



# FAMILIES IN SOCIETY

## Working But Poor: Next Steps for Social Work Strategies and Collaborations

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### CONSTRUCTS OF POVERTY AND DEMOGRAPHICS OF THE WORKING POOR

## Social Empathy: A Tool to Address the Contradiction of Working But Still Poor

Elizabeth A. Segal, *Professor, Arizona State University & Editor, Journal of Poverty*

Social empathy builds upon the classic examination of human behavior in the social environment, systems theory, and person-in-environment. It requires us to visualize ourselves in someone else's position, remain nonjudgmental, and consider what public efforts can be made to improve the situation. The struggle for working poor persons is often beyond the individual realm, with factors such as globalization, minimum wage policies, growing income disparity, and education inequality. Social empathy therefore requires us to simultaneously consider the personal characteristics as well as the structural conditions that impact the working poor. In this commentary, a model is provided for applying social empathy that incorporates the three approaches of exposure, explanation, and experience.

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## Parents' Work, Depressive Symptoms, Children, and Family Economic Mobility: What Can Ethnography Tell Us?

Roberta Rehner Iversen, *Associate Professor, University of Pennsylvania*

Annie Laurie Armstrong, *President, Business Government Community Connections*

In the current TANF environment of mandatory work with limited benefits, depression may prevent single parents from finding jobs or remaining employed, particularly when compounded by other challenges such as limited education and work experience, transportation or health problems, or domestic violence. Even if work can be maintained and income increases, it is generally just enough to make families ineligible for public supports but not enough to meet families' needs. Policies in children's schools also exert pressure that can threaten parents' job security and children are vulnerable to behavioral manifestations of family stress. Recommendations to mitigate negative factors are given for human service case managers, private employers, and school officials.

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## Working and Poor: A Panel Study of Maturing Adults

Richard K. Caputo, *Professor of Social Policy & Research, Director of PhD Program, Yeshiva University*

Findings of a study assessing the prevalence of working and remaining poor suggest that poverty as a social problem can better be addressed in terms of working rather than nonworking poverty. Existing pro-work policies, such as the Earned Income Tax Credit (EITC), should be supplemented by provisions for child care and health insurance for children. Increasing cash allotments for work effort and increasing the take-up rate of EITC would ensure that fewer working families experience poverty and decrease the duration among those who do. Public and social policies might also revisit the issue of a basic income guarantee, an idea that has had varying degrees of institutional support over the past quarter century.

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## Structural Reinterpretation of Poverty by Examining Working Poverty: Implications for Community and Policy Practice

Philip Young P. Hong, *Assistant Professor, Loyola University Chicago*

Stephen P. Wernet, *Professor, Saint Louis University*

This research focuses on the structural context of working poverty by relating it to human capital, employment barriers, labor market positions, and demographic variables. Over this past century, poverty in the United States has been redefined as an individual issue. However, the authors argue that the national effort must resurrect a social or common-good response emphasizing cooperation. Social workers can assist by organizing citizens and communities to develop this common-good response, and by facilitating a cooperative process through strength-based resource pooling that enables people to become empowered members of the community.

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## CRITICAL ISSUES IN WELFARE REFORM AND WORK READINESS

### Bootstrap Capitalism: Sequel to Welfare Reform

David Stoesz, *Professor and Chair, Virginia Commonwealth University*

In the U.S., the response to poverty has consisted of an array of stigmatizing public assistance programs that have provided benefits well below the poverty level. TANF, and before that AFDC, continues to thwart the aspirations of low-income Americans; families accumulating sufficient income above the means test are terminated from assistance. In contrast, “bootstrap capitalism” promises to mainstream the welfare and working poor by helping them accrue assets, gain access to mainstream financial services that others take for granted, and leverage capital for community development projects. Accordingly, advocates of social and economic justice should propose scrapping public welfare and replacing it with this concept that would accelerate the upward mobility of low-income families.

## Barriers to Employment Among TANF Applicants and Their Consequences for Self-Sufficiency

Amy Dworsky, *Senior Researcher, Chapin Hall Center for Children at the University of Chicago*

Mark E. Courtney, *Research Fellow, Professor, Chapin Hall Center for Children at the University of Chicago*

While reducing dollars spent on public assistance, PRWORA was also intended to increase self-sufficiency, helping parents become and remain employed. Certainly employment among former assistance recipients has increased dramatically. However, the transition from welfare to work has often not been successful, resulting in unstable employment. This study found that among a sample of TANF applicants experiencing employment barriers, there was both a reduction in their likelihood of being employed and lower earnings when they worked. In fact, the vast majority of parents in the study were still not economically self-sufficient after four years. The implications of these findings for welfare policy and practice are discussed.

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## Pathways to Employment: The Experiences of TANF Recipients With Employment Services

David Beimers, *Doctoral Candidate, Case Western Reserve University*

Rob Fischer, *Research Associate Professor, Case Western Reserve University*

PRWORA requires welfare recipients to move quickly into the workforce and employment services agencies perform a key role by providing work readiness and job-search skills. This looks at the experiences and outcomes of recipients referred by local TANF offices to employment services. Findings suggest that generic work readiness activities may be of limited utility unless they include job leads to actual employment opportunities. The authors suggest tailoring programs to the individual needs of recipients while ensuring that the agency enrollment process is clear and accessible. Additionally, they recommend that social workers be well-equipped to balance the dual responsibilities as advocate for recipients as well as broker for employers.

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## The Work Lives of the Low-Income Welfare Poor

David I. Siegel, *Principal Investigator TANF Project and Associate Professor, West Chester University*

Ann A. Abbott, *Project Director, Professor, and Director of MSW Program, West Chester University*

In administering the welfare program, states have emphasized work as a primary force for self-sufficiency. However, work is a process, and people who leave welfare—particularly those who leave and then return—may have difficulty at each stage of the process of securing gainful employment. This study substantiates barriers to success for welfare poor, who typically obtain jobs in the secondary labor market, and details how their work lives vary greatly from higher-income and higher-skilled workers. The authors suggest that those in the secondary job market could benefit from support, training, and service programs oriented to the particular barriers or conditions of the client.

## ECONOMIC POLICIES AS BARRIERS TO SELF-SUFFICIENCY

### The “Poverty Tax” and America’s Low-Income Households

Howard Jacob Karger, *Professor, University of Houston*

This commentary looks at how “poverty tax”—a hidden tax paid by the poor *because* they are poor—is extracted from low-income and functionally poor middle-class families in the form of high prices for goods and services and enmeshment in a fringe economy made up of check-cashers, payday lenders, tax-refund lenders, subprime mortgages (with interest rates higher than the prime rate given to higher-income customers), and so forth. An overview of the fringe economy is discussed, along with its ownership by large publicly-traded corporations and its profitability. Strategies are also weighed for mitigating the effects of the fringe economy and the poverty tax on working poor families.

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### When Working Harder Does Not Pay: Low-Income Working Families, Tax Liabilities, and Benefit Reductions

Jennifer L. Romich, *Assistant Professor, University of Washington*

Jennifer Simmelink, *Program Director, Neighbors Together*

Stephen D. Holt, *Principal, Holt & Associates Solutions*

The promise to make work pay is only half delivered. Work now pays more than welfare, but many families face significant financial barriers along the traditional path of getting ahead by working harder and earning more creating a new “poverty trap”. Although current welfare policies hypothetically increase the income and well-being of working families, their means-tested design results in benefits that go down as earnings rise. Those who serve the working poor should understand and appreciate the financial impact of the complexities of clients’ earnings and benefits, and organizations can create resources for low-wage workers that help them develop a hands-on understanding of these elements.

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### The Difficulty of Obtaining a Child Care Subsidy: Implications for Policy and Practice

Mona Basta, *Assistant Professor, Binghamton University*

Obtaining safe and reliable child care is essential to the employment retention of single mothers leaving welfare. By creating a model to explain how single mothers choose child care providers and how they decide whether to use a child care subsidy, this article seeks to understand the reasons for the low utilization of subsidies. Findings suggest that the level of trust between parents and child care providers, as well as the availability of information about facilities, are important decision-making criteria. Additionally, single mothers often consider subsidies inaccessible. The author recommends combining ongoing case management with education about child care alternatives and subsidies.

## BUILDING FINANCIAL STABILITY

# The Living-Wage Movement: Potential Implications for The Working Poor

Fred Brooks, *Professor, Georgia State University*

The living wage movement, composed of various iterations of coalitions operating primarily at the state and municipal level, is directed toward winning wage rates for low-income workers between the local minimum wage and a true self-sufficiency wage. Issues like the local economy, prevailing wages, cost of living, politics, and perception of coalitions' strength are all considered in determining the wage amount to fight for. In this commentary, the author argues that the living wage movement may be the most potent current effort of grassroots organizations and the working poor to challenge the economic trends of stagnant wages and the increasing gap between rich and poor.

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# Improving the Knowledge and Attitudes of Low-Income Families About Banking and Predatory Financial Practices

Steven G. Anderson, *Associate Professor, University of Illinois at Urbana-Champaign*

Min Zhan, *Assistant Professor, University of Illinois at Urbana-Champaign*

Jeff Scott, *PhD Candidate, University of Illinois at Urbana-Champaign*

Inadequate financial knowledge among low-income families often results in reliance on predatory financial services. This article examines a financial management training program, one strategy to assist working families in utilizing the best available financial institutions and to follow sound financial practices. After the training, participants expressed significant knowledge improvements, particularly regarding the use of mainstream institutions over high cost and poorly regulated financial sectors. Social work can play a key role in developing such programs, as the profession offers expertise that often is lacking among consumer economists and other financial educators. The profession's strong emphasis on empowerment can further inform the framing of these programs.

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# Improving the Retirement Prospects of Lower-Wage Workers in a Defined-Contribution World

Judith G. Gonyea, *Professor, Boston University*

Lower-wage workers, who have always faced challenges in saving for retirement, will face additional difficulties as U.S. businesses increasingly adopt defined-contribution pension plans that shift the burden of financial expertise and investment options to individual workers. This study surveyed more than 300 lower-wage workers, revealing that predictors of positive retirement savings behavior included increased financial literacy, job stability, workforce attachment, and income level. It suggests our nation's adoption of a voluntary saving system as a second tier of security places lower-wage earners at greater risk. In response, social work professionals can promote the expansion of pension coverage and help evaluate how proposed reforms impact low- and moderate-income households.

# Perceived Effects of Participation in an Asset-Building Program on Construction of Future Possibilities

Margaret Lombe, *Assistant Professor, Boston College*

Von E. Nebbitt, *Assistant Professor, Howard University*

Jessie Buerlein, *Recent Graduate, Boston College*

Acknowledging the inadequacy of traditional welfare policies in moving households from poverty to economic self-sufficiency, this study examines the psychological effects of participating in an asset-building intervention, specifically the enrollment in Individual Development Accounts (IDAs). These accounts enable people with limited economic resources to accumulate long-term assets. Findings provide partial support for a positive association between IDA participation and the empowerment of participants to act on future possibilities such as educational, financial, and home ownership achievements. Facilitating these assets through IDAs and similar programs is consistent with current social work practice and scholarship that advocates incorporating a social as well as an economic development perspective.

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## INNOVATIONS THROUGH PUBLIC AND PRIVATE PARTNERSHIPS

### Promising Practices in the Development and Distribution of Asset-Building Products and Programs

John S. Hoffmire, *Director, Center on Business and Poverty, University of Wisconsin*

This commentary describes how the author, director of the Center on Business and Poverty at the University of Wisconsin–Madison, forged a partnership with Staples, the world’s largest office products company, to support the company’s low-income workers. By working with the company’s executives and human resources department, they were able to help their low-income employees take advantage of the Earned Income Tax Credit (EITC), a direct deposit of their payroll checks with automatic contributions to a 401(k) account, and a financial literacy program. Additional suggestions for working poor advocates in facilitating similar corporate collaborations are discussed.

# The Collaboration Between Welfare and Advocacy Organizations: Learning From the Experiences of Domestic Violence Survivors

Judy L. Postmus, *Assistant Professor and Director, Rutgers, The State University of New Jersey*  
Sur Ah Hahn, *PhD Student, University of Kansas*

The intertwined relationship between poverty and violence, especially in the lives of women on welfare, has been receiving critical attention since the passage of PRWORA. The Family Violence Option (FVO), an amendment to PRWORA, gives states the flexibility to offer more time for battered women to receive welfare benefits while seeking safety. This study explores the personal experiences of clients who participated in one state's Orientation, Assessment, Referral, and Safety (OARS) program, characterized by the contracting of services by the state welfare system with advocacy organizations to provide on-site services for those women who qualify under the FVO. The results challenge practitioners to think differently about collaboration to meet the needs of domestic violence survivors on welfare.

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# Protecting Vulnerable Workers: A Framework for Understanding How Public Policy and Private Employers Shape the Contemporary Low-Wage Work Experience

Anna Haley-Lock, *Assistant Professor, University of Washington*  
Melissa Ford Shah, *Senior Researcher, Washington Department of Labor and Industries*

Social, economic, and labor market trends in particular have transformed the conditions of low-wage, lower-skilled jobs. Reducing mismatches between public policies and the evolving characteristics of the low-wage workforce would help ameliorate the vulnerabilities that poor working families face. Though market motivators may encourage companies to enhance their employment practices, widespread inequalities suggest a role for government. Public policy might equalize the rewards of lower-wage jobs by encouraging better benefits, adequate care for children and other dependents, and access to family health insurance. For frontline practitioners, the lenses of policy and organizational stratification shed light on the personal impacts that these structures have on individuals and families as clients.

## BOOK REVIEWS

### ***Off the Books: The Underground Economy of the Urban Poor***

by Sudhir Alladi Venkatesh

Cambridge, MA: Harvard University Press, 2007

*Reviewed by Christine Lowery*

The everyday life in the underground economy in Venkatesh's book is richly and broadly demonstrated, and interpreted through a Western lens. He devotes chapters to the street hustler, the entrepreneurs, the preachers, the women who work from home, and the gangs. Everything from paying a youth to mow the lawn and a handy man for repairs, to cutting hair without a license, selling clothes, making car repairs, and preparing tax returns is off the books. Illicit activities like prostitution—with a pimp or without—and drug dealing, on the street corner or out of the home and fencing stolen goods is included. Illegal activity, we are reminded, is not restricted to urban economies in poor neighborhoods, nor do the roles of the players follow middle-class expectations and familiar negotiations of power in the home or in the community.

### ***Jobs Aren't Enough: Toward a New Economic Mobility for Low-Income Families***

by Roberta Rehner Iversen and Annie Laurie Armstrong

Philadelphia, PA: Temple University Press, 2006

*Reviewed by Barbra Teater*

This book tackles the complex task of examining the experiences of 25 low-income families in regard to economic mobility. Economic mobility is defined as “moving forward financially through wage work”. The authors examine economic mobility through a multi-locale ethnographic study by documenting the families residing in one of five cities across the U.S. (Philadelphia, New Orleans, Milwaukee, St. Louis, and Seattle). The study spans from the late 1990s to mid-2003, and is sponsored by a grant from The Annie E. Casey Foundation. (The foundation supports the Jobs Initiative program responsible for connecting adults to employment with potential career paths.) The study aims are to explore the impact of adult employment on the family as a whole while taking into account the children of the families and the communities in which they reside. This ethnographic study takes the reader through the detailed accounts of those attempting to transition from economic disadvantage to having the responsibility of providing for their families primarily through wage work.

### ***The Promise of Welfare Reform: Political Rhetoric and the Reality of Poverty in the Twenty-First Century***

edited by Keith M. Kilty and Elizabeth A. Segal

Binghamton, NY: Haworth Press, 2006

*Reviewed by Nancy DeCesare*

*The Promise of Welfare Reform* is a grave reminder that “compassionate conservatism” offers no compassion for the poorest of the poor. Kilty and Segal, through the contribution of many insightful and thought-provoking authors, present an expansive look at the inner landscape of those who are fighting for economic human rights. The authors use five very clear and distinct segments to present a vast array of information ranging from welfare reform to possibilities for the future. These segments allow the citizens of the one of the richest countries in the world the opportunity to understand poverty in a new light. The authors do the unthinkable by pointing out the enormous inequalities in both income and wealth that many of our neediest must endure daily. The challenge for all of us is to create ways that hold our government leaders and ourselves accountable for both investing in and protecting all citizen.

### ***The Impact of Welfare Reform: Balancing Safety Nets and Behavior Modification***

edited by Christopher R. Larrison and Michael Sullivan

Binghamton, NY: Haworth Press, 2005

*Reviewed by Martha G. Roditti*

*The Impact of Welfare Reform: Balancing Safety Nets and Behavior Modification* (co-published simultaneously in *Journal of Human Behavior in the Social Environment*) contains a series of fourteen articles on welfare reform that look back at the pivotal change from AFDC to TANF with the passage of PRWORA in 1996. Spanning developments in the subsequent decade after welfare reform, the book makes available a compendium of information that would be unavailable to the non-academic in a variety of topics related to poverty and the issues surrounding the working poor. While the book does not discuss domestic violence services or child care (two essential parts of TANF services), it does include helpful reports on other main services of TANF: income support, welfare to work assistance, mental health, substance abuse services, general health care.