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Escaping Poverty & Becoming Self-Sufficient

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Using logistic regression analysis on data from the National Longitudinal Survey of Youth, this study found that sociodemographic factors were far more influential in determining escape from poverty and becoming self-sufficient than social psychological factors. The number of years respondents lived in poverty was the best predictor of escaping poverty, while the number of years respondents made use of public assistance programs was the best predictor of becoming self-sufficient. Marital status and change in the number of hours worked influenced the prospect for escaping poverty, though not becoming self-sufficient. Implications regarding the changing philosophy of social welfare from income maintenance to self-sufficiency are discussed.

This study assesses the relative influence of sociodemographic and social psychological factors on escaping poverty and becoming self-sufficient. It also examines implications of the changing philosophy of social protection. In the 104th Congress, legislators accentuated a trend away from policies designed for support and income maintenance toward those formulated to achieve self-sufficiency via labor force participation (Gilbert, 1995; Glazer, 1995). To the extent that different factors influence the likelihood of escaping poverty and becoming self-sufficient, policy makers and other professionals can better assess the logical consistency and practical significance of tertiary prevention legislation and programs designed for such ends.

Literature Review

Poverty has been a fairly consistent part of the contemporary political landscape and a focus of national attention since Michael Harrington (1962) and Oscar Lewis (1966) popularized and gave
intellectual respectability to the term in the 1960s. Likewise, reliance on means-tested public assistance programs surfaced as a more or less parallel contemporary public problem in the late 1960s and early 1970s when, as a result of growing AFDC rolls, the Nixon administration vainly sought support for its Family Assistance Program (Nightingale, 1995; Caputo, 1994; Handler & Hasenfeld, 1991). Not until the 1980s, however, did poverty and use of public assistance programs come together in the form of study findings from the Panel Study of Income Dynamics (PSID).

Several findings and measures used in earlier PSID studies (e.g., Coe, 1981; Duncan, 1984) have a bearing on the present study. One group of findings dealt with the dynamics of economic status. First, there was no evidence that initial attitudes regarding achievement motivation, sense of personal efficacy, or orientation toward the future affected subsequent economic success. Second, large changes in wage income (based on average annual hours worked and hourly wage rates over the entire ten year period) often accompanied continuous labor force participation. Third, changes in family composition accounted the most for variations in family income. For female-headed households this meant that poverty was neither a function of an abnormally low number of working hours nor of wage rates that were abnormally low for women of similar characteristics. Essentially, separation and/or divorce drove women into poverty, whereas marriage enabled them to escape. For male-headed households, this meant that neither low work hours in general nor unemployment in particular caused them to be poor; instead, poverty among male household heads was more a function of unusually low wage rates. Although neither marriage nor divorce had much effect on male-headed households, the birth of a child did. Births reduced the work hours of wives and increased family needs.

A fourth group of findings from early PSID studies relevant to the present study dealt with the dynamics of welfare use. Welfare income included money income from AFDC, General Assistance (GA), SSI, and the bonus value (the purchase price paid by the family) of food stamps. One related significant finding was that most of the population (74.8 percent) received no welfare income between 1969 and 1978. Of the 25.2 percent who did, about half received welfare for only one or two of the ten years. Persistent
welfare recipients comprised about 17 percent of those receiving any welfare income, and between 4 and 5 percent of the entire population. Fewer than half of these persistent recipients, however, were also persistently dependent, i.e., relying on welfare to make up more than half of their family income. About 2 percent of the population was classified as persistently dependent on welfare income.

A fifth group of findings dealt with characteristics of welfare recipients. Duncan (1984) noted that the welfare system touched a surprisingly large fraction of American society. One out of every four individuals lived in a household that received income from one of the major welfare programs at least once over a ten-year period. Duncan also concluded that the welfare system did not foster large-scale dependency. One-half of the persons who lived in families where welfare benefits were received at least once in a decade did not receive it in more than two of the ten years. Thus the greater share of welfare recipients did not come to rely on welfare as a long-term means of support.

Duncan, nonetheless, identified a group of people who remain on the welfare rolls more or less permanently, and a subgroup that is permanently dependent on welfare income for support. Neither group was large: of all who had ever received welfare, only 17 percent received it in at least eight of the ten years studied and only 8 percent of all recipients were dependent on welfare income for at least eight years. Both of these groups were distinct from the population as a whole; they were disproportionately female, black, and had children in the home.

In a more recent longitudinal study of poverty and welfare participation, Gottschalk, McLanahan, and Sandefur (1994) reaffirmed many of the findings of the earlier PSID studies and more finely distinguished between lengths of new poverty spells and spells in progress. Most poverty spells (59.4 percent), for example, lasted one year, whereas an additional 16.6 percent lasted two years. At the other extreme, 7.1 percent of the spells lasted seven or more years. Most new spells (10 out of 11) were short, but half the spells in progress were long. In the final analysis, although most bouts of poverty were relatively short, roughly a fifth of all poor people at any point in time were in the midst of a long spell.
Regarding welfare dynamics, Gottschalk et al. primarily confined their analysis to AFDC recipients. They found that most AFDC spells, like poverty, were short, but that a substantial minority (25.4 percent of black AFDC spells and 5.8 percent of white) remained open for protracted periods, i.e., beyond seven years. Gottschalk et al. also found that about half of the families leaving AFDC or Food Stamps were likely to return to these programs in other years.

Other contemporary studies highlighted the influence of attitudes on poverty and use of public assistance. In a study of New York and Chicago, Goodwin (1983), for example, sought to determine why some people continue to rely on public assistance, whether as participants in the Work Incentive Program (WIN) or as beneficiaries of Unemployment Insurance (UI), while others became independent. Economic independence resulted from the interaction among social psychological factors, background and family characteristics, and job market conditions and federal intervention. Essentially, Goodwin found that as persons fail to achieve economic independence through work, their expectations of achieving such independence are lowered, in turn lessening their pursuit of employed work. The observed apathy among poor men and the larger number of welfare households headed only by mothers emerged from the inability of these persons to locate jobs.

Finally, Dolinsky, Caputo, and O'Kane (1989) examined the relative influence of cultural and situational factors on welfare receipt among a nationally representative sample of matched mother-daughter pairs. They found that both culture and situation influenced inter-generational welfare receipt, but that education and work experience were about three times as important as attitudes in explaining the variance in the number of years welfare was received. Cultural and attitudinal factors included measures of orientation to family life, locus of control, and views toward women working outside the home (also, see Joe, 1971).

On the whole, prior research has resulted in a mixed picture regarding causes and consequences of economic and public-assistance mobility. Duncan (1984) found little evidence for the influence of attitudes. Dolinsky, et al. (1989) found that both culture and situation contributed to poverty, with human capital
and sociodemographic factors outweighing attitudinal factors in regard to time spent on welfare. Reliance on public assistance has also been viewed as both causing and prolonging poverty (Sowell, 1995; Magnet, 1993; Mead, 1992; Murray, 1984), as having small disincentive effects in regard to escaping poverty and ending public assistance (Gottschalk et al., 1994), as lowering self-esteem (Funiciello, 1993), and as preventing some from becoming poor (Axinn & Stern, 1988).

In the present study, I addressed the following questions:

1. To what extent did social psychological attributes contribute to the effects of sociodemographic characteristics on the likelihood of escaping poverty and becoming self-sufficient?

2. What were the relative contributions of specific sociodemographic characteristics and social psychological attributes on the likelihood of escaping poverty and becoming self-sufficient?

In light of previous research, I hypothesized that sociodemographic characteristics far more than social psychological attributes would contribute to the likelihood of escaping from poverty and becoming self-sufficient and that the different characteristics would be more influential than others.

Data and Methods

Like Goodwin (1983), Duncan (1984), and Dolinsky, et al. (1989), I used social psychological and socioeconomic data to profile escapees from poverty and public assistance and to assess the relative influence of similar sets of variables on the likelihood of escaping poverty and becoming self-sufficient. I used data obtained from the National Longitudinal Survey of Youth (NLSY), a nationally representative sample of 12,686 young men and women who were ages 14 to 22 in 1979 when they were first interviewed. Respondents were interviewed on an annual basis between 1979 and 1993, and they were asked a range of questions regarding labor market experiences, human capital and other socioeconomic factors about themselves and their family/household circumstances, and environmental characteristics of where
they lived. Documentation about the sample was found in the *NLS Handbook 1994* (Center for Human Resource Research, 1994). In this study I assessed the relative effects of sociodemographic and social psychological factors to determine the likelihood of respondents who were poor in 1991 to escape poverty in 1992 and who were recipients of AFDC, Food Stamps, and/or SSI benefits in 1991 to become self-sufficient in 1992, the most recent years for which data were available.

**Measures**

I classified respondents by poverty status (PS) (1=poor, 0=not poor) according to the official poverty thresholds in 1991 and 1992, and dependency status (DS) (1=recipient of AFDC, Food Stamps, and/or SSI at any time during the year, 0=nonrecipient for the entire year). To assess the likelihood of escaping poverty and becoming self-sufficient, I created two dependent dummy variables. One dummy variable (ESCPS) distinguished those who escaped poverty between 1991 and 1992 from those who did not (1=escape, 0=not escape). The second created dummy variable (ESCDS) distinguished those who “escaped dependency,” i.e., left public assistance or became self-sufficient between 1991 and 1992, from those who did not (1=became self-sufficient, 0=did not).

The nineteen independent variables included sixteen sociodemographic and three social psychological. The sociodemographic variables included many of those found in previous studies: age, sex, age of youngest child in the household (AGEYC), average annual hours worked over the entire study period (AHRWK), family size (FMSZ), marital status (MS) (1=married, 0=not married), Black-other ethnicity/race (1=black, 0=other), Hispanic-other ethnicity/race (1=Hispanic, 0=other), education (highest grade completed), and residence in a Standard Metropolitan Statistical Area (SMSA) (1=Yes, 0=No). I captured change in family composition by two event variables: change in marital status (CMS) (1=change, 0=no change) and the actual change in family size (CFMSZ) between 1991 and 1992. In addition to these two event variables, I used change in the number of hours worked between survey years (CHRWK) and age at the time of first sexual intercourse (AGESI) as control variables. I included AGEYC as a main effects variable and AGESI as a control variable because
longstanding research indicated that the poor were less likely than
the nonpoor to use birth control methods, and hence, were more
likely to have larger families with younger children (Rainwater,

When assessing likelihood of escaping poverty (i.e., the
ESCPS model), other variables included DS (1=receipt of assis-
tance, 0=nonreceipt) in 1992 and the total number of years respon-
dents lived in poor families over the entire study period (YRSPS).
When assessing the likelihood of becoming self-sufficient (i.e.,
the ESCDS model), other variables included PS (1=poor, 0=not
poor) in 1992 and the total number of years respondents received
assistance over the entire study period (YRSDS), regardless of the
duration or amount of AFDC, Food Stamps, and /or SSI in any
given year. This procedure was necessary to mitigate the poten-
tial effects of multicollinearity. For the entire sample, YRSPS and
YRSDS were highly correlated (r=.68, p>.05), suggesting that they
might be used interchangeably. DS, however, was strongly corre-
lated with YRSDS (r=.70, p>.05), thereby precluding inclusion of
YRSDS in the ESCPS model. Also, PS was highly correlated with
YRSPS (r=.66, p>.05), thereby precluding its use in the ESCDS
model.

The attitudinal variables comprised summary scores of scales
and indices obtained from specific survey questions. These in-
cluded measures for individual initiative, affinity for public assis-
tance, and self-esteem. The Rotter locus-of-control scale (ROTT)
captured individual initiative. This commonly-used scale was
designed to measure the extent to which one perceived a causal
relationship between his or her own behavior and subsequent
events (Rotter, 1966 & 1975; Watson, 1981; Boor, 1974). At one
extreme were those who believe that environmental factors like
luck, chance, or fate control their lives (external control). At the
other extreme were those who believe they have control over
their lives through self-motivation or self-determination (internal
control). Scores ranged between 8 and 16. Higher scores signified
belief in more external control, and hence a lack of individual
initiative.

I derived the measure Public Assistance Affinity (PAA)
through rotated factor analysis of six attitudinal statements in-
cluded in the NLSY to obtain respondents' commitment to work.
Responses ranged from 1, " Probably Would," to 2, " Probably Would Not." This dimension appeared to reflect the likelihood of using public assistance programs to make ends meet. The factor had particularly high loadings on two statements assessing the likelihood that respondents would "Go on welfare to support your family" and "Apply for Food Stamps if unable to support your family." This dimension accounted for 40 percent of the variance in the inter-item correlation matrix. Higher scores indicated less likelihood to use public assistance.

I derived a self-esteem scale (SELF) from ten survey questions that asked respondents about perceptions of themselves. Scale reliability was assessed by calculating the item-total correlation (thereby creating a five-item scale) and the coefficient alpha (Cronbach, 1951). The reliability estimate for the self-esteem scale was .79. Responses to such questions as "I feel I do not have much to be proud of" and "I wish I had more self-respect" ranged from 1, "Strongly Agree," to 4, "Strongly Disagree." Higher scores signified greater self-esteem.

Procedures

I used logistic regression analysis to assess the relative influence of demographic and social psychological factors on the likelihood of escaping poverty and becoming self-sufficient. This procedure modeled the relationship between an ordinal or binary response variable and one or more explanatory variables. I used two regression procedures, producing three models, for each of the two binary dependent variables: escape from poverty (ESCPS) and becoming self-sufficient (ESCDS). In the first procedure, the demographic characteristics constituted the accepted or main effects model, while the expanded model added the social psychological attributes. Results of this procedure appear in Model 1 in Table 1. In the second procedure, the demographic characteristics and social psychological attributes constituted the accepted model, while the expanded model added the control variables. The main effects results appear in Model 2, while the expanded model results appear, when significant, in Model 3. I used the residual score statistic, $Q_{RS}$ (Breslow & Day, 1980), to assess the goodness of fit of the models and the joint contribution of the main effects and the social psychological attributes in the
first procedure and the main effects and control variables in the second procedure (Stokes, Davis, & Koch, 1995).

The main effects model fit adequately when the \( Q_{RS} \) statistic failed to meet statistical significance (i.e., when \( p > .05 \)). Conversely, the expanded model was the better fit when the \( Q_{RS} \) statistic for the main effects model was found to be statistically significant (Stokes, Davis, & Koch, 1995). To assess the relative size of the overall contribution attributable to the addition of the attitudinal characteristics to the main effects model, I used the Adjusted \( R^2 \)s of the main effects and expanded models (Logistic Regression Examples, 1995). Finally, to assess the relative contribution of each of the specific characteristics found to be statistically significant at the .05 level in the fit model, I reported the standardized estimates and odds ratios (Hatcher & Stepanski, 1994).

**Limitations**

The use of the NLSY limits this study to a nationally representative sample of American youth between the ages of 14 and 22 in 1979. Hence, generalizability is compromised. Nonetheless, the availability of social psychological attributes as well as sociodemographic characteristics enable findings about this particular youth cohort to be compared and assessed in light of related studies, thereby contributing to the ongoing dialogue about welfare, self-sufficiency, and poverty.

**Results**

Overall, in 1991, 11.5 percent of the eligible study sample, 844 respondents, received AFDC, Food Stamps, and/or SSI, while 16.5 percent, 1215 respondents, lived in poor families. Table 1 shows the results of the logistic regression analysis on the likelihood of escaping poverty and becoming self-sufficient in 1992 among respondents for whom all requisite data was available.

*Factors influencing escape from poverty (ESCPS Models).* As expected, sociodemographic factors more than other attributes influenced escape from poverty in 1992. Model 1 failed to meet statistical significance (\( Q_{RS}=2.11, df=3, p=.549 \)), indicating that the sociodemographic characteristics or main effects fit the data
Table 1

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Escaped Poverty in 1992 (ESCDS)</th>
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<th>Became Self-Sufficient in 1992 (ESCDS)</th>
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<th>Became Self-Sufficient in 1992 (ESCDS)</th>
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<tr>
<td>(Not Enter)</td>
<td>371</td>
<td>371</td>
</tr>
<tr>
<td>Q_{RS}</td>
<td>2.11(df=3)</td>
<td>16.22*** (df=4)</td>
</tr>
<tr>
<td>R^2(Adjusted)</td>
<td>.29</td>
<td>.30</td>
</tr>
</tbody>
</table>

***p≤.001; **p≤.01; *p≤.05

Legend: AGE=Age of respondent; AGEY=Age of youngest child; AHRWK=Average annual hours worked; BLACK=Black (1=yes); CHRWK=Change in hours worked between survey years; CMS=Change in marital status (1=yes); DS=Dependency status (1=yes); ED=Education (highest grade completed); FMSZ=Family size; HISP=Hispanic (1=yes); MS=Marital status (1=married); PS=Poverty status (1=poor); SELF=Self-esteem; SEX=Sex of respondent (1=female); YRSDS=Years in which respondent received public assistance during any part of a specific year.
adequately. Nonetheless, the addition of the set of control variables improved Model 1. Model 2, whose main effects comprised both sociodemographic characteristics and social psychological attributes, met statistical significance ($Q_{RS}=16.22, df=4, p=.002$) when controlling for such events as changes in marital status, family size, and hours worked. Model 3, the expanded model with the three sets of variables, fit the data adequately ($Q_{RS}=3.81, df=3, p=.282$), although it represented a marginal increase in the explained variance of escaping poverty ($R^2=.33$ compared to .29 and .30 in Models 1 and 2 respectively).

As Model 3 results indicated, the number of years respondents lived in poor families (YRSPS), marital status (MS), change in the number of hours worked (CHRWK), family size (FMSZ), age of youngest child in the household (AGEYC), and race (HISP) were associated with the likelihood of escaping poverty in 1992. Every additional year spent in a poor family decreased the likelihood of respondents escaping poverty by nearly 20 percent (Odds ratio=.81). Married respondents were nearly three times as likely (Odds ratio=2.97) to have escaped poverty, while a change in marital status had no effect. Hispanic respondents were more than twice as likely (Odds ratio=2.20) to have escaped poverty. Each decrease in the number of family members increased the odds of escaping poverty by a factor of .83, or 17 percent. Each additional year older of the youngest child increased the likelihood of escaping poverty by 7 percent (Odds ratio=1.07). Finally, every one hundred hours more of work between 1991 and 1992 increased the likelihood of escaping by a factor of 1.06, or 6 percent.

Factors influencing becoming self-sufficient (ESCDS Models). Again, as expected, sociodemographic factors more than other attributes influenced the likelihood of becoming self-sufficient in 1992. Model 1 failed to meet statistical significance ($Q_{RS}=0.84, df=3, p=.838$), indicating that the sociodemographic characteristics or main effects fit the data adequately. The addition of neither the social psychological nor the control sets of variables improved Model 1. Model 2, whose main effects comprised both sociodemographic characteristics and social psychological attributes, also failed to meet statistical significance ($Q_{RS}=1.53) df=4, p=.820$) when controlling for such events as changes in marital status,
family size, and hours worked. The set of sociodemographic characteristics accounted for 32 percent of the explained variance of becoming self-sufficient ($R^2 = .32$).

As Model 2 results indicated, only the number of years respondents received assistance (YRSDS) and poverty status (PS) were associated with the likelihood of becoming self-sufficient. Every additional year respondents received assistance between 1979 and 1991 decreased the likelihood of their becoming self-sufficient by a factor of .81 or 19 percent. The odds that a poor respondent became self-sufficient in 1992 were only slightly more than 1 to 3 (Odds ratio = .36).

Discussion

As expected, results supported the hypothesis that sociodemographic characteristics were far more influential in determining the dynamics of poverty and self-sufficiency than social psychological attributes. None of the social psychological attributes contributed to any of the models used with either the ESCPS or ESCDS samples. This result failed to support Dolinsky, et al. (1989) and Goodwin (1983), but corroborated Gottschalk, et al. (1994). Results also supported the hypothesis that different characteristics influenced the dynamics of poverty and self-sufficiency. Among sociodemographic characteristics, YRSPS and YRSDS respectively were major contributors in the ESCPS and ESCDS samples. The regression results signified that extent of previous experiences with poverty and use of public assistance programs respectively were the best predictors of escaping poverty and becoming self-sufficient from one year to the next. The more time respondents lived in poor families or in families that relied on public assistance, the less likely they were to escape poverty or become self-sufficient. These results suggested a paradox regarding the existing array of public assistance programs based primarily on a philosophy of income maintenance. Means-tested measures aimed at income maintenance may have done little to enable poor individuals to escape poverty. Conversely, programs aimed at reducing poverty may have done little to enable near-poor and others to become self-sufficient. Results suggested that current reform efforts aimed at self-sufficiency 1) may result in a shifting reliance on public assistance from one program to others.
rather than a reduction in the use of public assistance per se and 2) require greater attention regarding the role of government in the economy in general and in job-creation in particular.

In this study, respondents' work history (AHRWK), however, failed to exert any influence on escaping poverty and becoming self-sufficient. These results underscored the importance of the need that poor parents have for more job-related skills and access to higher paying jobs, independent of how much time they devote to work over the course of their lifetimes or choices they make regarding the desirability of marriage per se (Blank, 1995). These results suggest that a central component to any family policy must be a coherent employment policy, i.e., one that focuses on the creation of decent jobs paying an income above the poverty line and providing opportunities for both access to and requisite training for such jobs (Sidel, 1996). One aspect of such a policy calls for spurring the growth of primary labor markets within a wide range of industries, e.g., by narrowing the compensation differential between part-time and full-time workers, by expanding and exploiting flexibility for part-time employees, such as paid parental leave or the right to move between full-time and part-time status, and/or by sensible supplements such as allowing for the conversion and portability of worker pensions (Tilly, 1996). Another aspect of such a policy would call on government to act as a catalyst for private activity, channeling market trends toward public goals, rather than simply as a regulator or director of a separate public realm, compensating for the market or capitulating to it (Weir, 1992).

Marital status (MS) increased the likelihood of escaping poverty, but not of becoming self-sufficient. Results supported the large body of research and popular opinion that married family heads fare better than their single counterparts in many ways, but they failed to support the idea that marriage might be a buffer against prolonged or persistent use of public assistance.

Family size (FMSZ) only influenced the likelihood of escaping poverty. Smaller families were more likely to escape poverty. This finding suggested a dilemma for those (like many Catholic leaders) who promote marriage as an institution, but discourage the use of contemporary birth control methods for those engaging in sex outside of marriage. To the extent that smaller families become
poor, they are more likely than larger families, whether intact or single-parent, to escape poverty. Sex education and the use of modern birth control methods among the poor would increase the likelihood that such families are smaller, thereby improving their chances to escape poverty should such circumstances arise.

Age of the youngest child in the household (AGEYC) also only influenced the likelihood of escaping poverty. The older the youngest child, the greater likelihood of escaping poverty. This finding suggested that the presence of younger children makes demands hindering poor parents’ abilities to seek ways of escaping poverty. Results suggested that poor parents in general can benefit from measures that make available affordable, quality day care for young children, thereby freeing parents’ time to pursue more gainful job training and employment opportunities. Since AGEYC was not found to influence the likelihood of becoming self-sufficient, results suggested that welfare reform measures such as increasing the availability of child care to recipients of public assistance with young children might not be sufficient to reduce their use of government provisions. Other factors may further preclude public-assistance parents’ abilities to pursue more gainful employment.

Like FMSZ and AGEYC, race (HISP) only influenced the likelihood of escaping poverty. Hispanic respondents were more likely than others to escape poverty. This finding in part reflected the greater numbers of Mexican-Americans among the Hispanic population of the United States, with those of Puerto Rican origins constituting the second largest group. Aponte (1993) has noted that Hispanics are not of one piece and that Mexican-Americans were more likely to be married with children and working poor, unlike those of Puerto Rican origins who were more likely be single parents and hence recipients of AFDC. This finding provided further indirect support for the effect of marriage on the likelihood of escaping poverty.

One of the four event or control variables influenced escape from poverty only. When respondents increased the number of hours worked (CHRWK) from one year to the next, they increased the likelihood of escaping poverty, but not of becoming self-sufficient. This finding suggested that short-term, year-to-year adjustments in the number of hours worked, like marriage, also has
many benefits, but failed to support notions that such individual efforts might mitigate against prolonged or persistent use of public assistance programs.

In conclusion, results of this study highlight the formidable obstacles facing social policies aimed at self-sufficiency. Neither marriage, work-hour adjustments from one year to the next, work history, nor education per se influence the likelihood of becoming self-sufficient. Findings regarding work suggested a paradox. On one hand work-related reforms may reduce AFDC rolls as welfare recipients become ineligible as they escape poverty. On the other hand, these recipients may nonetheless still need to rely on other public provisions like Food Stamps that have means tests for gross income above the official poverty thresholds. The net result may be a shift in use of public assistance from one program to others, rather than in a reduction in use per se.

References


