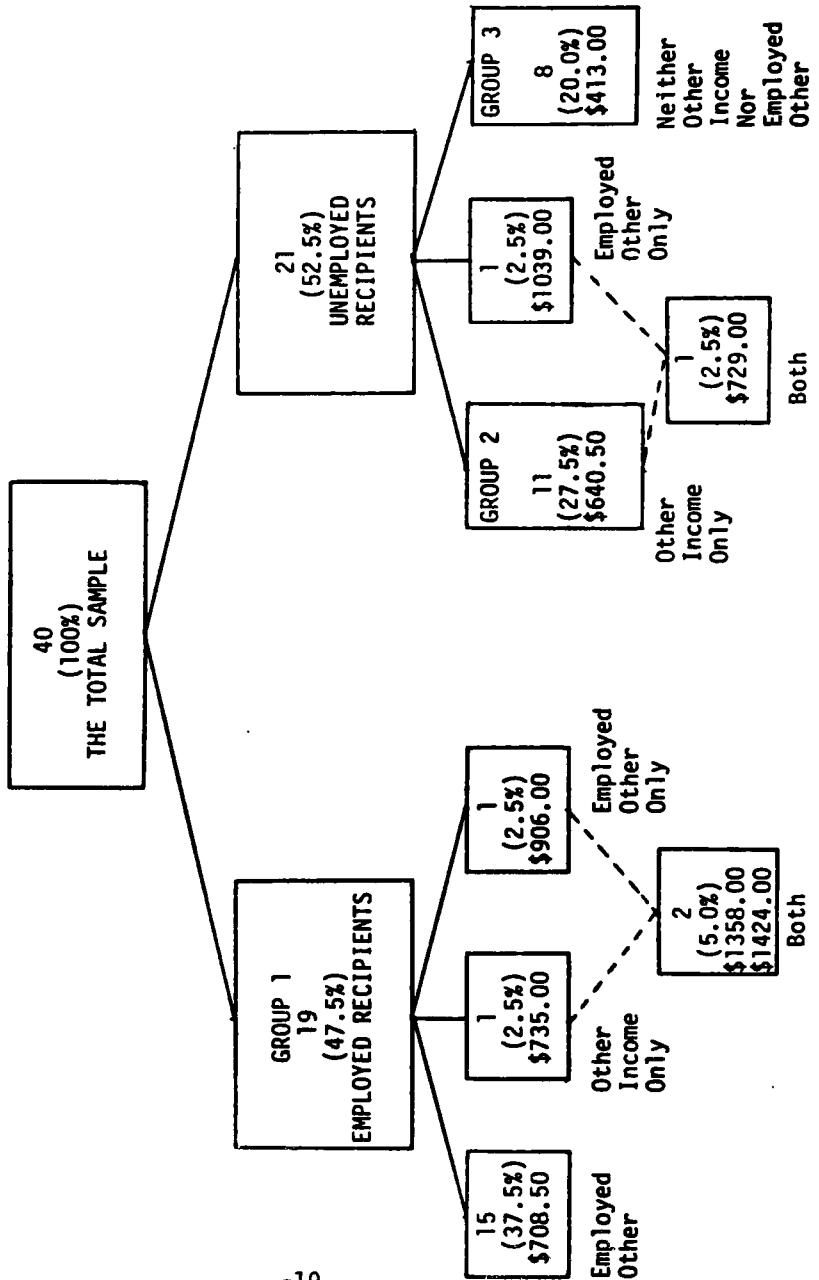
These and other responses in general indicated "negative emotions," "forced change of lifestyle," "cutbacks on essentials," and "concern about children."

Although these recipients were worried, they were busy making plans which they hope will work. They appeared somewhat optimistic, even though they expected no additional help from AFDC in the present or in the future. They had not given up, nor were they close to fighting back. They had accepted the cuts and were trying to survive.

Summary

The major consequence of the October 1980 and the October 1981 cuts for the typical recipient (at least 30 years old, a high school graduate, and a mother of two dependents) was a reduction in her monthly AFDC and Food Stamp benefits totaling \$80. This reduction, even given poverty level subsistence, produced a deficit of \$67 per month. She felt this was a serious circumstance since she had to cut back on the use of critical items such as food, clothing, shelter, and in some instances, medical services. She had no specific solutions to the situation and if she were unemployed she had no job prospects, given the high unemployment rate. She also had little hope or expectation that things would get better in the near or distant future and when asked

FIGURE A: PROFILE OF INCOME CATEGORIES - THE NUMBER OF RECIPIENTS, PERCENT, AND MEDIAN OR ACTUAL INCOME BY INCOME CATEGORIES



about the social services she could use she knew very little about them and could describe only one. When asked whether services had ever been described to her she said no.

There were three distinct subgroups of recipients in terms of income categories (see Figure A). These subgroups were also distinctive in terms of differences in the consequences of the budget cuts. Group 1, the employed group with higher incomes by virtue of their having earned income as well as grant income, had either had substantial cuts in their grants or had been terminated from the AFDC rolls.

Group 2, the unemployed with income in addition to AFDC grants such as SSI or Social Security but not from other family members' employment, had a total income barely above the poverty level of \$7070 per year for a three-person family. Group 3, the unemployed with neither other income nor employed others, were in the gravest position, for their income fell far short of the poverty level.

Families in poverty have been gravely impacted by the budget cuts, especially those with no income other than AFDC grants. This holds for not only Oregon, but the rest of the United States as well.