From the Guest Editor

This is the second and third in the Journal's 1995 series of thematic issues devoted to family policy and the interface between family and economic environment. This combined issue focuses on intergenerational effects of welfare. At the time of this writing Congress is debating major reforms to the U.S. welfare system. An oft-expressed concern fueling this debate is possible ill effects of the welfare system on its participants and their offspring. In recent years research has been done on these issues and is available for informing the debate. Much of the debate, however, clings to myths that paint simple but vivid pictures of "welfare mothers" and "welfare fraud." The realities of family life and work in this day and age are far from simple. To modify the welfare system in ways that move toward a goal of providing a viable safety net for children and opportunities for them and their parents, the complexities of the realities we face need to be addressed.

The issue of possible detrimental effects of the welfare system calls for the simultaneous recognition of a wide variety of factors. Conditions in the family, neighborhood, labor market, state, and even country as a whole can come into play. This journal issue explores some of the complexities, focusing on long-run effects of welfare, with long-run defined not just as a span of several years but of generations. The articles in this issue broaden our understanding of the extent and kinds of intergenerational effects of welfare and the degree to which mechanisms frequently touted as prime movers—developmental problems during childhood, adolescent childbearing, and acquisition of attitudes favoring welfare relative to work—are operative.

The AFDC Program

"Welfare" is a term most often used in the United States to refer specifically to the Aid to Families with Dependent Children (AFDC) program. Under its original title of Aid to Dependent Children (ADC), it was established by the Social Security Act of 1935 as a cash grant program to enable states to aid needy children without fathers. In recent decades, the program has provided cash payments for

> needy children who have been deprived of parental support or care because their father or mother is absent from the home continuously, is incapacitated, is deceased or is unemployed. . . . States define "need," set their own benefit levels, establish (within Federal limitations) income and resource limits, and administer the program or supervise its administration. Federal funds pay from 50 to about 80 percent of the AFDC benefit costs in a State (55 percent on average) and 50 percent of administrative costs. (U.S. House of Representatives, 1994, p. 324)

In recent decades, families receiving AFDC have also been automatically eligible for Medicaid.

A concise description of the intent and design of the program is provided by Lehman and Danziger (1994):

> Aid to Families with Dependent Children is an income support program that responds to immediate financial hardship. It embodies a commitment to support a subgroup of the poor that was, as one time, thought blameless: low-income families with young children and a missing or financially incapacitated breadwinner. To qualify for benefits, a family must show that it has virtually no assets, that it has very low income (each state sets its own eligibility ceiling), and that a child in the family is deprived of at least one parent's support because the parent is (a) not living with the child, (b) incapacitated, or (c) a recently unemployed primary breadwinner.
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> AFDC is primarily a program for single mothers and their children. A few single fathers participate, and a somewhat larger number of two-parent families satisfy the more stringent requirements for two-parent eligibility. But among the roughly 5 million families receiving AFDC benefits in a typical month in fiscal year 1993, about 90 percent were fatherless . . . (pp. 4–5)

The program and its participants have changed in important ways since its inception:

> . . . the demographics of recipient families have changed in tandem with the changes in society as a whole. In 1935, the typical AFDC family was headed by a widow; in the 1950s, by a divorced or separated mother. Since the mid-1980s, however, most AFDC-recipient children have lived with a never-married parent. (Lehman & Danziger, 1994, p. 22)

This demographic change has eroded public consensus favoring support for AFDC recipients. Few argue that children of deceased parents deserve public support; more question the desirability of assisting families of divorced or never-married mothers even though the

AFDC program is intended to help the children, not the parent. Another important change, and one that has occurred in the last two decades along with the shift of recipient share to children of never-married parents, is a decline in the level of cash benefits provided. Both inflation eroding purchasing power and states cutting benefits in nominal terms have contributed to the declining financial value of AFDC benefits (Lehman & Danziger, 1994, p. 7). Several federal laws in the last two decades also have modified the program's parameters. Chief among these is the Family Support Act of 1988, which revised and strengthened the education and training requirements of the AFDC program.

Overview of the Articles

Theories or hypotheses in the literature about possible intergenerational effects of welfare abound. This thematic issue sheds light on several of them. Some concern social class effects in which behaviors of a given social class (often equated with poverty or welfare receipt status) are passed from one generation to another. Others concern the quality of the labor market in which some segments of the population are isolated from the mainstream and living in areas with few job opportunities. Others concern economic incentives created by the very existence of welfare programs, with the incentive perceived as stronger the larger the monetary benefits available to participants. Still other theories focus on stressful life events such as divorce or unemployment as a cause of behaviors deemed undesirable. The articles in this thematic issue test these theories and offer a comprehensive assessment of the degree to which each is supported.

The articles focus on outcomes at a variety of life stages, allowing the reader to view mechanisms as well as long-run consequences. Many of the articles test several hypotheses prominent in the literature rather than just one. The articles examine intergenerational effects of welfare in the broader context of other aspects of the family, the neighborhood, the local labor market, and the state of residence. In the process, they use diverse measures of welfare use and an assortment of data sets.

This combined journal issue begins with articles about hypothesized mechanisms of intergenerational welfare effects. The first article, by **Lingxin Hao**, focuses on the issue of whether public support impairs school-age children's developmental outcomes and thereby contributes to the intergenerational transmission of welfare dependency. It simultaneously investigates the effects of public assistance, poverty, and family structure on the home environment and developmental outcomes for children ages 6 to 9. In so doing, it takes into account the timing and duration of these circumstances during childhood, which helps sort out cumulative, long-term, and short-term effects. The results show a complex story. Instead of having unambiguously negative effects on school-age children's development, as some hypotheses predict, parental receipt of AFDC showed a positive association with cognitive development and emotional environments for children as a whole and improved socioemotional functioning for children of single mothers, the family situation most typical of families on welfare. Only for children of intact families is there any evidence of negative effects, and then only with respect to reading ability and socioemotional functioning. Indeed, poverty and family structure show much more devastating effects on children's development than does public assistance. And poverty packs an even stronger developmental blow to children in intact families than to their counterparts in single-mother families. The author concludes that the evidence fails to substantiate the claim that welfare participation itself perpetuates a culture of dependency and shows instead that school-age children are more vulnerable in the face of poverty and single motherhood than in the face of welfare dependency.

The second article, by **Kristin A. Moore, Donna Ruane Morrison**, and **Dana A. Glei**, follows the possible effects of welfare receipt one step further into the lives of the second generation, moving past childhood to adolescence. The focus is on the sexual behavior of adolescents, and the central issue is whether welfare provides an incentive to early childbearing. This article analyzes two important steps in the process of becoming a teenage parent—the risk of first voluntary sexual intercourse at an early age and, among teens having sex, contraceptive use at first intercourse. A variety of measures of welfare are included—state benefit level, a community-level measure of the prevalence of welfare receipt, and two measures of family history of welfare receipt, one tracing the history back to parents and the other tracing it back two generations to include grandparents.

Results do not support the hypothesis that higher welfare benefits provide an economic incentive that encourages adolescents to initiate sex or discourages their use of contraceptives. Community-level variables do not predict the timing of sex or the use of birth control among teenage girls. Such variables appear to play a role only among teenage boys. Benefit levels do not matter for them, but a high concentration of welfare-recipient and female-headed families in the community increases the likelihood of early initiation of sex by teenage boys. Moderate support is found for a culture of poverty perspective. Intergenerational patterns can develop that put girls in families that receive AFDC at an elevated risk of early parenthood. Among teenage boys, however, family history of welfare receipt is not predictive of early sex or contraceptive use. The evidence is strongest with regard to the stressful life events hypothesis; both parental marital disruption and nonvoluntary sex are strong predictors for initiating voluntary sex at a young age. The authors conclude that lowering AFDC benefit levels will have little effect on the sexual or contraceptive behavior of adolescents but that building the economic self-sufficiency of parents and reducing the vulnerability of children to stressful life events such as parental marital disruption and nonvoluntary sexual experience may reduce the risks faced by the next generation of youth.

With the third article, by **Mary Corcoran** and **Terry Adams**, this thematic issue begins to address longer-range effects of parental welfare receipt. This article concentrates on possible effects on the labor market behavior of sons when they become adults. The article tests four models hypothesizing different ways parental welfare use influences sons' labor supply during young adulthood. It includes a wide spectrum of measures of welfare use (family versus community level), resources (also family versus community level), labor market conditions, and state benefit level.

Allowing for nonlinearity in the influence of parental welfare use and differential effects by race, the analyses reveal complexities in the relationship between childhood exposure to welfare use and sons' ability to obtain regular, full-time employment as adults. Parental welfare has small or no effects on men's work hours for the majority of men whose parents receive welfare. Only among black sons raised in families who were highly dependent on welfare (this is about one-quarter of black sons) was parental welfare use associated with a sizable reduction in work hours, and this is attributable in large part to the childhood poverty and poor labor market conditions these individuals also faced. Being raised in communities with high rates of welfare use did not reduce sons' adult labor supply, but some forms of family and community behavior—the work patterns of parents and neighbors—apparently did later influence the labor force behavior of white sons. The evidence is mixed as to whether incentive effects exist. The authors conclude that male joblessness is not attributable to being raised on welfare. Their results provide more support for attributing black male joblessness to growing up economically disadvantaged and to structural labor market problems than to the welfare culture or welfare incentives.

The fourth article, by **John V. Pepper**, switches the focus to females and the issue of intergenerational transmission of welfare receipt. This article also demonstrates that complexities belie a simple tale. The focus is on the distinction between participation per se and length of participation, the latter being a central element in debates about changing the parameters of the AFDC program. If intergenerational transmission of reliance on the AFDC program occurs only when the initial generation receives AFDC for extended periods of time, then reforms to reduce long-term receipt could have multiplicative returns by reducing reliance in the next generation. To test the extent to which intergenerational transmission of welfare receipt is concentrated among long-term recipients, this article examines the relationship between the length of time parents and their daughters receive AFDC. The behaviors and circumstances of each generation are observed over different five-year periods using data from the Panel Study of Income Dynamics (PSID). This data set tracks successive generations of a family over time and measures family income in substantial detail with self-reports by each generation. Some information, but a relatively small set, is available for each individual in the family; attitudes and behaviors are most thoroughly measured for household heads and wives, a classification that the second generation of a family fits only after setting up a household separate from the first generation.

The findings indicate that daughters growing up in households that receive AFDC tend to spend considerably more time receiving AFDC themselves as adults than daughters growing up in non-AFDC households. But the expected time that a daughter receives AFDC is not affected by the length of time her parents received AFDC. The author concludes that reforms to counteract intergenerational transmission of reliance on welfare should be directed at all AFDC households, not just those that are chronic recipients. Exactly what causes the association between receipt of welfare by one generation and enhanced reliance on welfare by the next generation is still at issue; it is possible that some separate factor, operative for both generations, is affecting the risk of welfare.

The final article, by **Anna M. Santiago**, also examines the issue of intergenerational transmission of reliance on welfare, adding perspectives on this issue that differ in a variety of ways from those of the article that precedes it. This last article uses a different data set, a different analytical approach, and different measures of welfare use; in addition, it focuses on racial/ethnic differences in the process of becoming reliant on welfare. The data come from the National Longitudinal Survey of Youth (NLSY), a data set whose strength for examining intergenerational transmission of welfare use is that it gathers an expansive set of information about the attitudes and behavior of individuals constituting the second generation. Information is available about the income and other characteristics of the family of origin, but these are reported by the second-generation family member rather than being self-reported by the first-generation family member. In many respects, the NLSY and PSID complement each other; hence together they can provide a more complete picture of the process of intergenerational transmission. In this article, because of the more limited data for the first generation than the second, welfare use is measured in different ways for each generation. It is measured as a participation dichotomy for the first-generation variable and as the fraction that welfare income is of total income for the second-generation variable. The latter measure is, effectively, a measure of the strength of participation.

In the context of estimating the degree of intergenerational transmission of welfare use, this article also examines program-induced effects, the role of attitudes about welfare and low-wage work, and different models of welfare use for different racial/ethnic groups. The results suggest that daughters whose adolescent years were spent in a family of origin receiving welfare are considerably more likely to be dependent on AFDC in young adulthood than daughters with no such late childhood exposure to welfare use. But there is little support for the hypothesis that attitudes toward welfare and low-wage work increase the likelihood of heavy reliance on welfare. There is evidence of program-induced effects, with higher AFDC benefit levels associated with greater risks of AFDC dependency; however, this association is statistically significant only among one of the three racial/ethnic groups (i.e., Anglos). As with the article in this volume on sons' labor supply, this article finds that local labor market conditions are important to the behaviors of young adults, in this case daughters' reliance on welfare. Health is also identified as an important factor in reliance on welfare. Overall the study finds a number of racial/ethnic differences in the factors associated with welfare use and concludes that these findings highlight the need to identify the reasons for these differences and modify theories and policies in accordance with what is found.

In Sum

Intergenerational influences involve complex processes, and the collection of articles in this volume yield no simple tale of welfare consistently imparting detrimental effects. There is evidence both of intergenerational effects of welfare and of the absence of its effects. Existing theories provide some but not complete explanations of the empirical patterns. Evidence for economic incentive effects and social class effects is mixed. Of the broad range of theories of intergenerational effects tested in these articles, the one with the strongest and most consistent support points to labor market conditions as an important factor. Stressful life events are also important. But stress and labor market conditions do not account entirely for the underlying processes. There appears to be a need for further theoretical development. Evidence regarding a variety of racial/ethnic differences merits further research and understanding, as does the finding that any parental welfare receipt, regardless of length of time the parent was a recipient, affects a daughter's dependency on welfare. Theories currently do not adequately allow for these aspects. Collectively this suggests that, though the current welfare program is not ideal, it is not the villain that it is often taken to be, and we need to adapt our theories as well as policy discussions to recognize the complex nature of the way it intersects with people's lives.

References

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