Women, welfare, and work

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Chestnut Hill, Mass.: Social Welfare Regional Research Institute, Region I, Boston College, July 1972

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SOCIAL WELFARE REGIONAL RESEARCH INSTITUTE REGION 1

Institute of Human Sciences Boston College

July 1972

WOMEN, WELFARE, AND WORK

SWRRI PUBLICATION # 9

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This publication was sponsored by Research Grant #10-P56004/1-02 from the Office of Research and Demonstration of the Social and Rehabilitation Service Division of the U.S. Department of Health, Education, and Welfare.

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INTRODUCTION

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In the ten year period ending in 1967 the number of AFDC recipients doubled.¹ Within the following four year period the number doubled once again. By April 1971 over 10.2 million individuals (including 2.8 million adults and 7.4 million children) were receiving payments through AFDC and total monthly payments exceeded \$500 million.² Excluding vendor payments for institutional services and medical care, the annual cost of AFDC rose steeply from less than \$2 billion in 1967 to over \$6 billion in 1971 (in current dollars). During the one year period ending in April 1971 the number of recipients grew by 27.9 percent while direct payments increased by a phenomenal 36.2 percent.³ At this rate, the number of recipients will more than double again in the next four years and outlays will double in less than three.

With the intention of reversing this trend, the federal government as well as individual states are developing programs aimed at "encouraging" welfare recipients to move from public aid to self-support through employment. These programs embody the proverbial carrot and stick. The lower marginal tax rates on earnings provided in the WIN program and in the proposed Family Assistance Plan reduce the monetary disincentive to work created by the 100 percent rate under earlier programs. Coupled to this work incentive, recipients deemed "employable" are required to register for jobs or training. In New York recipients who are classified as "employable" must collect their welfare checks at local employment offices and register as seeking employment or job skills. In Massachusetts a similar program for General Relief was instituted in October 1971. In December 1971, in a series of surprise moves, Congress passed and the President signed the Talmadge Amendments which require all recipients of benefits under AFDC to register for work or training unless they are children under 16, are ill or elderly, are mothers with children under 6 years of age, or are needed to care for an incapacitated member of the household.⁴ The thrust of government welfare policy is now explicitly directed at checking the rapid growth in expenditures by funnelling recipients into the labor force. The major question is: how successful can such policies be?

The answer to this question is far from simple. Most researchers attempting to answer it have examined the work characteristics of the welfare population and drawn conclusions from this investigation alone. In economic terms, such an analysis is confined to the "supply" side of the market; an unlimited market demand for labor is implicitly assumed.

For most workers, however, especially those with the characteristics of welfare recipients, market demand cannot be assumed. Labor demand characteristics and the structure of the labor market must be examined, as well as labor supply characteristics, in order to predict the numbers of welfare recipients who could successfully enter the labor force. Potential savings for the welfare system depend on both supply and demand in the labor market.

This research attempts to remedy the shortcomings in earlier work. It investigates the structure of current labor markets and focuses on the role of

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women and racial minorities in the workforce. This reflects the preponderance of women and the high proportion of racial minorities in the welfare population. This study stresses the importance of labor market stratification in determining employment and wage patterns and explores the extent to which market barriers impede the access of AFDC women to well-paid employment.

The study has four major parts. The first part investigates the characteristics of the welfare population and estimates the potential labor force participation of AFDC mothers. The second looks at the factors affecting the employment potential of women on welfare. The third section investigates the role of racial minorities and women in the labor force, focusing on unemployment and wage rate determination. The final section uses the information gathered from the first three parts to project the potential public assistance payroll savings from programs designed to foster employment among welfare recipients.

I. AFDC AND THE POTENTIAL FOR WORK

If the welfare caseload is to be reduced, three things must happen.

- The labor force participation rate^{*} of AFDC recipients must increase.
- (2) Jobs must be available for those who enter the labor force.
- (3) Earnings in those jobs must be high enough to reduce severely the need for income supplementation or to eliminate this need altogether.

Only if all three of these things happen can the AFDC caseload be significantly reduced. Each of them implies a significant change in a situation which now makes adequate employment unavailable for most welfare recipients in the United States. The problems involved in simply moving more welfare recipients into the labor force are formidable enough.

Of the 2.8 million adults in AFDC families in April of 1971, over 90 percent were women. The proportion who are potential labor force participants has seldom been estimated at more than half; usually estimates are well below onethird. The 1969 HEW study of AFDC households⁵ indicates the mother was absent from the home in 8.3 percent of welfare families. This was usually due to death, desertion, or hospitalization. In an additional 13.7 percent of AFDC households, the mother was prevented from working because she was physically or mentally incapacitated. In nearly two-thirds (64.7%) of all families the mother was not employed because she was either needed in the home (35.5%), had no marketable skills (6.9%) or claimed other permissible reasons (22.3%). This left 13.3 percent of the caseloads with mothers employed either full or part-time.

^{*}The Labor force participation rate: the labor force participation rate is the proportion of adults (in this case, adult women welfare recipients) who are either employed, full-time or part-time, or who are unemployed but actively looking for work.

The labor force participation rate for welfare recipients might conceivably be raised considerably. For this to happen, however, (without overt coercion) requires the following preconditions.

- Welfare tax rates on earnings would have to be cut drastically below the 1967 guidelines so that they approach the marginal tax rates on normal income. (20-25% as opposed to 67%).
- (2) Universal day-care would have to be provided which fulfilled more than a "baby-sitting" role and gave mothers the incentive to enroll their children.
- (3) The training component of welfare programs would have to be overhauled to provide training geared to existing labor market conditions.
- (4) A considerably expanded supply of jobs would have to be made available paying adequate wages to welfare mothers and providing the possibility of flexible working hours.

To reach a 50 percent labor force participation rate among AFDC recipients would require for example that in addition to the 13.3 percent of adult women already employed, all unskilled AFDC women be trained and look for work, and that somewhat more than one-half of those who are needed in the home or who have claimed other reasons for no market activity be provided with services necessary to allow their participation in the paid labor force. A 50 percent rate also assumes that all welfare recipients have overcome the circumstances associated with their initial entry into the public assistance system. (Usually families turn to welfare only after they have exhausted all other methods of support, following the death, desertion or disability of a primary breadwinner) The relatively high monthly AFDC turnover rates suggest that at any given point in time a large number of recipients are new to the welfare system and are suffering from "transitional" problems which cannot be immediately solved by training, day-care, or the provision of employment. We might more reasonably expect therefore to claim for the labor force only half of the increment between the

existing 13.3 percent and the 50 percent level.

The maximum potential labor force participation rate of AFDC recipients is consequently in the neighborhood of 32 percent or one-third. If the four enumerated economic and social preconditions had existed in 1971 and the labor force participation rate had reached this level, approximately 896,000 welfare recipients could have been attached to the labor force in some capacity. This compares with the actual 1971 figure of 372,000.⁶

This estimate is not inconsistent with Hausman who claims that 38.9 percent of all welfare mothers are definitely capable of some form of employment, while half could conceivably be employable under favorable conditions.⁷ All other studies, on the other hand have concluded that the potential labor force participation rate of welfare recipients is much lower.⁸

Even if such a large number of AFDC mothers were to enter the labor force, the effect on the size of the caseload and the total welfare payroll would be insignificant unless there were jobs available for these new labor market participants. Entering the labor force and seeking work is only a prerequisite to finding employment. Without job openings the effect of increased labor force participation is only to increase unemployment rates. High unemployment rates can in turn lead to <u>lower</u> labor force participation rates, if those who enter the labor force find their hopes for a job continually frustrated, become discouraged, and eventually discontinue the job search and leave the labor force. Thus high unemployment rates tend to significantly undercut any plan intended to reduce the welfare growth trend.

There is only sparse data on the employment experience of welfare recipients, but this data indicates that unemployment is an extremely severe problem. Early research on the WIN program, for instance, is discouraging. Four out of

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five of WIN's "employable" clients failed to find acceptable employment in many cases even after training.⁹ In Massachusetts only 524 out of 11,507 "employable" general relief recipients were able to find jobs in the first three months after they were classified as "employable". ¹⁰ In a study of the Lawrence-Haverhill, Massachusetts-New Hampshire SMSA ¹¹it was recently reported that there was a total of 410 WIN applicants in the second half of 1971. Counseling was provided to 355 applicants, 150 were enrolled in training, and 40 were placed in jobs. In the same area in March 1972, 103 welfare clients were scheduled to report to the local employment offices. Of 85 who did report, one was placed. In the same month 99 general relief recipients were scheduled to report, and of 79 who reported, 8 were placed.

Yet even if AFDC recipients enter the labor force and find employment, the number of families on assistance may not decline at all and the total cost of welfare may fall only slightly. This will occur if the jobs available to welfare clients yield such small incomes that they still need supplementation to assure family subsistence. A combination of low average wage rates, income disregards,*and work incentive marginal tax rates is enough to yield no reduction in the caseload and only a minor reduction in the welfare payroll.

The critical importance of adequate wage levels follows from the income disregard formula. According to the July 1969 Social Security Amendments, the proportion of an AFDC mother's welfare grant which she is allowed to retain in addition to earned income is calculated in the following way.¹² The client is allowed to keep the first \$30 of monthly earnings with no reduction in her welfare grant. A welfare tax of approximately 67 percent is then applied to

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^{*&}lt;u>Income disregards</u>: the income disregard is the amount of earnings to be ignored in estimating the after-employment welfare grant. The marginal tax rate on the income disregard is zero.

all monthly earnings above the \$30. Finally, work related expenses are deducted from the amount of the tax. The monthly earnings net of the tax minus work expenses is then deducted from the client's grant.* If the client's earnings are low and work expenses high, the grant reduction will be correspondingly small. If earnings are universally low it is possible that no welfare client will earn enough to become ineligible for AFDC.

According to the 1969 formula a client who finds a job paying \$150 per month will have her monthly grant reduced by only \$20 assuming a total of \$60 per month for all work expenses. For the average AFDC family in the United States in April 1971, this is a grant reduction of 11 percent on the average grant level of \$185.40. It is, of course, a smaller reduction in states which have higher benefit levels. Assuming no increase in the number of AFDC recipients, assuming the previous estimate for the potential labor force participation rate (32%), and furthermore assuming that all who participate find jobs paying \$150 per month, the total savings in public assistance money grant would have been no more than 2.1 percent in 1971. ¹³ The number who would have been disgualified from AFDC is zero.

The same formula applied to AFDC families of various sizes indicates that clients become ineligible for public assistance only at relatively high monthly earnings. At the grant levels for the State of Michigan, monthly earnings have to exceed \$393 in a two-person family before that family no longer qualifies for benefits. Monthly earnings must exceed \$512 for a four-person family and \$629 in a six-person family.¹⁴ These monthly figures translate into full-time, full-year hourly equivalents of \$2.35, \$3.07, and \$3.77 respectively. For the United States as a whole, the wage earner in the average welfare family of four

*Calculating the proportion of the AFDC grant retained by a working mother: New AFDC grant = old AFDC grant - AFDC tax AFDC tax = (.67 (earnings - \$30) - (work expenses))

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would need to earn \$2.36 an hour on a full-time full-year basis before the family would no longer qualify for AFDC money grants or vendor services. For the hourly earning levels required to remove welfare recipients from AFDC in individual states see Table 1.

These estimates make it abundantly clear that unless hourly earnings are sufficiently high and work is secured throughout the year on a full-time basis, the size of the total welfare caseload cannot be significantly reduced and total outlays will fall only slightly. The 2-3 percent savings in the welfare payroll which would be the result of putting even a large number of AFDC mothers in low-paying jobs is obviously dwarfed by the 36 percent per year increase in the total payroll.

Making some very optimistic assumptions about the placement of large numbers of welfare recipients in full-time, full-year employment, potential payroll savings can be estimated for 1971 at various wage rates. The assumptions necessary are:

- A full 32 percent of welfare mothers are placed in the labor force.
- (2) All 32 percent are placed in jobs. (Zero percent unemployment)
- (3) All jobs are procured on a full-time (40 hour) full year (50 week) basis.
- (4) The average monthly payment under AFDC is \$185.40.
- (5) The 13.3 percent of AFDC families already working are included in the 32 percent labor force participation rate and continue to earn at their present rate.

Under these assumptions and using the April 1971 national statistics on AFDC, plus the formula provided in the 1967 Social Security amendments, the percentage savings in total payroll is as follows:

State Welfare Standards and Earnings Levels Needed to Remove Public Assistance from Welfare Rolls 1/ (family of four)

	State Welfare Standards		Hourly Earnings Levels Require d to Remove
State	Monthly Earnings	Hour l y Equivalent	cipients from Welfare Rolls <u>2</u> /
North Carolina	\$150.00	\$0.87	\$1.47
Arkansas	176.00	1.02	1.70
Ohio	193.00	1.12	1.84
Maryland	196.00	1.13	1.87
South Carolina	198.00	1.14	1.89
New Mexico	203.00	1.17	1.93
Louisiana	205.00	1.18	1.95
District of Columbia	208.00	1.20	1.97
Georgia	208.00	1.20	1.97
Kentucky	216.00	1.24	2.03
Tennessee	217.00	1.25	2.05
Oklahoma	218.00	1.26	2.06
Wisconsin	221.00	1.28	2.09
Florida	224.00	1.29	2.11
Alabama	230.00	1.33	2.16
Mississippi	232.00	1.34	2.18
Colorado	236.00	1.36	2.22
Delaware	236.00	1.36	2.21
Kansas	237.00	1.37	2.22
Texas	239.00	1.38	2.24
Idaho	240.00	1.38	2.25
Montana	250.00	1.44	2.34
California 3/	255.00	1.47	2.38
Virginia —	255.00	1.47	2.38
Arizona	256.00	1.48	2.39
New Hampshire	257.00	1.48	2.40
South Dakota	257.00	1.48	2.40
Hawa ii	261.00	1.51	2.43
Michigan	263.00	1.52	2.43
West Virginia	265.00	1.53	2.47
Vermont	266.00	1.53	2.48
Illinois	269.00	1.55	2.50
Utah	271.00	1.56	2.52
Connecticut	274.00	1.58	2.54
Pennsylvania	276.00	1.59	2.56
0 regon	281.00	1.62	2.60

	State Welfa	re Standards	Required to Remove Public Assistance Re-
	Monthly	Hourly	cipients from Welfare
State	Earnings	Equivalent	Rolls <u>2</u> /
North Dakota	\$282.00	\$1.63	\$2.61
Indiana	287.00	1.66	2.65
Minnesota	289.00	1.67	2.67
Rhode Island	297.00	1.71	2.74
lowa	300.00	1.73	2.77
Massachusetts	300.00	1.73	2.77
Washington	304.00	1.75	2.80
Wvoming	312.00	1.80	2.87
New York	313.00	1.81	2.88
Nevada	317.00	1.83	2.92
Missouri	325.00	1.88	2.99
Nebraska	330.00	1.91	3.02
New Jersey	347.00	2.01	3.18
Maine	349.00	2.01	3.19
Alaska	419.00	2.42	3.79

- 1/ Based on HEW data.
- 2/ Hourly earnings levels required to remove persons from welfare with consideration of WIN program incentives taken into account.

3/ Estimated average

Source: Reports on the Work Incentive Program D.O.C. & HEW, August 3, 1970, 91st Congress, 2nd Session

Average Hourly Earnings	Potential Outlay Savings
\$1.00	3.2%
1.60	9.9
2.00	14.4
2.50	18.7
3.00	18.7

These estimates assume an inordinately high labor force participation rate, zero percent unemployment among participants, and universal full-time full-year employment for those who work. To the extent that these assumptions are unrealistic, the potential AFDC outlay reduction is overstated. In any case the expected savings indicated by these preliminary estimates are not very great. The reasons for this are complex and need to be examined. After reviewing all of the relevant evidence on the expected labor force experience of AFDC women it will be possible to produce a more precise estimate of payroll savings.

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II. FACTORS AFFECTING EMPLOYMENT POTENTIAL AMONG WOMEN ON WELFARE

The inability of more women to move from welfare to self-support can be analyzed in terms of (1) role conflict (2) family need (3) "human capital" and (4) labor market environment characteristics. For any given individual, the interaction of these four types of characteristics determines the probability of self-support.

<u>Role Conflict</u> Women who head households are caught in the crossfire between two competing models of their role. Women in American society have been traditionally assigned the roles of childbearing, childrearing and housekeeping. The "maternal ethic" which developed stresses the nurturing and socialization of children as the primary responsibility of the woman in the family. Delinquency and childhood unhappiness, according to the "maternal ethic", derive from the mother who fails to provide her young children with proper attention, love, and guidance. Allegedly, the mother's place is in the home.

In contrast to the "maternal ethic", the work ethic places emphasis on the financial responsibility of the woman in the female headed household. If the father is absent from the family, the woman is supposed to find employment so as to maintain herself and her children. Presumably she is to fulfill the maternal role as well. Taken to the extreme, the work ethic reduces welfare to a temporary stop-gap measure used during a transitional period until self supporting employment is found.

Both the ''maternal ethic'' and the work ethic operate simultaneously. Together they influence the work-welfare choice of most women. Where the

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"maternal ethic" is dominant, there will be more pressure on a woman to resist full-time employment which keeps her from her children. Where the work ethic predominates, a welfare mother will be pressed to seek employment. Obviously within the whole AFDC population there exists a continuum. It runs from those who are most heavily influenced by the "maternal ethic" to those who feel they should bear the personal financial responsibility for the maintenance to their families. There will also be a large number of women who see regular employment as desirable even if not necessitated by financial pressure.

As more political sentiment is generated to encourage welfare mothers to enter the labor market, the conflict between the "maternal ethic" and the work ethic intensifies. But until satisfactory child care facilities are available, most women will find it highly objectionable to enter the labor force while their children are young and need intensive care. This inevitably reduces the labor force participation rate of welfare recipients.

<u>Family Need</u> The woman who must fulfill the roles of mother, "father", and family provider obviously requires some assistance. Full-time employment added to primary responsibility for the care of children and incapacitated family members imposes a difficult burden for the female head of the household. As long as there is inadequate provision for the care of the family, labor force participation will be low among family recipients. The relative strength of the maternal ethic defines the standard of "adequacy."

Day-care programs which fulfill no more than a "babysitting" function so as to permit mothers to work will normally be unsatisfactory to women with a strong maternal ethic. However if day-care is arranged from the perspective of providing therapeutic value, physical comfort, or cultural advantage to

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young or incapacitated family members, many welfare mothers may find employment practical.

<u>"Human Capital"</u> Whether a welfare mother will attempt to participate in the labor market depends in large measure on the strength of the maternal ethic and the adequacy of family care facilities. But the success of her participation in terms of employment and income is determined by other factors. The amount of "human capital" vested in an individual in the form of innate ability, education, training, and previous job experience is one of these factors.

To a limited extent, the supply of labor in the economy can be viewed as a long line or "queue" of people arranged so that the "brightest", most educated, best trained, and most experienced are at the head of the queue. As one moves down the queue one finds individuals with less and less "human capital." Presumably those near the front of the queue will be hired first when there are job openings. Only as more jobs become available will labor market participants near the end of the line find work. Consequently if welfare mothers have little education, few skills, and little job experience, their job search will be frustrated. If a job is found, it usually will pay minimal wages. In this case support levels remain high and little savings in welfare expenditures can be made.

The sparse evidence on the human capital characteristics of welfare recipients indicates that they have lower educational achievement than the average working woman in the economy, although they have a significant amount of job experience. In the 1967 and 1969 HEW studies, more than three-quarters of AFDC mothers had less than twelve years of schooling. The median number of years

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of education was **9**.8 in 1967 and 10.1 in 1969.¹⁵ In contrast nearly two-thirds of all fully employed women in 1967 had graduated from high school or gone on to college or beyond. Their median number of years of schooling was 12.3. ¹⁶

TABLE 2

Educational Achievement of AFDC Women and Full Employed Women in the U.S. Economy, 1967

Years of School	AFDC Women	Full-time Full-year Employed Women
0-11	78.6%	34.1%
12 13-15	2.6	10.9
16+	.1	10.4
Median number of years	9.8	12.3

Source: David B. Eppley, "The AFDC Family in the 1960's, <u>"Welfare Review</u>, Vol. 8, No. 5, p. 15. Special Tabulations from the Survey of Economic Opportunity.

Clearly on the basis of formal education the average welfare mother suffers a great disadvantage relative to the average working woman in the United States. If employers use years of schooling to screen potential employees, as many do, the average AFDC mother will be found far back in the hiring queue.

While relatively disadvantaged in terms of educational achievement, most welfare recipients have had some labor market experience. Only 24 percent of the women in the 1969 HEW study reported no previous work experience.¹⁷ Over three-quarters had worked at some time before going on welfare. Thirty-seven percent, or nearly half of these, had worked within the three year period preceding the study. Other evidence indicates considerable job experience as well.

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The Institute of Labor and Industrial Relations Research Division at the University of Michigan conducted interviews with nearly 1000 welfare recipients in the Detroit area in 1971. The interview schedule included a ten year labor force history for each respondent. Many welfare recipients were found to have had several jobs before applying for welfare. ¹⁸ During periods of low unemployment in the 1950's and 1960's, many current welfare recipients were apparently full-time employees. The overwhelming majority, however, were restricted to occupations and industries which paid low wages.

Unfortunately there is little data on other human capital characteristics of the welfare population. Other studies of human capital have shown, however, that such factors as training, health, geographical mobility, and specific job skills are correlated with data on education level and job experience. ¹⁹ Consequently the overall level of human capital of the welfare population is such as to place this group in a disadvantaged position in the hiring queue.

<u>The Labor Market Environment</u> The relative inadequacy of the average welfare recipient's human capital is an important factor affecting employment opportunity. But it is only one factor and others are important as well. If the average welfare recipient was a white male, for example, the employment problem would be greatly relieved even if the level of human capital in the welfare population remained unchanged. Over one-quarter (28%) of all fully employed white males in the labor force have no more education than the average woman on welfare. Yet in 1967 this group of men had average earnings of \$3.07 per hour.²⁰ (The average wage of white women with this education was <u>\$2.00</u> and of black women <u>\$1.49</u>) If current welfare recipients could obtain the jobs held by these men, all except those with very large families would be capable of

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self-support. The problem, of course, is that in many cases the jobs held by these men are not accessible to racial minorities or women, and that the supply of these jobs is limited.

In addition to human capital, racial and sexual discrimination and the overall level of the general economy determine how well individuals will do in the labor market. "Employability" is a function of all <u>three</u> factors. Discrimination and high levels of unemployment can make a well-educated and well-trained person "non-employable." In effect, human capital characteristics combined with racial and sexual discrimination determine where each person will be located in the hiring queue. The overall level of the economy then determines how far down in the queue hiring will proceed.

The role that discrimination plays in the employment and wage outcomes for welfare recipients may be extensive since the overwhelming proportion of the welfare population consists of women from racial minorities. In 1969, 82 percent of AFDC families were headed by women where no father was present. In another 10 percent of AFDC families, the father was present but incapacitated In addition, the AFDC caseload is distinctly non-white. Only 39 or unemployed. percent of the total caseload in 1969 was white while 46.2 percent was black, 7.9 percent Puerto Rican, 5.6 percent Mexican-American, and 1.3 percent American Indian.²¹ Even with adequate human capital and provision for family care, discrimination against non-white women significantly reduces the "employability" of the welfare population. The potential for securing well-paid steady employment is clearly eroded by discrimination and high levels of unemployment. In this way, the labor market environment, encompassing the structure of occupational and industrial employment opportunities, plays a key role in the success or failure of work incentive and work requirement programs.

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III. RESTUDYING ''EMPLOYABILITY''

Traditional research on the employability of welfare recipients has focused on the role conflict, family need, and human capital characteristics of mothers on public assistance. It was assumed that if role conflict could be minimized, day-care provided, and training offered, welfare recipients could move into the labor force with a good chance of finding satisfactory employment. This assumption has persisted because comparatively little attention has been devoted to the characteristics of the labor market which exacerbate the employment problems of the welfare client.

To remedy the void in earlier research requires an investigation of the social and economic barriers in the labor market which prevent a large number of workers from finding meaningful employment. This in turn requires a review of the traditional role of women and racial minorities in the labor force and the effect of minority status in the job market. Such an investigation begins with the premise that women on welfare can be considered a subset of all women (and racial minorities) in the economy. Understanding the experience of members of these groups who are already in the workforce provides one key to understanding the situation of welfare recipients in search of employment.

<u>Women in the Labor Force 1900-1970</u> Women in the labor market face two critical problems: inordinately high unemployment rates and relatively depressed wages. In August 1971, for example, the unemployment rate for males 25 years old or older was 3.6 percent; for women the comparable rate was 5.1 percent.²² This differential in employment opportunities is reflected in differentials in earnings as well. When white women do find full-time work their wage income is normally less than two-thirds that of white men. Black women fare

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much worse earning only half as much as their white male counterparts.²³ These large wage differentials cannot be explained by differences in education between the sexes.

In an in-depth study of low wage employment in the U.S., Bluestone, Murphy and Stevenson found that controlling for years of education does not affect the relative wage of white women and increases relative earnings of black female workers by only 7 percentage points.²⁴ On an annual basis, the differences are striking. While only 20 percent of all full-time year-round working men earn less than \$5,000 annually, a full 60 percent of similarly employed women earn below this standard and 20 percent earn below \$3,000.²⁵ Thus women, especially non-white women, face a much more difficult time finding employment; and once employed, they seldom earn enough to fully support a family.

What is most disturbing about this situation is that the position of women in the labor market has not improved over time. The relative position of women in the labor force--in terms of unemployment rates and wage levels-has actually deteriorated in recent years. This deterioration can be traced historically to the growing labor force participation of women and to the evolving stratification of the labor market. The historical trend means increased difficulty for welfare recipients who want to or who are forced to enter the labor market.

Labor Force Participation Among Women Since World War II participation in the labor market by women has grown rapidly. Between 1950 and 1960 the female labor force grew by over 26.4 percent while the male labor force grew by only 7.5 percent. In the following decade the number of women employed or seeking employment rose by 35.6 percent. Such large increases reflect not only

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a larger population, but also rapidly increasing labor force participation rates among women. While the actual participation rate of men was falling from 86.8 percent in 1950 to 80.6 in 1970, the rate for women rose rapidly from less than 34 percent to 43.4. In the 1960's the labor force participation rate of women rose by almost 15 points while the rate declined by 4 points for men.²⁶

The pattern of female labor force participation by age has change in recent years. Until 1950, the data show a tendency for labor force participation to reach a peak at age 25, and to decline thereafter. Since then, the 1950 and 1960 censuses show a pattern of two peaks, one around age 25, the other after a dip, at age 45-54. This trend can be analyzed as a change in the work patterns of married women.

Single women have always had the highest work rates and married women relatively much lower rates. The very lowest rates are for married women in their late twenties and early thirties, during the childbearing and childrearing years. Married women in their late thirties have begun to reenter the labor force after their children have entered school.

The increase in participation rates has occured mainly among white women. Black women have always had much higher participation rates. The labor force participation rate of black women was higher in 1950 than the overall female participation rate two decades later. For white females the rate has risen from 32.6 percent in 1950 to 42.6 percent in 1970; for black women the rate has risen modestly from 46.9 percent to 49.5.²⁷

Other things equal, such a large increase in the supply of labor would affect the average wage level for <u>all</u> workers, male and female alike. This would occur if men and women competed in the same labor market. But occupational and industrial segregation has insulated men from this increase in labor sup-

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ply. The rapid influx of women, particularly white women, into the labor force has been concentrated in in the traditional "female" sectors of the economy. The result has been a decline in the earnings of women relative to men. In 1955, the average full-time employed woman earned 61 percent as much as the average white male. By 1968, the percentage had fallen to 57 percent.²⁸ During this period the earnings ratio between white men and white women fell sharply from 64.37 percent to 58.64 percent while the ratio improved for black women. The relative gain for black women can probably be explained by their northern migration and by the slower growth in labor force participation among this group of workers. (See Table 3)

The rapidly growing female labor force also appears to have caused relative unemployment rates to deteriorate. Regardless of cyclical patterns due to the general level of the economy, relative unemployment rates for women in the latter part of the 1960's far exceed those for the late 1940's and 1950's. The <u>ratio</u> of female to male annual unemployment rates averaged 1.19 during the 1947-1962 period. Since that time the ratio has averaged 1.48. ²⁹ Women now have an unemployment rate which averages one and one-half times the rate for men. (See Table 4)

The differential in unemployment rates, like the differential in earnings, stems in large part from the occupational and industrial segregation of men and women. Men have readier access to the occupations and industries which promise greater employment security. Women are placed further back in the hiring queue and when they are hired more often find themselves in industries with high layoff rates.

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Median Wage or Salary Income 1955-1968 of Year-Round Full-Time Workers 14 Years Old and Over, by Sex and Race

Year	White Male	White Female	Non-White Female	Female as a % of White Male	White Female as % of White Male	Non-White Female as <u>% of</u> White Male
1955	4,458	2,870	1,637	60.78%	64.37	36.72
1956	4,710	2,958	1,637	59.15	62.80	34.75
1957	4,950	3,107	1,866	59.50	62.76	37.69
1958	5,186	3,225	1,988	61.90	65.15	40.16
1959	5,456	3,306	2,196	57.94	60.59	40.24
1960	5,662	3,410	2,372	57.84	60.22	41.89
1961	5,880	3,480	2,325	56.63	59.18	39.54
1962	6,025	3,601	2,278	56.91	59.76	37.80
1963	6,277	3,723	2,368	56.50	59.31	37.72
1964	6,497	3,859	2,674	57.02	59.39	41.15
1965	6,814	3,960	2,731	55.73	58.11	39.81
1966	7,164	4,152	2,949	55.77	57.95	41.16
1967	7,512	4,394	3,363	56.71	58.49	44.76
1968	8,014	4,700	3,677	56.98	58.64	45.88

Computed from CPR-Consumer Income Series, p. 60, No. 69, April 6, 1970, Table A-8, p.86.

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Male	Female	Female / Male Ratio	
4.0	3.7	.84	
3.6	4.1	1.14	
5.9	6.0	1.02	
5.1	5.7	1.12	
2.8	4.4	1.57	
2.8	3.6	1.29	
2.8	3.3	1.18	
5.3	6.0	1.13	
4.2	4.9	1.17	
3.8	4.8	1.26	
4.1	4.7	1.15	
6.8	6.8	1.00	
5.3	5.9	1.11	
5.4	5.9	1.09	
6.4	7.2	1.13	
5.2	6.2	1.19	
5.2	6.5	1.25	
4.6	6.2	1.35	
4.0	5.5	1.38	
3.2	4.8	1.50	
3.1	5.2	1.68	
2.9	4.8	1.66	
2.8	4.7	1.68	
4.4	5.9	1.34	
	Male 4.0 3.6 5.9 5.1 2.8 2.8 2.8 2.8 5.3 4.2 3.8 4.1 6.8 5.3 5.4 6.4 5.2 5.2 4.6 4.0 3.2 3.1 2.9 2.8 4.4	MaleFemale 4.0 3.7 3.6 4.1 5.9 6.0 5.1 5.7 2.8 4.4 2.8 3.6 2.8 3.3 5.3 6.0 4.2 4.9 3.8 4.8 4.1 4.7 6.8 6.8 5.3 5.9 5.4 5.9 6.4 7.2 5.2 6.2 5.2 6.5 4.6 6.2 4.0 5.5 3.2 4.8 3.1 5.2 2.9 4.8 2.8 4.7 4.4 5.9	MaleFemaleFemale / Male Ratio4.03.7.843.64.11.145.96.01.025.15.71.122.84.41.572.83.61.292.83.31.185.36.01.134.24.91.173.84.81.264.14.71.156.86.81.005.35.91.115.45.91.096.47.21.135.26.21.195.26.51.254.66.21.354.05.51.383.24.81.503.15.21.682.94.81.662.84.71.684.45.91.34

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Unemployment Rates for Males and Females 1947-1970

Computed from Table A-13, p.220.

<u>Stratification in the Labor Force</u> Given the occupational and industrial structure of the economy, the recent growth in the female labor force is one important explanatory factor in the relative decline in female earnings and the relative increase in unemployment. But the fact remains that historically women have always played a crucial, but economically unrewarding, role in the economy. The traditional woman's "role" has contributed directly to the present welfare crisis. There are a number of ways this role is perpetuated.

In the nineteenth century, and in the early twentieth century, the number of occupations open to women was relatively small. Of these, relatively few were in nonmanual trades. The combination of the characteristics of cheapness and availability "has usually been fairly typical of female labor in the United States, and has promoted the use of women in many jobs." ³⁰ Employers had little incentive to switch to male labor, and men had little incentive to learn these trades. Moreover, it was commonly felt that a woman's income need not be as high as a man's for it normally acted as a supplement to the main income in the household. In some industries, immigrant labor competed with women as a source of cheap available labor.

The factor which determined the general use of female labor in certain jobs, however, was not often just its cheapness, but cheapness in combination with certain human capital characteristics. The demand for workers with a fairly high level of general education plus some special skills has grown continuously. There has been a chronic shortage of "middle quality labor", for this kind of work, immigration alone never provided an adequate source of supply. As a result as Oppenheimer notes: ³¹

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In such a situation, it is bound to be true that some occupations - secretarial work, for example - are less successful than others in competing for middle-quality labor. It is the occupations in a poorer position to compete for such labor that tend to utilize female labor. Once recourse has been made to female labor to provide quality labor at a low price, employers tend to get used to relatively well-educated workers . . . who have been working for much less than men who have received a comparable education. To substitute men to any considerable extent would require either a rise in the price paid for labor or a decline in the quality of labor, or both."

Women are stratified into a limited set of occupations and industries for other reasons than simple cheapness and availability. Some industries employ women because they require attributes which are believed to be sex-linked. The electronics industry, for example, hires women for assembly line work because women are believed to be dexterous and patient. Women are excluded from other jobs because they are believed to be incapable of performing them due to lack of physical strength.

In the past, women tended to enter and leave the labor force intermittently in order to care for their children. Consequently employers were discouraged from hiring women for jobs requiring specific on-the-job training where the costs of training were borne by the employer. This practice has continued to the present, reinforcing today's sex pattern in employment although female quit rates are declining.³² Men gain access to occupations which require a significant amount of employer paid-on-the-job training while women are confined to occupations which demand a good deal of socially obtained general education but little specific job training.

The fact that a job is traditionally a "woman's job" will tend to keep it so. When a vacancy appears in a "woman's job" it is likely to be filled by a

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woman and the same applies to a "man's job". Tradition operates to deter women from applying for jobs normally filled by men, and discourages or prevents them from acquiring the training necessary for such jobs. In the same way sex-linked and race-linked heirarchical patterns persist. The belief that men will not work under female supervisors tends to cause supervisory and executive jobs to be reserved for men, though this belief has never been tested effectively.

Finally, because women are secondary breadwinners in many households, they are believed to be less motivated workers. It is supposed that the commitment of a woman to work and a career is weakened by the social expectation that the husband and not the wife is the main support of the family. This belief is used to justify discrimination against all women workers including those who are primary breadwinners and those whose families need a second income to survive. The result, once again, is occupational stratification, persistent wage differentials, and unequal employment opportunity.

The racial and sexual stratification of the labor force depends on the preferences and prejudices of employers. But the system is fostered by social and cultural institutions. Non-whites and to some extent women are excluded from more technical higher-paying occupations through continued systematic underinvestment in their human capital. Education and health care expenditures on racial minorities fail to provide equal employment opportunity. The woman's inferior status in the job market is reinforced by the prevailing ideology which minimizes the role of productive employment in women's lives. While the strength of the ideology is breaking down, it continues to limit the occupational decisions of many women and affect the hiring decisions of many employers.

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The "Crowding Hypothesis" In a simple hypothetical economy, all workers would compete with one another in a single labor market for the available supply of jobs. All firms would compete with each other for employees. Workers would be free to move between jobs and would move where differential rewards made it worthwhile to do so. The movement of a number of workers would make rewards rise in the jobs they left as employers competed for more labor to fill their places, and fall in the ones they moved to as the supply of labor in the new location increased. Theoretically, the end result would be equal monetary and psychic remuneration in all jobs. Such a theory, of course, makes endless unrealistic assumptions: for instance, a homogenous labor force, perfect mobility, and perfect information flows. In practice the labor market process is much more complex and the result much less equitable.

Labor is not homogeneous. Each worker has a slightly different set of abilities and qualifications. Differences in human capital are often considered the major factor responsible for the "segmentation"^{*} of labor markets and unequal earnings. The distribution of earnings should theoretically reflect the distribution of "productivities" which should in turn reflect the distribution of abilities. Theoretically the highly skilled would be segregated from the less skilled; little competition would exist between groups of unequally endowed workers; and wage differences would therefore persist.

But differences in human capital endowments alone cannot explain the massive differentials found in the earnings distribution. Imperfect labor market information, and more importantly, barriers to occupational and industrial mobility, account for a large part of the variance in wage rates. These barriers

^{*}Labor market segmentation: this occurs when people do not have equal access to employment opportunities, given equal abilities. Instead they are segregated into many smaller separate labor markets.

take a number of forms. For an industry or individual firm, mobility is restricted through hiring and on-the-job racial and sexual discrimination, through trade union barriers to occupational entry, and often through the use of non-work related "credentials" as a pure rationing device. For the economy as a whole, mobility is limited by the high cost of geographic relocation, by the personal risk attached to leaving a secure job for another, through high levels of aggregate unemployment, and through institutionalized racism and sexism.

Industrial and social barriers to mobility serve to fragment the labor market into many non-competing sectors. Taken together these barriers will often mean that the particular labor market in which a woman is allowed to enter will include only a limited number of jobs. The same holds true for racial minorities. The "crowding" of economic minorities into a relatively small number of occupations and industries depresses minority wage rates. "Crowding" occurs when a particular group of workers, endowed with the same human capital as another, is forbidden from participating in all of the labor markets available to the privileged group. In the segment limited to the privileged group, wages will be relatively higher precisely because of the restricted supply of labor. Consequently an earning gap between the privileged group and the economic minority will be created. Human capital differences play some role in differential earnings, but barriers to industrial and occupational mobility resulting in crowding are often more critical.

The Industry Distribution of Women Women are concentrated in a small number of labor markets and within these markets concentrated in a very limited number of industries. Over one-third (35.6%) of all white women are found in

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just three industry groupings: non-durable manufacturing, retail trade, and personal service. For black women the concentration is much greater with over half (53%) in these three industries. In contrast only 25 percent of all white male workers are found here.³³

Within the retail trade sector the proportion of female employment varies greatly. Eighty-seven percent of total employment in limited price variety stores is made up of women, as well as 69 percent in apparel and accessory stores. Ironically there are few saleswomen in household furniture and appliances, and of course very few in automobile dealerships. Women constitute 28.7 percent of total employment in the former and only 10.5 percent in the latter.³⁴ Women comprise over 92 percent of the staff in private hospitals and 59 percent of all employees in elementary and secondary schools. Yet woman make up only 41 percent of total employment in colleges and universities.

Women are unequally distributed in the manufacturing sector as well. Over fifty-seven percent of all women in manufacturing are found in nondurable goods producing firms, although nondurables account for only 41 percent of all employment in manufacturing.³⁵ Although they comprise only 28 percent of total manufacturing employment, women make up much larger proportions in a number of specific industries: 90.8 percent in men's and boy's shirts; 87.9 percent in work clothing; 76.9 percent in women's hosiery; 77.3 percent in children's hosiery; and 58.7 percent in footwear.³⁶ Forty-five percent of the total American workforce in textile mill products and 80 percent in apparel and related products are women.³⁷ On the other hand women constitute less than 10 percent of employees in the petroleum refining, primary metal, and lumber industries.³⁸

The concentration of women in a few industries is responsible for making these the lowest wage industries in the nation. In 1966 over 80 percent of the

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	Number in	Pe distrib	ercent	As p total	ercent of employed	Percent increase
Industry	1968	1968	1960	1968	1960	1960-68
Total	5,356,000	100.0	100.0	27.5	25.7	23.5
Nond	urable Goods					
Subtotal	3,074,000	57.4	61.1	38.4	36.6	16.0
Apparel and related products	1,123,100	21.0	22.1	80.1	78.6	17.0
Textile mill products	441,100	8.2	9.4	45.2	43.4	8.5
Food and kindred products	415,800	7.8	9.1	25.8	23.1	5.1
Printing, publishing, allied in-						
dustries	327,000	6.1	5.9	30.9	28.0	28.8
Chemicals, allied products	204,300	3.8	3.5	20.0	18.2	34.1
Leather, leather products	197,800	3.7	4.3	56.0	51.8	6.9
Rubber, miscellaneous plastic						-0.1
products	170,100	3.2	2.5	31.1	23.3	58.4
Paper, allied products	147,200	2.7	3.0	21.4	21.7	213.2
Tobacco manufactures	30,900	•6	1.0	43.1	50.1	26.3
Petroleum refining and related		_	,		0	2
products	16,500	•3	•4	9.0	8.2	5.2
D	urable Goods					
Subtotal	2,282,000	42.6	38.9	19.8	17.6	35.3
Electrical equipment, supplies	756,700	14.1	12.2	39.0	36.3	42.5
Machinery (except electrical)	284,500	5.3	4.6	14.5	13.1	42.9
Fabricated metal products	241,700	4.5	4.4	17.7	16.6	27.6
Transportation equipment	221,900	4.1	4.1	10.9	11.0	25.9
Instruments, related products	157,800	2.9	2.8	35.4	33.5	31.8
Furniture, fixtures	103,800	1.9	1.5	22.4	17.1	56.6
Stone, clay, glass products	101,200	1.9	2.1	15.9	15.3	9.4
Primary metal industries	87,800	1.6	1.8	6.6	5.9	15.4
Ordnance, accessories	86,400	1.6	.9	25.7	19.0	111.2
Lumber, wood products (except						
furniture)	57,700	1.1	1.0	9.8	7.0	32.3
Miscellaneous manufacturing						
industries	182,600	3.4	3.5	43.5	39.4	19.9

Women in Manufacturing Industries, 1960 and 1968

1 Data are for April of each year.

 $^{\rm 2}$ A decrease instead of an increase.

Source: <u>1969 Handbook on Women Workers</u>, Womens Bureau Bulletin 294 U.S. Department of Labor p. 114 women in laundry and cleaning services earned less than the prevailing national minimum wage. In the same year almost half (49.2%) of the women employed in hospitals earned below the minimum wage.³⁹ Data for 1964 and 1965 indicate similar figures for other industries with mostly female workforces. These include: 40

Industry	%Female Employment	<u>% below \$1.60/hr</u> .
Children's Hosiery Mills	77.3%	73.0%
Men's and boy's shirts	90.8	73.2
Men's hosiery mills	71.8	77.7
Cigar Manufacturing	75.8	47.3
Footwear	58.7	61.4
Limited price variety stores	87.2	90.5
Eating and Drinking places	57.8	90.2
Apparel and accessory stores	69.0	68.3

More recent statistics confirm the very low wage levels paid in industries with female labor forces.⁴¹

Prevailing	Average	Hourly	/ Earnings	bv	Industry.	Julv	1971
				- /			

Cigar Manufacturing	\$2 .3 1
Hosiery Mills	2.23
Knit Underwear Mills	2.32
Yarn & Thread Mills	2.39
Men's and boy's shirts	2.12
Work Clothing	2.09
Footwear	2.51
Variety stores	2.02
Apparel & Accessory stores	2.37

Many of these industrial sectors pay low wages because of the nature of their product markets. High competition in retail trade and nondurable manufactured goods reduces both profit rates and wages. The absence or weakness of trade unions further reduces the potential for higher wages. But the critical factor accounting for low wages in these industries is the "crowding" of women, particularly women from racial minorities, into these sectors by excluding them from entry into others.

<u>The Occupational Distribution of Women</u> The crowding of women and racial minorities into a small set of low-paying industries is one factor accounting for the economic plight of these groups. An even more important factor is the "crowding" of this large group into a small set of occupations. The occupational distribution for both white and black women is skewed even more sharply than their industrial distribution. In 1969 half of all working women were employed in just 21 of the nearly 300 occupations listed by the Bureau of the Census. (About 25 percent of all employed women are in one of five occupations: secretary-stenographer, household worker, bookkeeper, elementary school teacher, and waitress.) In contrast, men were distributed more broadly. Half of all men are found among the top 65 occupations.⁴²

Tables 6 and 7 indicate the U.S. occupation distribution by race and sex across education levels. The "Index of Occupational Representation" is the percent of employment for a particular race-sex group in a particular occupation relative to the employment proportion for all groups in that occupation. To the extent that the index is less than one, a group is underrepresented in a particular occupation relative to other groups in the workforce. To the extent that the index is greater than one, a particular race-sex group is overrepresented.

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Occupations	Total Employment	White Males	Black Males	White Females	Black Females
Professional, Technical & Kindred	14.34%	15.61%	4.31%	14.47%	10.17%
Farm & Farm Managers	.08	.12	.03	0.00	0.00
Managers, Officials & Proprietors	10.13	13.45	1.84	5.66	1.07
Clerical & Kindred	18.08	8.51	9.78	41.95	16.38
Salesworkers	5.19	5.96	.88	4.97	1.28
Craftsmen, Foremen & Kindred	16.56	24.35	14.19	1.31	1.76
Operatives & Kindred	21.86	21.84	31.19	19.62	18.15
Private Household	1.40	0.00	.06	1.71	20.88
Other Service Workers	7.92	5.51	14.92	9.83	29.45
Farm Laborers & Foremen	.89	1.07	4.38	0.00	.10
Other Laborers	3.51	3.53	18.37	.43	.69
TOTAL	100.0%	100.0%	100.0%	<u>100.0%</u>	100.0%

Occupational Distribution and Education Level, For Total Employment and For Race-Sex Groups

Source: Special tabulations from the <u>Survey of Economic Opportunity</u> 1967

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"Index of Occupational Representation" and Education Level for Race-Sex Groups

	Occupational		White Males	Black Males	White Females	Black Females	Relative Dominant Groups
	Professional, Technical & Kindred	, I	1.09	. 30	1.01	. 71	Whites
	Farm & Farm Managers		1.50	. 38	.00	.00	White Males
	Managers, Officials & Proprietors	;	1.33	.18	. 56	.11	White Males
,1 	Clerical & Kindred		.47	. 54	2.32	.91	White Females
ហី	Salesworkers		1.15	.17	.96	.25	Whites
	Craftsmen, Foremen & Kindred		1.47	.86	.08	.11	White Males
	Operatives & Kindred		1.00	1.43	.90	.83	Black Males
	Private Household		.00	.04	1.22	14.91	Black Females
	Other Service Workers		. 70	1.88	1.24	3.72	Blacks
	Farm Laborers & Foremen		1.20	4.92	0.00	.01	Black Males
	Other Laborers		1.01	5.23	.12	.20	Black Males
		TOTAL	1.00	1.00	1.00	1.00	

"Index of Occupational Representation" All Levels of Education

Source: Special tabulations from the Survey of Economic Opportunity 1967

Clearly white females are disproportionately concentrated in clerical occupations. Of all full-time working women in 1967 more than 2 out of 5 were found in such jobs. Few women are found in management positions and even fewer are found in the crafts. For black women, the occupational distribution is even more skewed. Over one-half of all working black women are found in personal service and of these two of five work as domestics. Only one percent are found as managers, officials, or proprietors and not many more as either salesworkers or craftsmen. Black women are underrepresented in every occupation but two. In these two, private household employment and general service, black females are grossly overrepresented.

These results are not markedly altered by controlling for years of schooling. Tables 8 and 9 repeat the above analysis for workers with less than 12 years of schooling and workers with a high school degree. White females continue to be concentrated in clerical occupations and low-wage saleswork. Black women continue to be the primary labor force in personal services.

Through systematic exclusion from most occupations and industries, black women have been crowded into service positions. Crowding has forced the earnings of black women down to the point where in 1967 the average wage for <u>all</u> fully employed black females was only \$1.75 per hour, only fifteen cents an hour more than the national minimum wage. Over 77 percent of all black females earned \$2.25 or less. For white males the average wage rate was \$3.48 and only 21.1 percent earned less than \$2.25. ⁴³ (See Table 10)

<u>Wage Rates, Education, and Training</u> Differences in average wage rates between race-sex groups reflect both labor market stratification <u>and</u> differences in human capital. If one were to control for differences in the latter (as measured by education and specific vocational skills), to what extent would

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''Index of Occupational Representation'' and Education Level for Race-Sex Groups (continued)

<u>"Index of</u>	Occupational	Represe	ntation"	0-11 Years o	<u>f Education</u>
Occupations	White Males	Black Males	White Females	Black Females	Relative Dominant Groups
Professional, Technical & Kindred	1.29%	.41%	.68%	.46%	White Males
Farm & Farm Managers	1.60	.40	0.00	0.00	White Males
Managers, Officials & Proprietors	1.27	.18	.98	.14	White
Clerical & Kindred	.69	.65	2.21	•54	White Females
Salesworkers	.92	.18	1.92	.18	White Females
Craftsmen, Foremen & Kindred	1.49	.71	.11	.06	White Males
Operatives & Kindred	.98	.92	1.23	.62	All but Black Females
Private Household	.00	.03	1.45	10.79	Black Females
Other Service Workers	.62	1.33	1.62	3.08	Black Females
Farm Laborers & Foreman	1.16	3.28	.00	.10	Black Males
Other Laborers	1.01	3.62	.11	.19	Black Males
TOTAL	1.00	1.00	1.00	1.00	
Source: Special Tabulations from	the <u>Survey</u> o	f Econom	nic Opportu	unity 1967	

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"Index of Occupational Representation" and Education Level for Race-Sex Groups

	Occupations	White Males	Black Males	White Females	Black Females	Relative Dominant Groups
	Professional, Technical & Kindred	1.16	.48	.85	.48	Whites
	Farm & Farm Managers	2.00	.00	.00	.00	White Males
	Managers, Officials & Proprietors	1.36	.20	.54	.08	White Males
	Clerical & Kindred	.41	. 55	2.07	1.09	White Females
	Salesworkers	1.12	.18	•92	.37	Whites
,I	Craftsmen, Foremen & Kindred	1.59	.73	.06	.19	White Males
38	Operatives & Kindred	1.15	1.84	.64	1.04	Black Males
	Private Household	.00	.00	1.17	17.64	Black Females
	Other Service Workers	.84	2.20	.97	4.12	Black Females
	Farm Laborers & Foremen	1.67	1.87	.00	.00	Males
	Other Laborers	1.11	5.40	.18	.07	Black Males
	TOTAL	1.00	1.00	1.00	1.00	
	Source: Special tabulations from	the Survey	of Econom	ic Opportuni	ty 1967	

"Index of Occupational Representation" 12 Years of Education

	Full-time	Full-year Workers, by Race and Sex,	1967
		Average Wage	% \$2.25 or below
White Male	es	\$3.48	21.2%
Black Male	es	2.33	51.3
White Fema	ales	2.24	58.8
Black Fema	ales	1.75	77.0

Average Wage Rates and Percent at \$2.25 or Below for Full-time Full-year Workers, by Race and Sex, 1967

Source: Special Tabulations from the Survey of Economic Opportunity 1967

A crude adjustment of these figures to account for the general rise in earnings between 1967 and August 1971 yields current average wage rates for each racesex group.

White	Males	\$4.47
Black	Males	2 .99
White	Females	2.88
Black	Females	2.24

Occupational Categories Based on GED and SVP Scores

Occupational Categories	Types of Workers
1-3	laborers, unskilled workers, menial service personnel
4-5	operatives, semi-skilled workers, semi-skilled clerical workers, semi- skilled personnel
6-9	skilled operatives, semi-skilled craftsmen
10-14	technicans, skilled craftsmen, skilled clerical personnel, foremen
15-17	professionals, high-level technicans, managers, officials

Source: Special Tabulations from the Survey of Economic Opportunity 1967

large wage differentials still prevail between groups of workers? In this section, data is analysed to answer this question. 44

The total labor force can be divided according to a measure of general educational development (GED) and specific vocational preparation (SVP). Both GED and SVP "scores" have been prepared for every specific occupation in the United States.⁴⁵ The GED score measures the general level of intellectual abilities required to perform a given job with average proficiency while the SVP score indicates how much specific training time is required for the job.

By carefully aggregating on the basis of GED and SVP scores the complete set of Census occupations was grouped into 17 categories. Occupation levels 1-3 represent jobs which require similar low levels of general educational and rising levels of specific vocational preparation. Occupation levels 4-9 are similarly arranged, all of them with rising SVP and the same but higher level of GED than for levels 1-3. Occupation levels 10-14 and 15-17 were similarly developed. Combining this classification of occupations with data from the 1967 <u>Survey of Economic Opportunity</u> allows the comparison of wage rates, educational achievement, and specific training between groups of workers.⁴⁶

Drawing on the 1967 data for full-time full-year workers, average wage rates and average years of schooling were calculated for each occupational level. Using the white male averages as base levels, percentage wage and schooling differentials were calculated for black males and white and black females. For example, white females in occupation level 1 had completed on average 2.35 percent less schooling than white males employed in jobs at the same occupational level. Yet this group of women were paid 28.57 percent less than their white male counterparts. (See Table 12)

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Education and Earnings by Occupation Category

Occupation Category	Bl Educatio	ack Males <u>n Wage</u>	Black Education	Females Wage	White Education	Females Wage
01	-19.56%	-16.11%	-10.84%	-53.51%	-2.35%	-28.57%
02	- 9.68	-19.70	- 4.94	-39.54	-4.84	-32.32
03	-30.31	-55.61	-	-	+8.25	-17.58
04	-	-	-37.83	-82.13	-14.42	-83.16
05	-10.34	-14.71	+5.22	-32.29	+2.71	-27.27
06	-5.23	-21.58	+9.04	-36.44	-3.01	-35.74
07	-7.67	-9.78	+15.54	+42.06	+12.88	-30.97
08	-13.99	-10.37	-19.66	-22.69	-7.84	-28.53
09	-7.68	-20.63	+ 5.32	-46.56	+16.68	-52.19
10	-2.39	-7.28	+1.24	-23.11	-2.64	-28.18
11	-16.11	-36.91	-1.89	-41.93	-4.77	-40.75
12	-10.59	-22.74	-12.33	-47.49	+10.04	-24.75
13	-15.36	-25.93	-3.77	-42.06	+4.14	-34.57
14	-8.61	-30.83	-	_ 1	+6.48	-58.27
15 15	+0.78	-9.53	+11.89	-14.30	+6.91	-22.83
16	-0.27	-21.93	+4.97	-35.56	-3.34	-35.77
17	-10.94	-22.71	-20.00	-28.39	-10.65	-17.64
1-17	-20.81%	-30.33%	-10.01%	-48.04%	+1.58%	-33.33%

(Base = White Male Rates)

Source: Special tabulations from the Survey of Economic Opportunity 1967

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Black males at every occupational level (with the minor exception of group 15) have slightly less education than similarly situated white males. Wage differentials are larger. For all groups combined (1-17), black men averaged 21 percent less education than white men but 30 percent lower earnings.

For women the data are more striking. In eight of seventeen occupation levels, white women have more education than white men (1.58%). Yet in <u>every</u> <u>single</u> occupation group, white women have significantly lower earnings than white men in jobs with similar GED and SVP scores. In several occupation categories white women earn less than 50 percent of the prevailing wage for white men performing similarly skilled tasks. For black women, the picture is equally disturbing. In seven occupation groups black females have more education than white men. Controlling for occupation level black women earn more than 75 percent of white male earnings in only two groups. Aggregating over all groups, they have 10 percent less education than white males, but earn only half as much.

The lower wages of women within occupation groups can be attributed to either pure wage discrimination or to job stratification within each group. In fact both factors are operating. Often women performing the same specific tasks as men will be paid less. More important, however, is the limited choice of specific occupations in each occupation category. In practically every occupation group, women are found in a smaller number of specific occupations than white men. For example, in occupational group 1, white men are found in 12 of the 17 specific occupations found in this group. White women are found in only 9 and black women in 10. Thus in this group white women are in only three-quarters or 75 percent of the specific occupations in which white men are found.

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Table 13 yields a strong indication of occupational "crowding." Women are funneled into a small subset of occupations. In only one occupation group (Group 4) are white women represented in as many specific occupations as white men. In 7 of the 17 occupation groups white women are found in fewer than half of the specific occupations available to white males. Across all occupations white women are found in only 49 percent as many specific occupations as their white male counterparts. For black women "crowding" is even more severe with 9 occupation groups having 50 percent or less representation relative to the base line group.

Within General Educational Development groups (1-3, 4-9, 10-14, and 15-17) there is more evidence pertaining to the reasons behind the low average wages of women. With few exceptions, the occupational representation of white and black women in each GED group declines sharply as specific vocational preparation increases. A good example is found for white women in groups 10-14. Each of these categories has a similar GED score. But group 11 has a higher SVP score than 10 and so forth. In group 10 there are a total of four specific occupations. White women are found in three or 75 percent of them. In group 11 white women are found in only 71 percent of the specific occupations; in group 12 only 50 percent; in group 13 only 27 percent; and finally in group 14 only 20 percent. As the specific vocational skill requirement of an occupation group increases the representation of women declines. Women are segregated into a smaller set of specific occupations than white men; the higher the skill level the smaller the set of jobs open to them. Thus even high skilled women earn low wages because most high skilled women seeking work are funneled into a very small subset of skilled occupations. Low earnings in nursing, teaching, and other female dominated professions are due to crowding. This is generally

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Occupation Category	Number of specific Job	White Males <u>% %of WM</u>		Blac Male <u>%</u>	k s <u>%</u> of WM	Whit Fema <u>%</u>	e les <u>%of WM</u>	Blac Fema <u>%</u>	Black Females <u>%</u> %ofWM	
01	17	.71	1.00	. 82	1.15	.53	• 75	.59	.83	
02	14	. 93	1.00	1.00	1.08	.64	.69	.43	.46	
03	2	1.00	1.00	1.00	1.00	.50	.50	.00	.00	
04	2	.50	1.00	.00	.00	. 50	1.00	.00	.00	
05	18	.94	1.00	.78	.83	.61	.65	. 56	.60	
06	16	1.00	1.00	. 94	. 94	.50	.50	.50	.50	
07	18	. 72	1.00	.67	. 93	.44	.61	.44	.61	
08	13	1.00	1.00	.77	•77	. 31	.31	.23	.23	
09	11	.91	1.00	.91	1.00	.27	.30	.09	.10	
10	4	1.00	1.00	.75	.75	• 75	.75	1.00	1.00	
11	7	1.00	1.00	.86	.86	.71	.71	.71	.71	
12	16	.88	1.00	.56	.64	. 50	.57	.50	.57	
13	41	. 95	1.00	.66	.69	.27	.28	.20	.21	
14	5	1.00	1.00	1.00	1.00	. 20	.20	1.00	1.00	
15	29	1.00	1.00	. 59	.59	.62	.62	.41	.41	
16	16	1.00	1.00	.81	.81	.75	.75	.44	.44	
17	33	1.00	1.00	.21	.21	.24	.24	.09	.09	
1-17	262	.93	1.00	<i>.</i> 68	.73	.46	.49	.38	.41	

Occupational Concentration by Occupation Category

Source: Special tabulations from the Survey of Economic Opportunity 1967

true throughout the whole occupational spectrum.

All of this evidence leads to two major conclusions. First, that the differences in human capital as measured by education and specific vocational preparation cannot explain the low earnings of most women in the economy. Second, the critical factor explaining the low earnings appears to be the occupational and industrial crowding of women into a relatively small set of specific occupations. The higher the skill level of a woman, given her educational level, the smaller the subset of occupations open to her relative to the set available to men. Women with high levels of education and ability are barred from most occupations which require a high degree of on-the-job skill. They are segregated into less skilled occupations paying low wages and crowded into a small number of skilled occupations which have been sex-typed. In both cases the result is similar: lower earnings compared with those of white males in the workforce. The occupations left for less skilled women pay the lowest wages in the nation.

IV. THE POTENTIAL EARNINGS OF WELFARE RECIPIENTS AND POTENTIAL WELFARE PAYROLL SAVINGS

The foregoing employment and earnings data strongly indicate that the average AFDC mother faces major difficulties in becoming self-supporting. This is true whether she seeks employment voluntarily or is forced to through new welfare legislation. The wage rate which can be expected for the average welfare mother can be estimated by using data from the special tabulations of the 1967 <u>Survey of Economic Opportunity</u> and applying the previously used adjustment factor to update to August 1971. ⁴⁷

Table 14 gives the mean wage prevailing for full-time full-year white and black female workers with specific schooling.

TABLE 14

Average Wage Rates for Women, by Race and Education Level

	White	e Women	Black Women				
Completed	1967	1971(est.)	1967	1971(est.)			
0-5	\$1.45	\$1.86	\$.69	\$.89			
6-8	1.71	2.19	1.24	1.59			
9-11	2.01	2.58	1.42	1.82			

Source: Special Tabulations from the Survey of Economic Opportunity 1967

Approximately 60 percent of the AFDC caseload is non-white. Assuming that Puerto Ricans and Mexican-Americans have similar labor market experiences as Blacks, and assuming average schooling of 10 years, the weighted average expected 1971 wage rate for welfare recipients who gain full-time full-year jobs is \$2.12. This is the equivalent of \$4,240 a year or \$353 per month.

Using this wage estimate combined with other labor market information developed in previous sections, potential payroll savings from programs aimed at increasing the work effort of welfare recipients can be estimated. Numerous estimates have been prepared so as to cover a broad range of economic possibilities. To prepare these estimates the following assumptions have been made:

- (1) The potential average wage rate for welfare recipients entering the work force in 1971 is \$2.12/hour.
- (2) The 13.3 percent of the welfare population already working will not increase their degree of self-support and therefore will not result in any further savings in payroll.
- (3) The average welfare payment is \$185.40/month
- (4) The 1967 WIN income disregard provisions are in effect:
 \$30 initial income disregard; 67 percent marginal tax rate on earned income; \$60 per month deduction for work expenses.
- (5) The crowding effect is not exacerbated by the introduction of AFDC mothers into the labor force.

Payroll savings estimates are based on four hypothesized labor force par-

ticipation rates; four unemployment rates, and four hypotheses about the proportion of new workers finding full-time vs. half-time employment.

- (1) The four labor force participation rates for which estimates have been prepared include two low rates (20% and 25%). These assume that the day-care provided welfare families is not sufficient to reduce the role conflict felt by many welfare mothers and that present training programs are not overhauled and improved. The 32 percent rate is based on adequate day-care provision and extensive improvements in training programs. The 40 percent labor force participation rate assumes not only vast improvements in day-care and training, but in addition a massive increase in the supply of jobs available to women.
- (2) The posited unemployment rates include an unrealistic low estimate (0 percent) and a realistic high estimate (10 percent). The two intermediate rates are based on actual 1971 unemployment rates for women. The 5.1 percent rate is the unemployment

rate for all women 25 years of age or older. The 7.2 percent rate is the female unemployment rate adjusted for the racial composition of the welfare population. Neither is adjusted for the skill level of the welfare population.

(3) It is highly unlikely that all women who enter the labor force and find jobs will work full-time all through the year. To account for this, four combinations of full-time and half-time jobs have been hypothesized. The combinations refer to what proportion of welfare recipients have fulltime jobs (40 hours/week; 50 weeks/year).

Table 15 presents these estimates of payroll savings. ⁴⁸ The two most important factors, given an average wage of \$2.12 are the labor force participation rate and the proportion of welfare clients finding full-time rather than part-time employment. The level of unemployment facing welfare recipients who seek jobs plays a relatively minor role in terms of potential payroll savings, as long as this rate is similar to the overall rate for all women in the economy. Of course, if the employment experience faced by the original WIN trainees is repeated in the future with unemployment rates as high as 80 percent, work incentives and work requirements will yield practically no payroll savings whatsoever.

The potential payroll savings range from a low of 2.2 percent assuming a 20 percent labor force participation rate, a 10 percent unemployment rate, and only one-quarter of all job placements in full-time jobs to a high of 22.6 percent assuming a 40 percent participation rate, zero unemployment, and fulltime placements for all those who enter the workforce. Both extremes seem to be unrealistic.

The best estimate for potential savings based on what is known about the characteristics of the welfare caseload and the present day state of labor mar-kets lies somewhere between these two estimates. Assuming that satisfactory

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Potential AFDC Payroll Savings Assuming Various Labor Force Participation Rates, Unemployment Rates, and Full-time/Part-time Employment Average Wage \$2.12 1969 WIN Income Disregard Provisions

Percentage Payroll Savings																
Labor Force <u>Participation Rate</u>	20	0%		• *		25%				<u>32%</u>				40%		
Unemployment Rate	10.0	7.2	5.1	0	10.0	7.2	5.1	0	10.0	7.2	5.1	0	10	7.2	5.1	0
All Full-Time	5.1	5.3	5.4	5 .7	8.9	9.2	9.4	9.9	14.2	14.7	15.0	15.8	20.3	21.0	21.4	22.6
3/4 FT/1/4 HT	4.1	4.3	4.4	4.6	7.2	7.4	7.6	8.0	11.5	11.9	12.2	12.8	16.5	17.0	17.4	18.3
1/2 FT/1/2 HT	3.2	3.3	3.4	3.5	5.5	5.7	5.8	6.1	8.8	9.1	9.3	9.8	12.6	13.0	13.4	14.0
1/4 FT/3/4 HT	2.2	2.3	2.3	2.4	3.8	4.0	4.1	4.3	6.2	6.3	6.5	6.8	8.8	9.1	9.3	9.7

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day-care facilities are provided; that more and better training is supplied; and that there is an increase in the supply of jobs for women with low levels of education and specific skill, we suggest that 32 percent of the present welfare caseload could enter the labor force, 10 percent will remain unemployed, and the remainder will split fairly evenly between full-time and half-time jobs. <u>In this case, the potential payroll savings will be 8.8 percent</u>. This an unrealizable amount of savings, although it is a maximum estimate. The 8.8 percent remains a best outside estimate based on the reasonable assumptions that (1) day-care facilities acceptable to the majority of welfare women will not be readily available in the near future, (2) improvements in occupational training cannot be expected to have high payoffs without changes in the structure of the labor market, and (3) the supply of full-time jobs for welfare recipients will not expand rapidly enough to meet the demand.

One important note of caution is in order. All of the estimates in Table 15 disregard one major factor which might tend to reduce potential payroll savings even further. A large increase in labor force participation among welfare mothers would normally be funneled into the "crowded" occupations where women are already prevalent. If enough women are added to these occupations through new work requirements, it is possible that wage rates would stagnate or even fall. Increasing the supply of labor to already crowded occupations would not only reduce potential savings in welfare, but harm the women already working in these occupations. The average wage of low-skilled women might drop below the \$2.12 1971 standard thus directly reducing the payroll reduction. In addition, if wage rates were to fall very much, some women who presently are self-supporting may find it necessary to turn to welfare in order to subsist. In this case, there may be no net payroll savings at all.

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Whatever is saved in the AFDC payroll is obviously not equal to net savings in total welfare costs. To realize the payroll reduction resulting from an increase in employment among welfare recipients requires large new government outlays for day-care, training, and the administration of any employment program. The costs of adequate full-time day-care have been estimated at a minimum of \$2000 per child per year. ⁴⁹ Training costs may run as much as \$3000 per recipient. And administrative costs alone are far from negligible. A recent study of the employment program for General Relief recipients in Massachusetts revealed program administration expenditures running well over \$100,000 per month for 11,000 recipients.⁵⁰ Most of this additional cost was due to screening procedures necessary to make "employability" decisions.

Taking these costs into account, it is clear that the government will not realize any dramatic reduction in the cost of welfare. In fact on a strict benefit-cost basis, any program aimed at placing large numbers of welfare clients in jobs leading to self-support -- given the present labor market structure -is doomed to fail. The public sector costs involved will surely exceed the monetary gains. The 8.8 percent savings on payroll outlays of \$6 billion in 1971 yields a payroll reduction of \$528 million annually. To accomplish this, however, may require an additional \$2-4 billion a year for the provision of day-care, training, and administration.

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CONCLUSIONS

In all the population, women on welfare have the greatest difficulty in finding a meaningful place in the labor market. The employment problems they encounter are by far the most complex and involve a myriad of psychological, cultural, social, and economic barriers. The average welfare mother has all of the following going against her when she attempts to enter the labor force: her sex, her race, her skill level, her education, the structure of the labor market, and the cultural conflict between the roles of mother and financial head of household. Together these factors pose a nearly insurmountable barrier to self-supporting employment.

A number of these factors can be affected directly. General education can be improved; specific training can be offered; job counseling can be made available; and adequate day-care for children and services for incapacitated adults can be provided. All of these will improve the potential for entering the labor force and finding employment. More government spending in these areas is necessary for their provision.

But the major factor responsible for the position of welfare recipients in the labor market is not as easy to remedy. The labor market has been stratified in such a way that women, especially those from racial minorities, have been normally restricted to the very end of the hiring queue. The result is that welfare recipients, most of whom come from this disadvantaged group, are the least likely to find employment and when employed are most likely to earn extremely low wages. This is true even for women with more than a minimal amount of education. To rectify this problem requires the breaking down of occupational and industrial barriers to employment and job advancement. It is precisely the "crowding" of women into a small set of occupations and industries which is responsible for their extremely low earnings and disproportionately high unemployment rates. As long as "crowding" continues, the additional supply of women to these occupations will only result in the further relative stagnation or decline in female wage rates.

All of this strongly implies that 'work requirement' legislation will inevitably fail if it does nothing to alter the non-monetary incentive to work or alter the labor market conditions facing welfare recipients. Such work requirement programs will, at a minimum, add to the cost of welfare administration by imposing a costly employability 'screening' process. Worse yet, such programs may displace from AFDC many recipients who have no chance whatsoever of securing regular employment. Screened out of federally funded welfare programs, these families will have nowhere to turn except state and local relief.

"Work incentive" programs combining income disregards, day-care facilities, and training and job counseling will have a greater chance of success. But the success of such programs will be greatly limited by the barriers to employment inevitably encountered in the labor market by most welfare mothers. Some reduction in the future welfare payroll may be afforded through such programs, but even with the best programs, the reduction will be minor, amounting to no more than about 9 percent (at 1971 levels). Against the rapid growth in the welfare population and welfare expenditures, this reduction is minor. Given the current structure of the labor market, it is altogether possible that welfare incentive provisions will actually increase the total payroll as many low income families with female heads (or under the proposed Family Assistance Program, working poor families) become eligible for the welfare rolls.

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In this case the average welfare check may somewhat decline but the total welfare bill will increase.

In the long-run, the solution to the "welfare crisis" requires far reaching changes in the structure of the underlying economy. This is true because the economy itself has been responsible for the burgeoning welfare rolls. Discrimination in the labor market combined with relatively high levels of aggregate unemployment have created a condition where few jobs are available for low-skilled women. To break down occupational and industrial barriers requires the rigid enforcement of strong anti-discrimination legislation. To increase the number of jobs in the hiring queue requires the expansion of private demand for labor and rapid development of well-paid meaningful public employment. Without an expansion of the hiring queue and the elimination of racial and sex discrimination, welfare costs cannot be significantly reduced. The provision of adequate day-care, home care for incapacitated adults, job training, employment counselling, and other employment aids are all necessary for solving the welfare crisis, but they are far from sufficient. In this light, "work requirement" legislation is a costly and inefficient approach to the welfare crisis. It penalizes the victim instead of dealing with the structure of the labor market which perpetuates the growing need for welfare.

FOOTNOTES

- <u>Public Assistance Statistics</u>, National Center for Social Statistics, U.S. Department of Health, Education, and Welfare, Report A-2, (NCSS Brief Report 70-11) November 1970.
- Public Assistance Statistics, National Center for Social Statistics, U.S. Department of Health, Education and Welfare, Report A-2 (DHEW Publication No. (SRS) 72-03100) Table 7, p. 17, April 1971.
- 3. <u>lbid</u>.
- 4. New York Times, December 15, 1971, p. 1.
- 5. See David B. Eppley, "The AFDC Family in the 1960's, <u>Welfare in Review</u> September-October 1970, Table 12, p. 14.
- 6. These numbers were calculated by applying the 13.3% and 32% estimate to the adult recipient population in April 1971. Obviously these are gross estimates and should be considered with great care.
- Leonard Hausman, "The Potential for Work Among Welfare Parents", <u>Manpower</u> <u>Research Monograph</u> No. 12, U.S. Dept. of Labor, Manpower Administration, 1969, p. 15. These percentages were calculated from a small sample of AFDC recipients in New York City in 1965.
- 8. Hausman reports that in studies of AFDC in California, New York State, and Illinois (Cook County), the percentage of mothers who were either employed or employable were 17%, 7%, and 8% respectively. An earlier national study concluded that roughly 22% of all AFDC mothers were either employed or considered employable in 1961. Ibid. p. 11
- 9. <u>Wall Street Journal</u>, July 24, 1971, p.1 'WIN-or Lose: Work Incentive plan for welfare recipients falls short on goals'.
- Social Welfare Regional Research Institute (SWRRI), Boston College, Boston, Mass., <u>An Evaluation of the General Relief Division of Employment Security</u>, March 1972, p. 44.
- 11. <u>Area Manpower Review</u>, Lawrence-Haverhill, Massachusetts-New Hampshire SMSA, Massachusetts Division of Employment Security, May 1972, pp. 16-17.
- 12. From <u>AFDC Employment Incentives: Economic Implications of the New Income</u> <u>Disregard Provisions and the Proposed Nixon Reforms</u>, Michigan Department of Social Services, Research Paper No. 2, January 1970.

- 13. This assumed that the 13.3% of the welfare families now working already earn \$150 per month and therefore only 18.7% (32%-13.3%) represent a new savings to the system.
- 14. AFDC Employment Incentives p. 7, Table 2.
- 15. Eppley, <u>op. cit</u>. p. 15.
- Barry Bluestone, William Murphy, and Mary Stevenson, <u>Low Wage Employment</u> and the Working Poor, Institute of Labor and Industrial Relations, University of Michigan - Wayne State University, October 1971.
- U.S. Department of Health, Education, and Welfare, Social and Rehabilitation Service, National Center for Social Statistics, <u>Preliminary Report of</u> Findings -- 1969 AFDC Study, Washington, D. C., March 1970.
- Institute of Labor and Industrial Relations, <u>Study of Welfare Women in</u> <u>Detroit</u>, University of Michigan - Wayne State University, forthcoming.
- 19. Barry Bluestone, <u>The Wage Determinants of the Working Poor</u>, unpublished Ph.D. thesis, University of Michigan.
- 20. Survey of Economic Opportunity, <u>Special Tabulations</u>, prepared by Barry Bluestone, William Murphy, and Mary Stevenson, op. cit.
- 21. U.S. Department of Health, Education, and Welfare, 1969 AFDC Study, op. cit.
- U.S. Department of Labor, Bureau of Labor Statistics <u>Employment and Earnings</u>, Vol. 18, No. 3, Sept. 1971 Table A-33, p. 58.
- 23. Barry Bluestone, William Murphy, and Mary Stevenson, <u>op</u>. <u>cit</u>., p. 145, Table 5.2.
- 24. Ibid. p. 417, Table 11.1
- 25. U.S. Bureau of the Census, Current Population Survey, <u>Consumer Income</u> Series, Series P-60, No. 66, December 23, 1969, Table 45, pp. 108-110.
- 26. Computed from 1971 Manpower Report of the President, Table A-2, p. 204.
- 27. Ibid. Table A-4, pp. 207-208.

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- 28. U.S. Bureau of the Census, Current Population Survey, <u>Consumer Income</u> <u>Series</u>, P-60, No. 69, April 6, 1970, Table A-8, p. 86.
- 29. Computed from 1971 Manpower Report, op.cit. Table A-13, p. 220.
- 30. Genevieve W. Carter, "Employment Potential of AFDC Mothers," <u>Welfare in</u> <u>Review</u>, Vol. 6, No. 4, July-August 1968, p. 2.

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- Valerie Oppenheimer, <u>The Female Labor Force in the United States</u>, Population Monograph Series No. 5, University of California, Berkeley, pp 99-102.
- 32. U.S. Department of Labor, Wage and Labor Standards Administration, Facts about Women's Absenteeism and Labor Turnover, August 1969.
- 33. Barry Bluestone, William Murphy, and Mary Stevenson, <u>op. cit</u>., Table 7.5 a-d, pp.263-264.
- 34. Barry Bluestone, William Murphy, and Mary Stevenson, op. cit., Table 1.
- 35. U.S. Department of Labor, <u>1969 Handbook on Women Workers</u>, Women's Bureau Bulletin 294, Table 50, p. 114., and <u>Employment and Earnings op. cit</u>., Vol. 13, No. 7, Jan. 1967.
- 36. Barry Bluestone, "Low Wage Industries and the Working Poor," in <u>Poverty</u> and <u>Human Resources</u>, Vol. 111, No. 2, April 1968, Table 1.
- 37. 1969 Handbook on Women Workers, Table 50, p. 114.
- 38. <u>Ibid</u>.
- 39. Barry Bluestone, op. cit.
- 40. <u>Ibid</u>.

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- 41. Employment and Earnings, Vol. 18, No. 3, Sept. 1971, Table C-2.
- 42. Oppenheimer, op. cit. pp. 70-72, Handbook on Women Workers, op. cit., p. 108.
- Barry Bluestone, William Murphy, and Mary Stevenson, <u>op.cit</u>., p. 145, Table 5.1.
- 44. This adjustment assumes that all workers regardless of occupational or industrial attachment or "human capital" level received the same percentage hourly wage increase during the period 1967 to August 1971. This increase is equal to the average increase for all private employment--28.35%. See <u>Employment and Earnings</u>, Vol. 18, No. 3, Sept. 1971, Table C-1, p. 85.
- 45. GED and SVP scores appear in Dictionary of Occupational Titles, U.S. Department of Labor. For the analysis, specific occupations were aggregated carefully so as to match the census occupation definitions.
- 46. The data for this analysis were made available by Mary Stevenson, University of Massachusetts, Boston. See her forthcoming dissertation on the wage-determinants of working women (Ph.D. University of Michigan, forthcoming).
- 47. See footnote 44 for explanation of the adjustment factor.

48. The algorithm used to calculate these estimates is:

$$\sum_{E=1}^{2} E_{i} \left\{ (P-L) - \left[U(P-L) \right] \right\} \left\{ \frac{.67 \left[\left(\overline{U}, \overline{Hi} \right) - 30 \right] - 60}{\overline{G}} \right\}$$
where:

$$- = Average wage$$

$$- H_{i} = Average Hours/yr.$$

$$H_{1} = 2000$$

$$H_{2} = 1000$$

$$- G = Average AFDC Grant Level$$

$$P = Labor Force Participation Rate$$

$$U = Unemployment Rate$$

$$- E_{i} = Proportion Full-time/Half-time$$

$$E_{1} = Full-time$$

$$E_{2} = Half-time$$

$$L = Percent of AFDC Already in Labor Force$$
49. SWRRI, An Evaluation of the General Relief, op. cit., p. 84.

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