



LIVING ON LITTLE:

CASE STUDIES OF IOWA FAMILIES WITH VERY LOW INCOMES



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The opinions and conclusions expressed herein are solely those of the authors.

I. INTRODUCTION

Surveys of current and former welfare recipients consistently uncover a troubling, and somewhat mysterious, fact: A non-negligible percentage of families report incomes so low that it seems inconceivable they can survive. Most recently, this phenomenon has been documented in state surveys of families that have left the Temporary Assistance for Needy Families (TANF) program. For instance, 22 percent of “TANF leavers” surveyed in Missouri reported \$500 or less in monthly income, and the same proportion of leavers surveyed in Massachusetts reported \$150 or less in weekly income (Dunton and Mosely 2000; Massachusetts Department of Transitional Assistance 1999). In the spring of 2000, Mathematica Policy Research, Inc. (MPR) conducted a telephone survey of 401 families that had left Iowa’s TANF program in the spring of 1999. At least 8.5 percent and perhaps as many as 13.5 percent of the respondents to this survey reported \$500 or less in monthly income (Kauff et al. 2001).¹ On average, these families’ incomes were less than 20 percent of the U.S. Census Bureau’s poverty threshold.

There is reason to be concerned about families that report little or no monthly income. In the wake of federal and state welfare reforms, employment rates, earnings, and total income have increased for most poor families. However, the financial situations of the poorest families have worsened and there is evidence that “deep poverty”—defined as income below 50 percent of the poverty threshold—has grown (Haskins et al. 2001a; Primus et al. 1999). The families at the bottom of the income distribution are not only far from attaining self-sufficiency and moving out of poverty, but may face extreme hardships—such as hunger and homelessness—that can have harsh consequences for children’s health and well-being.

Indeed, responses to the Iowa TANF leavers survey indicate that families with very low incomes may be more vulnerable to hardships. As Exhibit I.1 shows, leavers who reported \$500 or less in monthly income were more likely to face a variety of hardships after leaving TANF than those who reported more than \$500 in monthly income. For instance, leavers with very low incomes were more than twice as likely to have experienced hunger and three times as likely to have been homeless and living on the street after leaving TANF.

These differences suggest that one focus of the reauthorization of the federal welfare legislation in 2002 should be helping “floundering families”—those

¹ In the Iowa TANF leavers study, monthly income was calculated from respondents’ reports of their earnings, government assistance, child support, and income from other household members. Thirty-four respondents provided an amount (in some cases zero) for each of these sources, and the amounts summed to \$500 or less. In addition, 20 respondents had missing data for one or more of these sources, but the sum of those amounts reported was \$500 or less. It is not clear why the rate of families reporting very low incomes is lower in the Iowa TANF leavers survey than in the other two surveys cited here.

Exhibit I.1

Hardships after Leaving TANF among Families in Iowa

	Families with More Than \$500 in Monthly Income (%)	Families with \$500 or Less in Monthly Income (%)
Experienced hunger	14	38
Homeless and lived on the street	3	9
Homeless and lived in a shelter	2	15
Unable to pay rent/mortgage	24	41
Moved in with others to save money	19	38
Without telephone for at least 24 hours	33	50
Without heat for at least 24 hours	7	12
Without electricity for at least 24 hours	5	18
Poor perceived standard of living	13	32
Sample Size²	320	34

SOURCE: MPR survey of TANF leavers in Iowa.

families that continue to face financial instability in spite of welfare reforms and programs designed to support the working poor (Haskins et al. 2001b). However, there remain large gaps in our knowledge about the characteristics and circumstances of families that face deep poverty. Are families' experiences with deep poverty brief and circumstantial, or are they persistent? How and how well do families survive on such little income? What services and supports do families with very low incomes need in order to achieve financial stability?

In an effort to develop more knowledge in this area, MPR sought and obtained funding to conduct follow-up case studies with families that reported very low incomes in our telephone survey of TANF leavers in Iowa.³ This report presents findings from 16 in-depth, in-person interviews that MPR and its subcontractor, the Institute for Social and Economic Development (ISED), conducted in the fall of 2000. The rich descriptions obtained through these interviews can improve our understanding of very-low-income families and strengthen policy aimed at helping these families increase their income and become self-sufficient.

² Forty-seven of the 401 survey respondents had missing data for one or more income sources and were not included in this analysis.

³ Funding was provided by the Smith Richardson Foundation, the Joyce Foundation, and the U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation.

Research Questions

The case studies had two broad objectives. The first was to learn more about the financial circumstances and well-being of families with very low incomes. The second was to assess the capacity of conventional, structured telephone interviews to capture household income. To achieve the first objective, we posed three primary research questions:

1. What are families' income sources, how consistent are they, and are they adequate to cover living expenses?
2. What strategies do families use to make ends meet?
3. How are families with very low incomes faring, and what are their prospects for the future?

In order to assess the strengths and limitations of structured telephone surveys (our second objective), we examine the extent to which the case study data support, contradict, or identify gaps in the telephone survey data collected from the same families. There are a variety of challenges to collecting good information on income through surveys. For instance, respondents may have trouble recalling specific amounts of income and/or be reluctant to discuss their financial situations. In addition, surveys may not always ask about income sources such as earnings from under-the-table or odd jobs. Comparing the types and amounts of information gathered during the two interviews can identify ways in which structured interviews and other research tools might be improved.

Methodology

To meet the study's objectives, we conducted in-person interviews with 16 families that reported \$500 or less in monthly income during the telephone survey of TANF leavers in Iowa.⁴ We selected families purposively in order to balance the number of participants living in rural and urban counties, and to include interviewees who were and were not employed and who were and were not receiving TANF cash assistance at the time of the telephone survey. While gender was not a criterion for this study, all 16 case study participants were women. At the time that we conducted the in-person interviews, half were living in urban counties and half in rural counties. Slightly less than half were employed and only two were receiving TANF. The majority were neither married nor cohabitating with an unmarried partner, but had a least one child under the age of 18 living at home. The case study participants were not selected randomly and, therefore, are not broadly representative of very-low-income families in Iowa.

⁴The income criterion for this study was set at \$500 or less in an attempt to identify the families at the bottom of the income distribution in the TANF leavers survey. From initial survey responses, we estimated that approximately 10 percent of the respondents would meet this criterion. The information used to identify the 16 case study participants and begin interviewing came from an early version of the survey data file. After cleaning and analyzing the survey data further, it became clear that one participant who had already been interviewed had monthly income above \$500. This interview was included in our analysis.

The case study interviews were conducted from October through December 2000—three to nine months after the participants had completed the telephone survey. MPR or ISED staff contacted sample members first by letter and then by phone to explain the goals of the study and the interviewing process and to offer \$50 as an incentive for participation. Those who participated could decide to be interviewed at their home or at a public location of their choice. Of the 16 completed interviews, 13 were at a sample member’s home.

The interviews were largely unstructured and intended to allow study participants to talk about their family’s experiences and, in the process, identify the most relevant information regarding their income sources, expenses, and strategies for making ends meet. Participants were assured that their identities and all information revealed during the interview would be kept confidential. Each interview lasted about 1-1/2 hours.

This report summarizes the information gathered during the case study interviews. It devotes one chapter to each of the three primary research questions related to family income sources and expenses, strategies for making ends meet, and well-being. Highlighted in boxes throughout each chapter is information on how the case study data sheds light on the capacities of conventional structured telephone interviews. Each chapter also includes brief “vignettes” on the circumstances of selected families, which illustrate the collective themes. Names in the vignettes have been changed to protect the confidentiality of study participants. The final chapter of this report suggests some implications that these findings have for policy-making and research.

II. FINANCIAL CIRCUMSTANCES

Income sources and amounts fluctuate from month to month for many low-income families. Yet, expenses such as rent, utilities, food, and transportation are often substantial and do not change much. As a result, families sometimes find themselves with large gaps between what they have and what they need to get by.

Most Families Have One or Two Primary Sources of Income, but Income from These Sources Is Often Inconsistent and Unreliable

Although half of the case study participants reported having no income at all in the month before the telephone survey, all had some income from at least one source at the time we spoke with them in person. At the time of the case study interview, most were relying on their own earnings or on the earnings of significant others as their primary source of income. Half were also receiving child support and a few were receiving TANF or Supplemental Security Income (SSI). The vast majority of what participants had to live on for the month came from one of these sources or from a combination of two of these sources, but the amount of income they received varied from month to month.

Most families have earnings from jobs, but low pay, irregular schedules, and job instability affect their ability to get by on their earnings alone

Only three case study participants had reported earnings from employment—either their own or from another household member—at the time of the telephone survey. However, at the time of the case study interview, 8 of the 16 of the participants were working for pay. Another 5 had husbands or residential boyfriends with jobs. Most of those who were working were employed in formal jobs for which they were receiving paychecks, but some participants were working under the table—that is, working for cash that is not reported to the government for tax purposes. For those working under the table, the nature of the work itself was legal, but the manner in which they were paid was not. Examples of formal jobs include nurse's aide, security guard, welder, administrative assistant, commercial driver, librarian aide, school counselor, waitress, and mailroom clerk. Examples of under-the-table jobs include dancer and housekeeper.

Regardless of whether the jobs were formal or under the table, most offered low wages. On average, those with jobs earned about \$1,000 per month. To increase their take-home pay, some case study participants worked at multiple jobs. For instance, one participant worked for an insurance company during the week, at a restaurant on weekends, and staffed banquets through a temporary agency once a week on weekday evenings.

Survey Insights

The case study interviews revealed substantial variability in monthly earnings from employment. Most notably, low-income families move in and out of jobs frequently and their hours and work schedules are irregular. Thus, families that appear to have very low income in one month may have much higher income in the next, and vice versa. While structured telephone surveys generally capture information on employment at a particular point in time well, they are more limited in their ability to capture trends in employment and characteristics of jobs over time, thus providing an incomplete picture of families' true financial circumstances.

In addition, many case study participants reported that their paychecks vary from week to week or month to month, or that they are paid in one month for a job they accomplished in the previous month. Structured telephone surveys that ask respondents for a single dollar figure that best reflects their earnings in a particular month will not capture this complexity and therefore will not provide completely accurate descriptions of earnings for many respondents. During case study interviews, however, participants have the time and flexibility to explain their responses and put them in context. The largely unstructured format of these interviews also enables interviewers to clarify income amounts and probe for further information when participants provide vague responses or are struggling with their responses. In general, structured telephone surveys do not allow for such an exchange.

In addition to low pay, few jobs offered families steady and consistent wages from month to month. In part this was due to irregular work and pay schedules. Some individuals worked only when there was enough demand for their services and others worked in seasonal or temporary jobs. Some were paid mostly in tips—which varied from shift to shift—and others were paid according to how much they accomplished (that is, how far they drove or how many worms they baited in a week) or upon completing specified activities rather than

on a regular calendar cycle. In addition, case study participants and their significant others moved in and out of jobs frequently for a variety of reasons. Often these reasons were related to personal or family health problems. The end result was that earnings from jobs provided few families with a livable and steady stream of income. As some participants explained:

“[My boyfriend] gets paid when the job gets done, so if the job takes two weeks, it’s two weeks without [a paycheck]. ... This month he’s made \$350. Last month I’d say he made about \$500 for the month. ... He does siding and didn’t work all last week because ... his boss told him he didn’t need him last week because it was a small job.”

“There’s periods of times that I don’t bring home that much because I don’t work steady. I might just work two or three days a week.”

“I do work out of the house here for [the bait shop]. I do up worms... They pay us 3 cents a worm and I only take 10 boxes [of worms] because I can't put out more than 10 anymore because of [the pain in] my leg. ... I put in the hours I want to put in. We get a week to do them. If you don't turn them in you don't get paid. ... It varies with me because I get bad pain and I don't work. Then ... maybe I'll work on some and then I'll stop. It's off and on.”

For many of the families in which someone was employed, tax credits and refunds increased the financial benefits of working and carried them through difficult times. Most of the families participating in the case studies were likely to be eligible for some federal and/or state earned

income tax credits, and a number of them had received refund checks around the time of the telephone interview (in the first calendar quarter of 2000). Though it is possible to receive earned income tax credits monthly, most families receive them once a year in the form of a lump sum payment. Families participating in the case studies tended to use this lump sum payment to purchase a few expensive items they needed or to pay off debts or large bills. For instance, one case study participant had used last year's tax refund to pay off debt and to purchase clothing for her children. She was hoping to use this year's refund to pay off her school loans. Another was using her tax refund to buy baby furniture and another to pay medical bills that had accumulated. However, some families used the money from tax credits and refunds simply to get them through difficult financial times rather than to purchase big-ticket items. When recalling her experiences around the time of the telephone interview, one case study participant explained:

“My tax returns had probably come through and that was one of the ways I managed to make it. ... I budgeted so I could pay for January and I figured by the end of January I'd have a job, and I didn't, so when the tax refund came in February, I paid for February and March.”

Survey Insights

The case studies revealed the importance of earned income tax credits and the ways in which low-income working families put them to use. While many structured surveys of low-income populations inquire about knowledge and receipt of earned income tax credits, few ask respondents about when they received their refund checks, how much they received, how they put the money to use, and how long the money lasted. Yet, this information could reveal a substantial amount about how families get through periods of unemployment or how they manage to cover large expenses when they otherwise appear to have little or no cash flow.

Child support can substantially increase a families' income for the month, but few families receive child support regularly

Most of the case study participants had children whose other parent did not live with them. Yet, only about half the custodial parents were receiving formal child support—that is, financial support from noncustodial parents

through a court order or through Iowa’s Child Support Recovery Unit within the Department of Human Services (DHS)—around the time of the case study interview. The other half either had received child support sometime in the distant past or had never received child support. Some of these women had children whose noncustodial parents have paid support, but because the women were receiving or had received TANF, the state of

Iowa kept whatever support was paid.¹

Survey Insights

Talking with families in person offers an opportunity to fully understand each family’s unique experiences with child support—both formal support paid through a court order or through the state Department of Human Services, and informal financial and in-kind support provided directly by the noncustodial parent. Telephone surveys—such as the survey of TANF leavers in Iowa—that ask whether child support was received at a specific point in time and if so, the amount received, do not yield information about the regularity with which any amount of support is received or the variability in the amount of support received. They also do not provide a sense of the interaction between formal and informal support within individual families. Yet, the case studies suggest that all of this information is important to understanding the variability in families’ income from month to month and the extent to which families rely on various sources of support.

Case study participants who were receiving formal child support when we spoke with them were receiving between \$150 and \$430 per month. While this amount of money could substantially boost a family’s total income, the custodial parents we spoke with expressed two concerns: (1) Formal child support is often unreliable;

noncustodial parents may not be motivated to pay or their employment and financial situation may be unstable; and (2) while all additional money helps, even reliable and substantial amounts of child support are often not enough to cover major expenses and alleviate financial worries. Participants articulated their concerns with child support in this way:

“Unfortunately, the children do receive child support, but that’s real sporadic. It’s extremely difficult to count on that in my budget. If he works, then the kids receive it, but if he doesn’t work for whatever reason ... it just doesn’t show up. He was real faithful in child support and then in January, February, and March of this year [he didn’t pay] a dime. I called and finally somebody said they couldn’t collect it because he was [out of] work. There was nothing that they could do. Really, it was very tight.”

¹ In Iowa, while custodial parents are receiving TANF, child support collected on their children’s behalf is assigned to the state. The state retains the amount of child support that is equal to the total amount of TANF the family receives or the amount of assigned support, whichever is less. When a family leaves TANF, any child support collected is first paid to the family to cover the current month’s obligation. Any additional support collected is used first to reimburse the family for past-due amounts and then to reimburse the state for past-due amounts.

“My youngest son, his dad is ordered to pay me child support, but he won’t get a job. He says he’s not ever going to pay me child support; he’s never going to work. ... My little girl, her dad ... has a job. They take child support straight out of his check, but I don’t get it. See, I used to be on welfare. They used to take child support and give you \$50, but now they just take the money and they don’t give you anything. If I wanted to get child support for myself, I’d have to take him to court and I don’t have the money to do that. ... So, that’s a lost cause then, too.”

“He’s always been fantastic about paying child support. He’s never missed a child support payment. As a matter of fact, he voluntarily signed up for the garnishing thing. I get \$400 a month and that’s for both boys ... but what he pays right now doesn’t even pay for the day care.”

In addition to or instead of formal child support, some families were receiving in-kind support from noncustodial parents and boyfriends. For instance, in some families, noncustodial parents had taken responsibility for buying the children food, clothing, and diapers and were helping the custodial parents with child care and transportation. Chapter III discusses the nature and extent of this informal and in-kind support in more detail.

Sandy’s income—excluding Food Stamps—ranges from \$1,170 to \$1,970 per month and her expenses total approximately \$1,080 per month. Sandy is the mother of two children, ages 2 and 5. She recently began working as a dancer at various nightclubs in a neighboring city where she is paid under-the-table in tips only. Because she does not receive a regular wage, her take-home pay varies from night to night. Typically, though, she can earn as much as \$100 to \$200 per weekend night. She also receives \$92 per week in child support that is garnished directly from the wages of her children’s father and \$127 per month in Food Stamps. She does not receive TANF benefits primarily because the amount she would receive in benefits would largely offset, rather than supplement, what she receives in child support. Sandy sees dancing as a temporary source of income that can tide her over until she finds a more formal job. She would like to return to her previous job as a bartender in a casino where she had been making \$5.30 per hour plus a substantial amount in tips. She had quit that job because the nightshift was taking a toll on her health and she was unable to negotiate a day shift. In retrospect, she claims, “The pay was nice so I might just go back and suffer.”

Cash assistance from the government is not a major source of income for most families

Only two of the case study participants were receiving TANF when we spoke with them and three were receiving SSI—one for herself, one for her

Monique and her two toddlers live with Monique's mother in a house that they rent for \$450 per month plus the cost of utilities. Monique pays \$150 toward these expenses each month. She also spends \$40 to \$50 per month on gas for her car and \$150 per month on clothing and other necessities for the children. Laundry and personal items usually amount to \$65 per month. Monique's only reliable income, however, is \$319 in TANF cash assistance plus \$300 in Food Stamps per month. She has not been able to maintain a steady job; she quit a job in retail sales one month ago and has been unemployed since. She cannot afford child care (and has had trouble finding quality providers who are willing to accept state child-care subsidies) and often has trouble paying for medications for which she has no insurance coverage. In addition to her monthly living expenses, Monique owes \$440 in unpaid gas, electric, and phone bills and has substantial child support arrears. When adding up the money at her disposal during the case study interview, Monique stated bluntly, "I don't have any. I have about \$3 and that went into the gas tank."

son, and one for her husband.² In addition, one participant was receiving Unemployment Insurance. While others may have been in need of cash assistance from the government, some were no longer eligible to receive TANF because their dependent children were living elsewhere or had turned 18. Others simply did not want to get involved in the system again. Those who were receiving cash assistance found it useful, but not enough to make a big difference in their budgets. Moreover, many did not know exactly how much they would receive from month to month, either because their other income fluctuated, affecting the amount for which they were eligible, or because of administrative errors. As such, case study participants could not completely count on even this relatively stable source of income in their monthly budgets. Participants expressed their frustrations over the amount and variability of government cash assistance in this way:

"[My SSI] varies. I can't figure it out. I got in an argument with my [case]worker ...because my last check was \$75.30 and for December it was only \$96-something. ... I don't know what the deal was with the SSI, what's going on. ... Usually it's around a couple hundred dollars to \$300. I can't figure it out. They said they had overpaid me and they take \$50 out [because] of that. I don't get it, what's going on down there."

"I think I got close to \$300 this past month for me and my two girls. ... It varies. ... It depends on your income or if anybody's given you money to borrow, stuff like that."

"He gets SSI, but that \$500 a month just does not go very far."

² Recall that by definition, case study participants left TANF in spring 1999. Case study interviews took place in fall 2000.

“[TANF] is one check at the beginning of the month and it does not last until the end of the month. And if I get [TANF], I don’t get child support. ... I got [TANF] for a little bit and by the end of the month I was screwed for things.”

Although technically not cash assistance, Food Stamp benefits are similar to cash assistance in that they can free up money that families would have used to purchase food for other necessities. Every case study participant who was receiving SSI or TANF was also receiving Food Stamps at the time we spoke with them; in addition, three other case study participants were receiving Food Stamps without receiving other kinds of cash assistance from the government. On average, those who were receiving Food Stamps were receiving \$210 worth of coupons and considered this a nice supplement to their other income.

Families Struggle to Cover Two Different Categories of Expenses—Their Monthly Costs of Living and Their Debts That Have Accrued over Time

With the income they brought in, families first and foremost had to cover their monthly costs of living—that is, what they had to spend over the course of a month to meet their current day to day needs. Out-of-pocket expenses averaged almost \$990 per month among participants in the case studies. This amount excludes outstanding debts on which participants were not currently making payments and excludes the value of Food Stamp coupons used to purchase groceries.

For most families, their biggest monthly living expenses were housing related. The cost of shelter itself—rent or mortgage—made up the largest portion of housing expenses, and critical utilities—heat, gas, electricity, and water—made up the rest. Monthly rent or mortgage payments were \$273 on average and ranged from \$25 per month for a family with a Section 8 voucher to \$550 per month for a family paying full rent on their own. In addition, the combined cost of utilities was \$163 on average and ranged from \$60 to \$400 per month. A few families were able to save on housing costs, either because they owned their own home or because they shared housing and the cost of utilities with other relatives. A few others had

Survey Insights

Most structured telephone surveys of low-income populations do not include questions about debt. Yet, the case studies suggest that one way many families deal with the fact that their incomes are not sufficient to cover their expenses is by allowing debts to accrue or that one way in which they are affected by financial struggles is by being forced into debt. Living in debt can influence how families manage their budgets and the choices they make about their spending. Surveys that attempt to elicit information about families’ financial circumstances may fall short if they do not address issues of debt. Information that would be important to collect includes how much families owe, to whom they owe, for how long they have owed, and whether they are currently making payments.

relatively low rent costs because of Section 8 vouchers. The second largest monthly expense was groceries, averaging \$170 per month. Even those who were receiving food stamps generally spent between \$55 and \$125 out of their own pockets for food each month. For the most part, housing and food expenses varied little from month to month.

Other critical, but smaller, expenses included gasoline and other transportation-related expenses (such as car loans, insurance, and repairs), health insurance and medical bills, phone bills, child care, clothing, laundry, and personal items. All families participating in the case studies spent very little on nonessentials such as toys and treats for their children, cable, and other forms of entertainment. Some families described their ability to cover their monthly expenses in the following ways:

“I figure I have \$800 a month of expenses. ... That’s without my rent—that’s food and gas and everything. So, with rent it’s \$1,200 a month. That means if I don’t at least bring home to my house—in some way, shape, or form—at least \$300 a week, I can’t pay all my bills. ... That’s what it is and there’s no week that it’s any different. It’s a steady \$800 a month. That’s what it costs.”

“There’s like a certain time of the month you start running out of a lot of stuff. It’s hard to replace that stuff when you’re on a budget. Trying to work towards getting this and paying this and paying that. Then you’re like, ‘Shoot, do we have enough money to do this?’ Sometimes you have to compromise just to get the stuff you need. ... I was going to file bankruptcy because I can’t pay all these extra bills ... that I’m having to pay and live my life, too.”

“[How difficult is it for me to pay my different expenses right now?] As long as nothing comes up, as long as you don’t have to buy anything out of the ordinary, as long as you don’t have a [speeding] ticket or anything like that. Anything out of the ordinary—if the kids were to fall and break their shoes open or something—I’d have to buy a new pair of shoes. That’s out of the ordinary. Now somebody’s getting shorted somewhere.”

In addition to their regular monthly living expenses, all of the families in the case studies had large debts they were trying to pay off. Debts that go unpaid for long periods of time can be particularly troublesome to low-income families as they can affect credit ratings and force families to pay substantially more (because of interest and penalties) than originally required. Families in the case studies had accrued various kinds of debts, and some had accrued multiple debts. For example, four families owed back child support payments, four had outstanding credit card bills, and three had outstanding medical bills.³ In addition, some families owed student loans, back taxes, fines and insurance payments from car accidents, or large sums to

³ A number of case study participants had at least one noncustodial child and some were required to pay child support. In addition, the spouses and residential boyfriends of some participants were required to pay child support for their noncustodial children.

Linda's regular income often falls short of the nearly \$1,300 she has in monthly expenses. Linda is a counselor at a local middle school where she has worked on and off for the past two years. She usually works 25 hours per week for \$10 per hour, earning about \$900 per month after taxes. Occasionally, she substitute teaches for extra pay as well. Linda has a history of taking on extra jobs when finances are tight. Last year, she worked at three jobs simultaneously—at the school, at a bakery, and at a bowling alley—in order to make ends meet. While the additional income enabled her to cover her expenses easily, the additional work affected her health; she started having blood pressure problems, was very rundown, and as a result, was forced to quit. When she feels herself starting to fall behind on her expenses now, she considers taking a second job only as a temporary measure until she can catch up. The tax refund that Linda has received annually also helps her to catch up on overdue bills. Linda's earnings are her only sources of income. She does not receive child support and a few months ago became ineligible for TANF due to some substantial overtime pay. Since then, she has not reapplied.

DHS for TANF, Food Stamp, and medical benefits that had been received in error in the past.

Many families owed substantial sums of money. For instance, one family had \$35,000 in student loans plus \$6,000 in credit card debt. Another owed \$8,000 in hospital bills, another \$4,000 in child support, and another \$2,000 in back taxes plus \$1,500 in credit card bills. On top of these liabilities, many families were behind on their utilities—some by one month and some by a few months—and were constantly trying to catch up. One case study participant had recently been able to pay off her debts, but most were trying to figure out ways to pay—either through monthly payment schedules or through consolidating their debts to cut down on interest and keep better track of their outstanding responsibilities. In their own words:

“[My husband] has credit cards, I don’t. His are maxed out right now so we’re going to do that consolidation. ... We haven’t been paying on them right now because we can’t afford to. ... We’re going to call and see if we can [consolidate] because we have a few other bills that we wanted to try to put on that. Just get them paid off so our credit doesn’t look so bad.”

“I have to pay DHS for the [TANF] I got, the Food Stamps, and the medical. ... They’re giving me five years to pay that off, and I have to pay \$75 a month. That’s why how in the heck am I going to pay \$8,000 in five years if I’m making \$7.75 an hour? They referred me to a collection agency. Why would they do that? The collection agency is trying to make me pay \$185 a month. I cannot afford that.”⁴

⁴This case study participant received TANF for a period during which she was technically ineligible for benefits because she no longer had any dependent children living with her.

“Like when I was 18, I must have written a bad check ... because I have a \$249 [debt] to some collection agency in [town]. I have no idea why or any recollection of it, but I’m like ‘I’ll just pay it.’ I’m at a point right now where I worked really hard all last year and even though we didn’t have a lot of extra money, I put all that extra money [toward] paying off any debts that I had left over from when I was married, getting a reasonable car. Just taking care of sewing up a whole bunch of different loose ends. ... Right now I don’t owe anybody anything at all. Nothing to no one. Even though it hasn’t been a great couple of years, it’s well worth it if you’re at zero. I don’t care if I have any extra, I just want to be at zero. ... You have to get to where you’re debt-free and where you can live with what you’re making.”

III. FAMILY STRATEGIES FOR MAKING ENDS MEET

In order to cover monthly expenses and debt accrued over time, families often engage in a variety of money-making and money-saving strategies. The strategies described by the 16 participants in this study parallel those described by low-income families in similar studies conducted in other parts of the country (Edin and Lein 1997; Danziger et al. 2000). Some parents do odd jobs, collect cans, or pawn goods for extra cash, and most try to save money by bargain shopping and prioritizing bills. In addition, parents depend on family, friends, and to a lesser extent, government and community agencies to make ends meet.

Earnings, Child Support, and Cash Assistance from the Government Is Often Not Enough to Cover Household Expenses, So Families Supplement Income from These Sources with Other Money-Making Strategies

Families in this study were not always able to cover their expenses with their primary sources of income alone. To bridge the gap between what they bring in and what they must spend, some families relied on informal money-making strategies. How often families used these strategies varied, but most of the families had experimented with different tactics to bring in additional money. While a few families we spoke with had engaged in illegal activities in the past—such as selling drugs or stolen goods—none of them had engaged in such activities recently (that is, in the past few years). Furthermore, all the families we spoke with recognized the negative consequences of illegal behavior and felt that they would rather make ends meet through legal activities.

Some families seek out opportunities to render services in exchange for small amounts of cash on the side

Many case study participants were not comfortable borrowing money from others, but were comfortable providing services in exchange for cash. Some common services that participants provided in exchange for cash included babysitting and cleaning. These activities are distinguished from the under-the-table jobs discussed in Chapter II because case study participants did not consider these activities their livelihood. Rather, they were a source of extra money that participants could tap into as needed. Generally, participants

found opportunities to earn cash on the side through informal networks of family, friends and neighbors. Some were paid hourly for their services and some were paid a set amount for a specific task. All who used this strategy, however, welcomed opportunities regardless of how they came about or how and how much they were going to be paid. Case study participants had this to say about their experiences:

Survey Insights

Most conventional structured surveys, including the telephone survey of TANF leavers in Iowa, do not specifically ask about the strategies for earning extra money—including odd-jobs, pawning, and collecting cans—that case study participants describe using when income from employment, child support, and government assistance is not sufficient. In the Iowa leavers survey, respondents were asked whether they had any “other income” outside of earnings from employment, child support, government assistance, and other household members’ earnings. This question could have captured income obtained through odd jobs for cash and other activities, but the question did not specifically instruct respondents to include money from these kinds of activities and very few respondents reported any “other income.” General questions like this one may be too vague for respondents to know what income sources to provide.

“The neighbor lady can’t organize and she wanted me to help her do her filing cabinets and her kitchen cupboards and get her cleaned up and organized. She gave me \$50 for that. That worked out because now I can put it toward this or that. Usually something comes up where somebody wants

me to do something and it’s no big deal to them, but it’s a big deal to me, whether they give me \$5 or \$20. But that [is money] I can throw towards something. It may take a couple of months to get that built up ... but eventually something comes up. Everybody knows we got kids. Someone will want me to babysit, and then they’ll pay me for babysitting. Little things.”

“[My best friend] will loan me money, but ... I have to do something in return for it. He’s like, ‘You can’t get it for free.’ Usually I’ll just braid his hair or clean up his room. [He has given me] probably about \$40 this month.”

“I do some detail cleaning occasionally that’s above and beyond what I normally do. ... [What I get paid] varies from job to job. ... It depends on what it is, whether it’s one sum or an hourly wage. ... It’s usually on a personal level. Somebody will tell me about somebody or I’ll meet somebody [who needs a job done]. ... I’ve had breaks and time periods—especially this year and last year with my mother being ill—where I didn’t have the cash, and I wasn’t working at a job. Or, I’m in between here and there and people know I need money and they’ll have the detail cleaning stuff has happened.”

Activities like collecting and returning cans and pawning belongings are a quick way for some families to fill the gas tank or pick up additional groceries

Some case study participants were particularly resourceful. When the money they were able to obtain through other means still could not cover expenses, they found more creative ways to bring in extra cash. Some made money from can and bottle deposits and by pawning belongings that were relatively valuable, but not vital to the family's well-being. Others purchased items at thrift shops and garage sales and sold them for a small profit. While one participant collected cans and bottles on a regular basis, all others who engaged in these money-making strategies reported doing it only when there was a specific and immediate need. Most case study participants did not make very much through these strategies but were able to buy things that they otherwise would have had to do without. Most often, they used the money for gas and extra groceries. As two participants described:

“Sometimes we’ll take things to the pawn shop to get a little extra, maybe \$30 here and there. [We do that] maybe once every couple of months, if that. It’s one of those things—you’re thinking we need gas, we need this, we need that, how are we going to get it? Right now unfortunately my stereo is in [the pawn shop]. Another thing we do is go can hunting and we find cans and that helps sometimes, too. [We do that] maybe once a week. A lot of times you’d be surprised. We’ve found like \$30 or \$40. We get cans and bottles from my dad’s, too. He saves them all month and then we go out and get them at the end of the month.”

“There’s the occasional pop can deposit when we’re low on gas, but nothing that would make a CPA get all excited. [Also], if I find something at a garage sale or a thrift store, if you hunt [for] those things sometimes you find an old piece of crockery and you can sell that and you can mark it up. I’ve never done it in a big, big way. ...If I find an item for \$3 and I could turn around at an antique store for \$10.”

Survey Insights

The case study interviews suggest that income gained through money-making strategies may not be consistent or substantial. Given this, survey questions that ask respondents about the receipt of income sources in a given month may not provide an accurate description of the regularity with which families use these strategies. Also, questions about income may not effectively capture information about money-making strategies if families do not view money gained by way of these strategies as genuine sources of income. For example, some surveys ask respondents about income from informal or under-the-table work. A parent whose livelihood is a regular job that pays in cash may respond to this question by reporting her earnings, but a parent who occasionally does odd jobs for small amounts of extra cash may not.

Lisa lives with her boyfriend and their two children, ages 3 and 4. The couple is planning to marry in the next year. Lisa does not work because she prefers to take care of her children, but her boyfriend provides earnings through sporadic work with a branch of the military. He was starting a new job as a security guard shortly after the case study interview. At the time of the case study interview, Lisa was not receiving TANF cash assistance, but the family was receiving SSI (for the oldest child who has learning and speech disabilities), Food Stamps, and Medicaid. Lisa and her boyfriend say they have trouble making ends meet. In addition to their monthly expenses, Lisa's boyfriend owes child support to the state for a period of time that he and Lisa were separated. In order to buy food cheaply, Lisa gets food from a food pantry once a month and shops at bargain grocery stores regularly. She has also pawned belongings in order to buy gas or food. Lisa's grandmother occasionally watches her children (at no cost), but in general, Lisa and her boyfriend prefer not to impose on family members who they feel are also struggling financially.

While Monthly Expenses Are Not Easy to Reduce, Families Do Have Ways of Cutting Costs and Prioritizing Expenses

In addition to certain money-making strategies that families use to bridge or narrow the gap between their formal income sources and expenses, families also depend on a variety of techniques for saving money. Many of the ways in which families try to save and stretch their money—like cutting coupons, shopping for sales, or filling gas tanks partially—are commonplace among families at various income levels. However, because families with very low incomes are often living close to the proverbial edge, routine strategies can make the difference between whether or not they are able to make ends meet each month.

Families attempt to save money on food, household goods, and gas by cutting coupons, bargain hunting, and buying more or less of something than is needed at that time

As discussed in Chapter II, most families in this study, whether receiving Food Stamps or not, described groceries—including food and household items—as one of their primary expenses. Unlike rent or utilities, these are budget items over which heads of households felt they had some degree of control. This control allowed them to make adjustments, in some cases slight, to monthly expenses so that they would match variable monthly income. The techniques used to control the costs of groceries included cutting coupons from newspapers or fliers, shopping at more than one store in order to find the lowest prices on different items, and buying food in bulk when it is on sale. The vast majority of participants in this study described using one or more of these strategies to save money on food and other household items. In their words:

“I make a list of what I’m going to get at this store, make a list of what I’m going to get at [another] store. ... TV dinners are one of the most expensive. They’re \$4 a thing. [But] when you can go get a pound of hamburger, a jar of spaghetti sauce, and noodles for \$5 and that can last you two or three days compared to your 20-minute TV dinner. ... It just kind of depends on what’s on sale, how far you have to go to get it, and that kind of stuff. I’m not going to run to [another town] to pick up a can of soup because it’s \$0.69 rather than \$0.79. It doesn’t make sense to waste gas on it.”

“So what I do now—and this is another time I get stuff for cheaper—there’s a butcher out in [town where] I buy maybe 10 bags of frozen chicken breasts at a time and he gives them to me for like \$3.99 a bag. ... But if you go to the store for those bags of boneless chicken breasts they’re almost \$5.79 or \$6.”

Study participants also prioritized expenses on household items and delayed purchasing items that they did not see as immediately essential. These “nonessential” items were things like children’s clothing or light bulbs, which may not be necessary for survival but might constitute a hardship for the family. Other cost-cutting strategies that more than one study participant reported were buying only a few dollars of automobile gas at one time and spending very little on entertainment. Some study participants described these choices:

Survey Insights

Structured surveys rarely collect information on family expenses or inquire about the ways in which families attempt to adjust their expenses to variable monthly income amounts. This limits the surveys’ ability to describe how families with very low incomes are surviving. The case studies suggest that parents use a variety of strategies to control spending while trying to maintain their family’s basic needs. Bargain hunting, cutting coupons, and prioritizing bill paying are methods of regulating total monthly expenses to match total available income, while keeping fairly constant family consumption of food, housing, electricity, and other basic needs. One of the reasons that data on expenses are not generally collected in structured surveys is that it can be time consuming and difficult to do so.

“My natural nature is just to say we need light bulbs or we need shoestrings or whatever, and we just go out and buy it. It is definitely prioritizing. I’ve had enough experience with this, I know that if I don’t absolutely need [something], then I don’t need to get it today. ... I wait until you can’t put the shoestrings through the shoes anymore or whatever it might be. Or if [my children] get birthday money that would probably go to shoes or a haircut or something like that.”

“We only put like \$4 in [the gas tank]. We do that a lot, just put \$2 or \$3 here and there in the gas tank because it’s expensive to fill the car up. It’s either put more gas in or maybe even not pay a bill that month.”

“If I do go out, it’s ladies night so everything’s free. I don’t go out unless it’s ladies night. With my kids, we do little creative things around here. Like my mom, she saves everything. She has all these beads in a bucket, so we’ll get a needle and put them on a string and stuff like that. Or we’ll go outside.”

Mary and her boyfriend live with Mary’s daughter in a home they own in a rural town. Mary’s boyfriend provides for the family financially while Mary stays home to care for her daughter. Currently, the family does not have a lot of trouble making ends meet. At the time of the case study interview, Mary felt she was doing better financially than she was when she completed the telephone survey because she recently began living with her boyfriend who makes a steady income. Despite this, Mary and her boyfriend budget carefully and often prioritize which bills to pay. They always pay the mortgage payment first and then the gas and water bills. When necessary, they have skipped paying the phone bill for one month, but usually catch up the next month. They also receive consistent and substantial support from her boyfriend’s family. His parents have them over for dinner once a week, buy toys and other things for Mary’s daughter, and have loaned Mary and her boyfriend money on occasion. Mary also drives to nearby towns to shop at thrift stores for clothing for herself and her daughter. “There’s nothing here, so that makes it hard,” she says. “But in [town] they have [a community organization] and people donate clothes, so once in awhile we’ll stop by. ... We get a lot of hand-me-downs.”

Bill paying can be a complex process for parents, who must make money-saving choices about which bills to pay on time and which to pay partially or fully

Families were also able to cover monthly expenses—despite inconsistent, and sometimes insufficient, monthly income—by prioritizing the payment of bills. Sometimes this involved selecting which bills must be paid and allowing others to go unpaid. In other cases, families made partial payments of what they owed or asked for extensions on the due date of the payment. It was common for participants in this study to push the limits on how long they could allow a utility bill to go unpaid before the associated service was discontinued. Study participants described making these decisions in the following ways:

“So I’ve gone without [a] phone if I had to. Shivered in the dark if I had to. Fortunately at this point I’ve been able to make sure the main things are done, like the furnace checks. ... If I know [my son] needs clothes for when the weather gets cooler, I’ll delay that as much as I can.”

“Well, what I do is I just when it comes down to where I absolutely have to pay it, I pay. ... I owed [the phone company] \$210 and the water company about the same, and sent them each \$100. ... That’s good with them as long as I’m paying a good share of it.”

“I’m good at making arrangements. As long as I keep in contact with the people I owe money to, like I make arrangements with the cable company and utilities and I think they know me. I’ve made enough arrangements with them they know me pretty well. I can pay this month now and I’ll make it up later.”

Several study participants said they sometimes pay bills in advance when they have extra money available because they anticipate that they may not be able to afford certain expenses in future months. In a sense, they create a savings account—in which the saved money will all be directed to basic needs—rather than risking spending extra money on less necessary items. As one participant described:

“I was really proud of myself. I paid all my bills at the beginning of the month, I mean everything, and I overpaid my cable bill because we just have cable and its like \$22 a month. But I paid for three months. I do stuff like that. I know if I have a little bit of money then I’m going to pay it right now and I’d rather just have the amount of money I’m normally carrying around and be paid ahead [on my bills].”

The Strength of Families’ Support Systems and the Extent to Which Families Ask Others for Help Vary Significantly

When trying to make ends meet, the families in this study depended to varying degrees on help from family members, friends, and the noncustodial parents of their children. Many were reluctant to rely too heavily on any of these support systems for help because they felt a responsibility and desire to be self-sufficient. Others did not feel comfortable asking relatives or friends for help because those in their support networks were struggling equally hard to make ends meet.

The help that families receive from relatives and friends varies in regularity and substance

Of the 16 case study participants, only one did not receive some help from her family. The study participants described family members loaning or giving small amounts of money, buying toys and clothing for children, and/or providing child care, food, or transportation. Study participants also depended on family when they are unable to care for their children; nine participants had children in the temporary or permanent custody of other family members (see Chapter IV for more detail). The financial and in-kind support participants received from family varied in its consistency and intensity, but in general family members provided support when participants were in need and asked for it directly. These quotes provide examples of the variety of ways that family members help out:

“We don’t really depend on [my boyfriend’s parents]. They’re really nice and they buy things for [my daughter]. A trampoline and fun stuff that we can’t get for her. We had to pay taxes two months ago, and that put

Survey Insights

Reliance on private support networks and use of community organizations are topics that many telephone surveys of former welfare recipients do address. The data that the Iowa TANF leavers telephone survey collected on this topic were comparable with what the case study participants described. Families depend consistently on private support networks, and to a lesser degree, on community resources. Both the telephone survey and case studies found that families are most likely to receive help from relatives, friends, and neighbors in the form of child care, telephone access, transportation, and a place to stay. Also, food pantries and thrift shops were the community resources most commonly used among respondents in both interviews.

us behind and so they made the truck payment [for us].”

“It varies a lot of times because sometimes we don’t really try to borrow money from [my dad] because we owe him in the double-digits by now, the triple-digits I guess. We owe my dad quite

a bit. Usually he just kind of hands us money with a smile and says ‘if it helps.’ A lot of time it’s only like \$5 or \$6.”

“[They don’t help] in monetary ways. It’s more like we share child care, or if we need to share some transportation costs if that were more practical or if that were something we could arrange. We do a lot of that.”

Nine of the 16 case study participants received help from friends and neighbors (or have in the past). In some cases, this involved loaning money to pay bills, but more frequently friends provided in-kind help by watching children or sharing housing, transportation, or children’s clothing. For a few study participants, friends and neighbors provided a steady source of emotional and financial support, but for most, help from friends and neighbors was sporadic and during times of specific need. As some participants explained:

“My best friend works at a restaurant so she looks after my girls sometimes. When she’s not working she has them. She’s off today so she got them last night and she’ll be bringing them back to me today. She’ll come back Friday because she’s off Saturday and she’ll bring them back Sunday morning or whatever.”

“[My friend], I owe him \$30, \$20, \$30, \$13, and \$13.”

“I’ve got some [friends] who drop off clothes because they know we need clothes.”

A mother was more likely to receive help from a nonresidential boyfriend when he was also the father of one of her children. Three of the 16 mothers who participated in this study were involved romantically with a man who is the father of one of their children, but did not reside with them. All three of these nonresidential fathers provided some help with making ends meet.¹ Two other study participants had boyfriends who were not the father of one

¹ Income sharing among non-residential parents is a phenomenon that other qualitative studies have documented (Mincy 2000).

of their children. In neither case did the boyfriends provide regular financial help. When a boyfriend was not residential and/or responsible for a child, mothers seemed less inclined to involve them in their financial situation. Case study participants describe these two different experiences in this way:

“He buys everything [for the kids]. He buys their diapers. He buys their clothes. Pretty much anything I call and tell him they need he’ll buy it.”

“Yes, he helps with her. He helps buy her clothes...he feeds her, bathes her. ... He’s really good with her. He loves that little girl. He was there when she was born...He’s trying to help me with my car ... like if I needed a tire and didn’t have the money, he’d go get me a tire if he had the money. Or he takes me around in his car or lets me drive his car.”

“He doesn’t know I struggle. Heck, no. I don’t let him know that. I don’t talk about my finances with him.”

“In the past, if something has become to a point where I can’t get any help and I don’t know what I’m going to do, he has offered to loan money to me to cover it. ... But, in general he doesn’t. He doesn’t live here so it’s difficult for him to know. I suppose if we lived together that the situation might be different.”

Families are reluctant to rely too heavily on personal support networks because they prefer to be independent and because many of their friends and family do not have enough resources to provide help

While many study participants depend on family and/or friends for frequent or sporadic financial help, they also expressed a strong desire to provide for their families independently. For this reason, many women we spoke with felt strongly that they should be able to provide for their families through their own earnings and limit the amount that they ask for or accept from family and friends. In their own words:

“I won’t take anything ... unless it’s earned. I would rather just make it on my own. ... I just have a real need to be independent.”

“They want to give you all this grief before they do anything for you. Who wants to be bothered with that? So you just try to do what you can by yourself on your own. ... It makes you feel bad. So, sometimes I do without before I ask anybody for anything because I’m not working three jobs to be asking people for something. That’s kind of the purpose too, so I don’t have to ever worry about [asking] anybody for anything.”

“We’re real sticklers as far as that. My business is my business. ... You wouldn’t find me asking my mom [for help] because it’s like asking her to take care of my family.”

In addition, many of the individuals who made up the support systems for these very-low-income families were also low-income and may not have had

the resources to provide consistent or substantial help. This increases the study participants' reluctance to ask too regularly for help and limits what they feel comfortable asking for. Two participants poignantly described this reality:

“If it comes down to it, I could ask my dad to help. I know he would. I always want that as a last thing because if I ... make a habit of going there, it's too much for him. I don't want to overuse it.”

“I figure I'm having a hard time. ... Life's hard out there. They need their money and they got to support themselves and they got their own kids and everything. They don't have to be coming my way and helping me out.”

Perhaps because of their reluctance to burden others, a number of families regularly exchange services (or “barter” as one study participant called it) with relatives and friends

In addition to the types of financial and in-kind support we have described, six of the participants in this study described a more formalized and reciprocal system of exchanging services with family and friends. By bartering, families were able to receive the assistance they need to make ends meet without burdening, or feeling dependent on, others. As with other supports they receive through family and friends, the regularity with which study participants exchanged services and the types of services they exchanged, varied greatly. This is how some of them described this strategy for cutting costs:

“A friend has her own store, so I might work for her for a few hours if she needed to go take one of her children to a doctor's appointment and then she might give me a ride to the grocery store. We swap [in] those kinds of ways. More abstract, but they are still budget items.”

“One of my brothers, if I want a ride somewhere he'll be like, ‘Will you braid my hair if I give you a ride?’ ... It's an even trade.”

“There's a lady when we lived in [town], I'd go in and help her water her plants and stuff because she was elderly. ... She would give us food a lot of time. She'd have us eat supper with her or she'd give us something to take back.”

“A neighbor gave me a car seat. The neighbor down here is real good if she sees winter coats. She'd done it a couple times. ... She got my 7-year-old four coats. We're all kind of watch[ing] around [for each other]. If I see something her little girl could use I'll pick it up. There's a bunch of us that rotate everything and try to help each other as much as we can without making it in to something [like] ‘look what I've done for you.’ Nobody holds it over anybody or anything, we just try to help each other out.”

While Most Very-Low-Income Families Have Used Government and Community Organizations for Clothes, Food, Heating, and/or Emergency Cash Assistance, They Voice Mixed Feelings about Having to Ask Strangers For Help

Chapter I discussed the case study participants' receipt of monthly governmental income assistance like TANF and SSI. In addition to these sources of monthly cash assistance, most parents also used government or community agencies for in-kind assistance—like food or clothing—and for more occasional and exigent financial needs. By far, the most common type of organization that case study participants used was a food bank. Other assistance they have received includes energy assistance, emergency cash assistance through government agencies or churches, and clothing and household items from thrift stores. Several used emergency cash assistance to pay for car repairs or utility bills.

Many case study participants also talked candidly about what it feels like to ask strangers for help supporting their families. Some had no qualms about asking others for help if they felt their needs were great enough. More often though, the study participants described a mix of gratitude, shame, and discomfort with having to use these forms of assistance. While most believed that it is appropriate to ask for help when in need, they also felt that it sacrifices their independence and pride to do so. The conflicting views presented in the quotes below allude to the stigma attached to government and community assistance programs.

Survey Insights

While the telephone survey data provided basic information on families' use of private support networks and community organizations, it could not describe the consistency and/or level of financial assistance that families receive. One example of this is the data collected on contributions by nonresidential fathers. While the telephone survey of TANF leavers in Iowa asked about informal monetary and in-kind support (in addition to court-ordered child support) from nonresidential fathers, only a small proportion of respondents reported receiving these informal types of assistance in the month before the survey. However, many case study participants described receiving in-kind contributions—such as diapers, clothing, and child care—and/or small amounts of money from nonresidential fathers of their children. The telephone survey may not have captured this information because informal contributions by non-residential parents are irregular or because respondents are reluctant to disclose help they receive from the fathers of their children. The case studies also suggest that individual parents have varied feelings about asking for help and different circumstances in which they are willing to depend on family, friends, or community resources. Telephone surveys rarely try to obtain this more descriptive information, yet it is vital to understanding how, why, and to what extent parents with very low incomes get by.

“I just don’t feel comfortable going to churches and asking other people for money. I’ve went with my sister-in-law when she’s done it, and I feel uncomfortable sitting there by her while she’s doing it. I don’t know what it is. And they needed [the help].”

“I was grateful they were there, but I felt as though I didn’t have to go to somebody to do something. There’s nothing wrong with having to go to someone, but I felt as though I should have been able to maintain my own bills, to budget this, but I just can’t afford it.”

“It’s belittling. I mean it’s just the way they make you feel. ... With the power bill, it never entered my mind to go to the charity organizations this time, because it’s just belittling. It’s not worth it to me. I’ll get the money somehow. I’ll make it. I’ll earn it. I’ll get by. I mean it just wasn’t worth it to me for \$60 to go through all that crap, and then make me feel like I was begging for it or something.”

IV. FAMILY WELL-BEING AND CHALLENGES TO IMPROVING WELL-BEING

Even after employing money-making and money-saving strategies, almost all of the participants in this study were struggling to some extent to make ends meet. Often, financial struggles have implications for family well-being and family functioning. Though the participants were hopeful about their prospects for improving their finances and well-being, most faced issues and tough decisions that made the task more challenging.

Instability in Financial Circumstances Often Leads to Instability in Family Well-Being

While no family in the case studies was financially secure, some were struggling more than others. There are two ways to gauge the extent to which families in this study were struggling. The first is by asking them directly. When asked, six case study participants described their circumstances as dire and felt that the well-being of their family was suffering. The others felt that they were getting by for the moment, but were almost always stressed about their financial situation and recognized that their circumstances were precarious and could change in an instant. The second way to gauge how much families are struggling is by assessing certain indicators of their well-being—such as their housing situation, whether they have enough to eat, and their ability to provide for their children. According to these indicators, more families were struggling more than their direct answers suggest.

Some families live with others and move frequently because of the high costs of housing

As discussed in Chapter II, rent and mortgage payments represented the largest portion of families' monthly living expenses. They were sometimes so high that families could not bear the cost of housing on their own. To defray these costs, a few participants were receiving Section 8 vouchers or other housing subsidies from the government. Others, however, were sharing housing with friends or family members, sometimes under crowded and difficult conditions. For example, one parent was living with four other adults and two children in a two-bedroom apartment. This is particularly of

concern because shared housing can be a precursor to homelessness. None of the case study participants were homeless—that is, living on the street or in a shelter—at the time we spoke with them, but at least two had been homeless at some time after leaving TANF.

High housing costs have also led to housing instability among the families with which we spoke; many families had moved frequently in search of more affordable arrangements. Generally, case study participants did not have problems with the quality of their homes, although three did express concerns about broken appliances, leaks, and other structural problems. Some had this to say about their housing experiences:

“When I first got out [of prison], I lived on my own till the beginning of June and then I was like I couldn’t do it—the bills, the kids, the rent. ... Then the landlord was like, ‘You’re behind on rent.’ I can’t afford it. He said, ‘You’re going to have to leave.’ He didn’t evict me. I was like I don’t want any eviction notice so I just moved to my mom’s.”

“[Name] and my aunt is downstairs, and her boyfriend, and my boyfriend and babies. This is my brother’s house. He’s in [another town] right now. ... We share utilities. We split it three ways. She pays the rent ... and then me and her and our boyfriends and my aunt split it three ways.”

“Technically, we’re not supposed to be living here with [child], having two adults and a child in a one-bedroom. But, he was living here first and then when we got married [child] and I moved here because at the time she and I didn’t really have any place to go. [Before this] we were living with a friend of mine in [town]. We decided that that wasn’t working very well, and I was going to have to move back out to my mom and dad’s. Then we got married and I said, ‘If we’re married we’re just going to live here until we can find something else.’ [Before this] were living in the low-income place. I was sharing the bedroom with my daughter and he was sleeping on the couch. At the time it was better than living out at my mom and dad’s.”

“Actually, the apartment I was living in, it’s HUD-assisted, and after June of next year the amount on the apartment I was living in is going to go up to the full amount and I couldn’t afford it. So that’s why we moved back here.”

Some families go for periods of time without adequate food and without basic utilities

At times, various case study participants did not have enough food for themselves and/or their children. A few reported skipping meals or eating small, nutritionally incomplete meals—some regularly and some from time to time. In fact, a few participants reported regularly eating only one meal a

day, describing their behavior as a personal sacrifice to make their finances stretch farther or an unfortunate, but necessary choice between food and other necessities such as gas to get to and from work. Other participants had had their heat, electricity, or water shut off because they had failed to pay the bills for an unacceptable period of time. In their words:

“My kids yell at me about it. That’s why everybody will once in awhile bring food down because I’ll eat bread or crackers or a can of peas and that’ll be my meal for the day. I usually only eat one meal a day. I got used to it. It

don’t bother me anymore. They got me on iron pills and everything. I have to get mineral pills because my hair is starting to fall out because I’m not getting the stuff that I had.”

“We feed [my daughter] the hamburger and [my husband] and I just kind of open a can of pears or something else until we are full. So a lot of times we don’t get a square meal. ... A lot of times it’s because we make sure [my daughter] gets what she needs. Sometimes we don’t have enough to cover both of us. Sometimes it’s hard to try and find enough to feed all of us.”

“I let [the bills] build up until I got my shut-off notices and then like the gas was shut off ... and [name] helped me pay the last gas bill. My electric was shut off for a couple days until I got my unemployment check and I could pay it. You just have to let them shut off. There’s nothing I can do about it.”

“It’s just hard. I’m used to doing a lot of overtime, having a lot of extra money and now I can’t do it. We just had our lights off for a week. They were off for a whole week, and then the state paid it for me.”

Survey Insights

The extent to which families experience hardships, such as not having adequate housing or enough food to eat, fluctuates as financial circumstances fluctuate. Such instability in family well-being is extremely difficult to capture in a point-in-time telephone survey. Telephone surveys most often rely on closed-ended questions about families’ current circumstances and on specified measures of various aspects of well-being. Case study data, however, are able to provide much more information about the circumstances surrounding hardships—including the consistency with which they occur, precipitating factors, and each family’s reactions to their experiences. For instance, both the case studies and the telephone survey of TANF leavers in Iowa identified a high incidence of noncustodial children among participating families—the structured survey included questions about the existence of noncustodial children, their current residence, the amount of time they had been in the custody of others, and the reasons they were in the custody of others. While this basic information is useful, the case studies were able to bring to light the relationship between having noncustodial children and financial instability, and the ways in which having noncustodial children affects families’ lives.

Cynthia has custody of two of her children, ages 2 and 8, and one other child, age 13, who was adopted four years ago by his foster parents. Cynthia has been having trouble making ends meet for quite some time. One to two years before the case study interview, Cynthia spent time in a transitional housing shelter. She has moved twice since leaving the shelter and still struggles to cover her housing expenses. Despite working three jobs, she is never able to pay her rent on time and often runs out of food toward the end of the month. Around the time that Cynthia was in the shelter, DHS temporarily placed her 2-year-old and her 8-year-old with other caretakers. She has since regained custody of her 2-year-old and is in the process of regaining legal custody of her 8-year-old, who currently spends most of his time with his father. She is trying hard to do provide for her children, but is considering filing bankruptcy because she cannot afford to pay her bills. In her words, "Working three jobs you'd think I'd be able to do it, but it's not that easy. If there's someone doing better than me I want to meet them and ask them how they're making it because I'd like to know."

Many case study participants have lost custody of their children, either temporarily or permanently, in part due to their unstable financial circumstances

At the time of the case study interviews, seven of the women we spoke with had one or more children who were not living with them. Nine children (from six different families) were in the custody of their non-residential fathers, three children (from three different families) were in the temporary or permanent custody of their grandparents, and three children (from two different families) had been legally adopted by others after spending time in foster care. Some of these arrangements had been long-standing and were permanent, while others were more recent and temporary. In some cases, the state had mandated that the children live elsewhere. That is, the Iowa Department of Human Services had determined that the case study participants did not have the resources (for instance, financial ability, parenting skills, emotional stability, or a combination of these and other factors) to properly care for the children and had recommended alternative placements for the children. In other cases, the decision that the children live elsewhere was voluntary—that is, the case study participants themselves recognized their inability to properly parent their children and made alternative arrangements for the children on their own. At the time of the case study interviews, DHS was actively working with at least two of the case study participants—evaluating the family situation, providing services, and making recommendations regarding placement of the children.

Most case study participants who had children living with others maintained relationships with their children, either through formal visitation rights or informal arrangements they made with primary the caretakers. Yet, most had limited financial responsibility for their noncustodial children. The women we spoke with contributed financially to these children in small, informal ways—for instance, buying them clothing on occasion or providing meals for them during

daytime or overnight visits—but most were not required or expected to pay regular and substantial amounts toward their care (though a few were officially required to pay child support). In fact, for some participants who had children living with others, the primary reason they were able to survive on their income was that they did not have to bear the full cost of child rearing. For all who had children living with others, the fact that they could not bear the full cost of child rearing is indicative of the instability among families at the bottom of the income distribution and the challenges they face trying to provide for all of their family's needs with very limited resources. In their words:

“[The kids] would be better off with [their father] than in an apartment being with the babysitter six days a week, [which] is where they would have been. They’d come home from school and went straight to the babysitter and that just wasn’t fair to them. By the time I got home they’d be going to bed. [Then I would] get up long enough to send them to school. They’d be coming home from school and I’d be going to work. ... [Their father] had the financial support. He had everything. He had his parents. I had nothing. I was making good money, but after paying a babysitter for three kids, I was bringing home \$300 a week working six days a week. ... By the time you pay a sitter [each] week and then your rent, it left nothing for the boys.”

“The twins and [my other child] live with their dad. [My other child] should be coming home within the next week and the twins will be staying up at their dad’s. We don’t have enough space. The state decided there’s not enough space to hold four children in this house.”

“My youngest son is with dad. [My other son] is in guardianship with my parents, my 16-year old is with a family in [town]. He has been adopted by them. ... That was a legal adoption situation. I was afraid to overwhelm myself with everything I had to deal with myself and then two kids that had bonding issues from being gone, and I was afraid I would get right back into a situation where I would pick up illegal activities. ... I asked [the family] if [they] would openly adopt my child because I didn’t see any time in the next five years when I would begin to be ready.”

Many Families Are Hopeful about Improving Their Financial Circumstances, but Their Ability to Do So Is Complicated by Personal Challenges and Difficult Choices

Many participants in this study recognized that they are not going to be able to achieve the level of financial security that they long for at their current wages and income levels. Many hoped to improve their circumstances by furthering their education. In fact, one-third of all case study participants were taking classes at the time of the in-person interview or had plans to go back to school or into a training program. However, most participants in the study faced challenges that may make it more difficult for them to earn more for their families, even with additional education.

Disabilities and health problems may reduce the likelihood that some families will improve their financial well-being through work

Six of the case study participants had personal disabilities or health problems.¹ For the most part, disabilities and health problems did not prevent them from working, but did limit the amount that they could work and the types of jobs they could or were willing to do. For instance, a number of participants could not stand for long periods of time and needed jobs that were not physically taxing. Individuals' disabilities and health problems varied in nature and severity. Individuals' abilities to find employment that could accommodate their conditions and their abilities to otherwise cope with their conditions also varied. For instance, one participant with high blood pressure had stopped working all together because of health problems, while another with spinal cord injuries and chronic back pain worked as a commercial driver full-time. How able individuals with disabilities and health problems are to improve their financial circumstances through work, then, may depend on a number of factors including personal characteristics, the strength of individuals' support networks, and the extent to which jobs are well-matched to employees' abilities. As one woman with disabilities explained:

“I like working [at home] because I can’t go out in the stores and work because of my leg, so I can do something in the house and I can do it when it’s convenient for me and I ain’t in pain. I was shot about four years ago and it hit my spinal cord and it cut the spinal cord and it just shoots pain down my leg... And I have back problems. But I still want to work so I do my best at it. ... At [store] I couldn’t just keep standing with the pain and it got really bad and it just didn’t work out. Then [I got this job] where I could sit down and do it when I could do it. So it worked out good. ... I like trying to support myself so I do it.”

In addition to dealing with personal health problems, five case study participants (two with and three without their own health problems) were caring for family members (in most cases children, but in one case a husband) with disabilities or health problems. For these women, caring for a family member also limited the amount and type of work they were willing and able to do. For instance, some needed a flexible environment that allowed them time during the day to take their children to doctor's appointments or to otherwise attend to their children with special needs. Depending on the nature and severity of the disability, some mothers were reluctant to put their children in day care or were unable to find a provider that had the capacity or willingness to care for their children. Two of these mothers explained:

¹ One participant was receiving SSI. The others may have been eligible for SSI, but did not apply, or may have had problems that were not severe enough to qualify them for SSI.

“At this point [my son’s] health is always a continual consideration, [which is] why I have not worked much outside the house since he was born. So, I just have to take it day-by-day. I don’t have a choice in the matter. ... He has, of course, Down’s Syndrome so that’s almost always paired with a lot of chronic problems like respiratory, ear infections. ... He just needs some rest and there’s no real back-up for me. I have no one else. Regardless of anywhere we’ve ever lived, I haven’t had a day-care situation or caretaker situation of someone else who could take care of him or would even want to.”

“I didn’t want to work [before I took my last job]. [My son] has lots of disabilities and he has to be watched and I didn’t want to put him in day care at that time.”

Sharon has three children, but none of them live with her. Her sons are old enough to live on their own. Her younger daughter lives with her father. More than four years ago, Sharon was shot and became physically and financially unable to care for her. Sharon has since begun receiving SSI and has been able to work on and off at a job that accommodates her physical limitations and chronic back pain. Despite her SSI and sporadic earnings, she has substantial trouble making ends meet. Her gas and electricity have been shut off periodically for failing to pay the bills and she suffers from nutritional deficiencies because she cannot afford sufficient food. Sharon does not qualify for TANF because she has no custodial children, and is not currently receiving Food Stamps. She does not pay child support, but tries to provide meals for her daughter during visits and to buy gifts for her during holidays. Sharon sees all of children on a regular basis and can still provide them with significant emotional support, but financially Sharon is barely able to support herself.

Lack of affordable child care and personal values drive some parents to stay home to care for their children, rather than go to work

A number of case study participants had chosen to stay home with their children rather than go to work. For most of them, the decision was driven by the high costs of formal child care. They did not have informal providers they trusted and they felt that formal care would cost them the majority of their paychecks. Only a few case study participants who had worked had received child-care assistance from the state. The reasons for not taking advantage of child care assistance varied. For instance, one case study participant claimed that the providers she sought out would not accept children receiving assistance because it took too long to receive reimbursement from the state. Another was too frustrated with the system to apply; she felt that the paperwork was a hassle, the process took too long, and the information she needed to provide in her application was too intrusive. Another earned too much to qualify (although a large portion of what she earned went toward the cost of care). A few case study participants described the effect of high child-care costs on their decisions to work:

Survey Insights

Increasingly, structured telephone surveys are attempting to gather information on personal challenges and barriers to employment. For instance, the telephone survey of TANF leavers in Iowa collected information on health and disabilities (including disabilities of the respondent and other family members), child-care, and transportation problems. Other surveys are devoted solely to identifying personal challenges and barriers among low-income populations. There are limitations to examining such challenges and the ways in which they affect employment and family functioning through structured telephone surveys. For instance, identifying certain barriers may require the use of standardized screens, which may be time consuming to administer. It can also be difficult to measure whether and how personal and family issues affect employment and well-being. Still, researchers should continue to refine strategies for eliciting more comprehensive data through structured telephone surveys on a range of issues and their implications. This information offers important context for understanding families' needs and for defining what policies and programs would be most appropriate and beneficial.

"I can't do it. I can't hand my babysitter my whole check. I can't get Food Stamps now, I can't get [TANF] now, I can't do nothing—but I [am supposed to] hand my babysitter the whole check so I can keep working. Now I'm further behind than I was just staying home."

"At the moment [working] just wouldn't be worth it. And right now if I were to work,

you know, it's about \$100 a week for day care and it's hard to find someone that you trust, or whatever. It just ends up not being worth it."

"The only place I can afford to get [my daughter] in is at [location] and they have a waiting list. I couldn't go to work because I couldn't afford to put her in a \$400-a-month daycare so I had to stay home and get [TANF] because I couldn't afford the day care. My sister was working and there was nobody else that I trusted with [my daughter]."

Some of the case study participants who had chosen to stay home to care for their children rather than go to work did not make their decisions based on the cost or availability of child care, but on personal values and other family concerns. They felt it was more important to be full-time caretakers for their families and were uncomfortable with others assuming that role. Others had chosen to work, but limited their hours to part-time so that they could be home to care for their families at least some time during the day. These decisions limited families' options for increasing their income. However, what case participants gave up in earnings they felt they gained in improved family relationships and in the comfort of knowing that their children were receiving appropriate supervision and stimulation. One participant summed up these feelings in this way:

"My place is now back being in the home. ... The boys just moved back here. [I have been] going back and forth with my husband to the doctors. Taking care of home—that, to me, is my number one job. ... [The children] are pretty much self-doing and they're old enough, but still you have to have supervision. That's pretty important."

V. POLICY AND RESEARCH IMPLICATIONS

The stories of the 16 case study participants shed light on the financial circumstances of families with very low incomes, the challenges they face, and the techniques they use to cope with potentially inadequate resources. Their stories also enlighten and enrich analyses of more structured telephone survey data by providing additional and detailed information about families' experiences and by providing the contexts to interpret survey data. The findings from MPR's analyses of these stories support the findings from other studies in this area (for example, Edin and Lein 1997; Danziger et al. 2000) and have important implications in two areas—policy and research.

Policy Implications

Each chapter of this report presents important substantive findings from the case studies of families with very low incomes. However, there are two overarching findings that incorporate information provided in all three chapters. The first is that there is substantial variability in families' financial circumstances from month to month. Most families patch together different sources of income and various other money-making and money-saving strategies to make ends meet, sometimes effectively and sometimes not. As such, families that may not be struggling in one month may struggle tremendously in the next. The second is that many families with very low incomes have personal issues that exacerbate financial struggles. Some have health problems that limit or are aggravated by work. Others have trouble providing for their children and are involved in the child welfare system.

While it is unclear whether welfare reforms caused or aggravated these circumstances, it is clear that existing services have not adequately addressed the needs of families at the bottom of the income distribution. In the wake of steep caseload declines, many policy-makers have been inclined to call welfare reform a success. The findings from this study, however, suggest that welfare reform has not been a success for all families and that states continue to need TANF funding to focus more attention on those still struggling. Specifically, policymakers may want to consider the following ideas to help families with very low incomes achieve greater financial stability and address multiple challenges more holistically:

Create a system of support that acknowledges that families move in and out of employment. Receipt of various government support services is often predicated on employment status or receipt of cash assistance—sometimes by definition and sometimes by default. Yet, low-income families often move in and out of employment and on and

off cash assistance, gaining and losing various supports as their situations change. The case studies suggest that families with very low incomes can benefit at all times from services designed to improve their job retention and advancement and to assist them with maintaining vital non-cash supports such as food stamps, Medicaid, and child-care subsidies. Policymakers may want to take measures to ensure that all families with low incomes have access to these services, regardless of their employment status or receipt of public assistance. Some states have already taken steps in this direction. For example, some have expanded eligibility for Medicaid to some working families by disregarding all income for one year. Others are requiring less verification in Medicaid eligibility determinations or are certifying Food Stamps in 6- or 12-month intervals. These policies ensure that families maintain vital supports regardless of their reasons for leaving TANF and fluctuations in their employment status and earnings.

Enable low-income working families to earn more and keep more of what they earn. Most of the families participating in the case studies earned wages that were too low to lift them out of poverty. An increase in the minimum wage could benefit these and many other families at the bottom of the income distribution, though there is some debate over the extent to which an increase might help reduce poverty and the extent to which it might result in loss of jobs. In addition, earned income tax credits are an important benefit to many low-income working families. Policymakers might look not only to expand such credits—increasing the value of refunds and raising eligibility limits—but also to promote the advance payment option so that more recipients receive part of the credit monthly to help cover basic expenses and part in an annual lump sum. In addition, states that currently do not offer state earned income tax credits might consider doing so.

Improve access to child-care subsidies. Increased child-care expenses are a huge burden to many low-income working families. Policymakers might look for ways to expand utilization of child-care subsidies so that parents do not have to expend the majority of their paychecks on child care. Potential strategies include tightening administrative procedures so that families and providers alike will have less burden in completing required paperwork, imposing less restrictive eligibility rules, and improving outreach to families and providers. To address the needs of families that still do not or cannot take advantage of subsidies, policymakers might consider measures such as expanding or making refundable the Dependent Child Tax Credit and implementing universal pre-kindergarten programs.

Continue to emphasize child support enforcement and supports for noncustodial parents. While many families with very low incomes are due child support, most do not receive it consistently. Yet, the amount that families could receive could go a long way in helping them cover certain basic expenses each month. Some efforts that are currently under way to improve the child support system include simplifying

paternity establishment, new hire reporting, and case processing. Policymakers should build on these efforts, continue to make child support enforcement a priority, and search for innovative ways to encourage noncustodial parents to support their children financially and emotionally. States might also consider revising rules governing the amount of child support that is “passed-through” to custodial parents on TANF so that children receive the greatest benefit possible from the support their noncustodial parents provide. In addition, states might consider designing or expanding programs that offer work supports to noncustodial parents as many are not employed and struggle financially themselves.

Encourage collaboration among agencies, services, and programs.

Many families with very low incomes face multiple challenges and rely on a combination of government supports. Examples include TANF (along with Food Stamps, Medicaid, and child-care assistance), SSI, child welfare services, and various housing programs, among others. Policymakers might try to identify opportunities for increased coordination between these supports and the entities that administer them. This might include continuing to build and expand one-stop centers that have been created in response to the Workforce Investment Act, developing interagency trainings, organizing team case reviews, and establishing or improving upon referral systems. Policymakers might particularly encourage collaboration between the TANF and child welfare systems, given the substantial overlap between families in these systems. Specifically, policymakers might encourage development of work-oriented programs for TANF recipients and others within the child welfare system since financial stability is key to family preservation and reunification.

Develop programs that address the needs of families dealing with disabilities and health problems. The case studies suggest that disabilities can have implications for employment and financial well-being, but that individuals with disabilities may be successful in jobs that are well-matched to their abilities and in work environments that provide the appropriate supports. “Supported work” programs offer a variety of services—including intensive assessment, intensive case management, wage-paying transitional employment opportunities, and comprehensive supportive services—that can potentially benefit many of these individuals. Policymakers may want to consider implementing variations or components of supported work program models or consider other ways to assist families dealing with disabilities to succeed in the labor market.

Research Implications

Different interviewing methods serve different purposes. The strength of the case study interviews is in portraying the complexity of individual families’ stories in rich detail; the strength of the structured interviews is in collecting standardized data from a large, representative sample of families. Still, the

case study findings suggest ways that structured telephone surveys, and research projects generally, might be improved in order to capture the circumstances of very-low-income families more completely.

Comparisons of the case study and telephone survey data highlight three limitations of income data collected through structured surveys. First, telephone surveys are less able to capture the variability of monthly income and the capacity of monthly income to cover monthly expenses. One of the key substantive findings from the case studies, that very-low-income families' financial and life circumstances are in flux, was unclear from the information provided in the telephone survey of TANF leavers in Iowa. Second, surveys rarely ask families about the strategies they use to fill gaps between income and expenses—including odd jobs, pawning goods, strategic bill paying, and exchanging services with friends and relatives. Finally, telephone surveys may overestimate or underestimate household income depending on whether they capture the income of all household members and nonresidential parents who contribute to paying household expenses. Researchers may want to consider the following approaches to addressing these three limitations:

Develop surveys that capture household income over longer periods of time. When surveys collect income information for a specific month, it is impossible to determine whether the family's financial circumstances in that month were typical. The case studies indicate that families with very low incomes experience substantial financial instability and that income information in a single month may not describe financial circumstances over time. Point-in-time surveys could be designed to elicit income information over a longer period of time surrounding the interview. For instance, respondents could be asked to compare their income in the month of the interview with months before and to identify how often and how their financial situations change.

Obtain more information on family expenses and consumption. Because it can be time-consuming and difficult data to collect, surveys rarely include specific questions on family expenses and consumption. However, the case studies suggest that the interaction between income, expenses, and consumption is vitally important for families with very low incomes. Monthly family expenses can vary based on fluctuations in consumption and available income. Also, some families are able to survive on seemingly insufficient income because their costs of living are significantly reduced in some way. To get a more complete picture of families' financial circumstances, surveys will need to include more questions on expenses, consumption, and the fluctuations in both. Computer-Assisted Telephone Interviewing (CATI) surveys could also include checks that would alert the interviewer to ask follow-up questions when income and expense information was inconsistent.

Include specific questions about the strategies families use to fill gaps between income and expenses. Structured interviews often limit the information collected on income to earnings, government

assistance, and child support. Yet, this study and others like it have shown that low-income families use a variety of strategies to get by when those sources are not sufficient. In order to obtain a more complete picture of a family's financial circumstances, surveys should ask specifically about working at odd-jobs for cash, pawning, collecting cans, exchanging services with family and friends, and making choices about bill payments. Some of these strategies may be more difficult than others to ask about during a structured telephone survey, however, and survey respondents may be less inclined to discuss certain topics with interviewers over the phone.

Explore new definitions of household income that capture the diversity of household composition. Researchers generally view household income as a pot of money to which all adults living in the house contribute and from which the household expenses are paid. However, this study suggests that there is great diversity in the composition of households and household income among families with very low incomes. For instance, among some of the case study families, non-residential fathers of the participants' children were more likely to provide regular financial help (through child support or informal cash and in-kind gifts) than residential friends or family. These issues suggest that the definition of household income needs to be modified to reflect the complex dynamics of today's households. For example, a new definition might view household income as the money available to the household head for the payment of household expenses. A new definition would, in turn, require new lines of questioning in interviews.

In addition to improving the capacity of structured telephone surveys to capture accurate income data, researchers may want to explore ways to collect contextual information that will enhance understanding of the circumstances surrounding families' financial circumstances, their coping mechanisms, and the ways in which financial circumstances affect family and child well-being. Approaches to doing this include:

Use interview questions that elicit more qualitative data. Lines of questioning about income and expense do not have to end once a dollar amount is obtained. Open-ended and situational questions are particularly effective ways of obtaining more detail from a respondent. Open-ended questions can elicit the "how" or "why" of the respondent's previous answer. Situational questions can improve respondent recall and result in more accurate and/or descriptive response. For instance, respondents might be asked to remember a time when they were not able to pay their bills and then describe what they did to get by. It is important to keep in mind that these strategies add time to protocols and require more resources for data analysis.

Combine quantitative and qualitative methods more frequently and cohesively. Quantitative and qualitative methods developed along parallel tracks and, historically, few studies melded the two. Increasingly, researchers are recognizing that quantitative and qualitative methods are compatible and that combined they can

produce a product greater than the sum of its parts. One way to combine these methods is to collect quantitative and qualitative data simultaneously in order to answer a single set of research questions or evaluate a single program. Another approach is to use quantitative data to inform more in-depth qualitative studies, or vice versa. For instance, this study used case studies to further explore a phenomenon identified in a telephone survey; another recent MPR study used case study data to inform the development of a larger telephone survey on the same subject.¹ There are still many challenges to understanding how quantitative and qualitative methods can be used within the confines of one project, and how the resulting data can be synthesized and presented cohesively. The findings of this study suggest that further experimentation with integrating methods is a worthwhile pursuit.

The findings from this study provide insight into the services and supports that may help families living on very low incomes become more financially stable, and the ways in which research (particularly structured surveys) could be improved to better capture families' financial circumstances. However, gaps still exist in our understanding of families facing deep poverty. Researchers can work to fill those gaps by developing studies focused solely on this population, as well as conducting sub-group analyses based on income level in larger samples. Meanwhile, the task for policy makers involved in the reauthorization of the federal welfare reform bill is to create a policy environment, through mandates and funding, that will allow and encourage states to develop programs addressing the needs of families for whom financial stability remains a distant goal and a formidable challenge.

¹ For more information, see the case study report: "Work and Welfare: Iowa Families Tell Their Stories" by Merrile Sing, Jacqueline Kauff, and Thomas Fraker. Mathematica Policy Research, Inc.: Washington, DC. November 1999. A final report synthesizing findings from the case studies and the telephone survey will be available in summer 2001.

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