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Welfare and Wealth

The first thing you see on entering the Arbordale welfare office is a large red banner, 12 feet long, 2 feet high, reading, “HOW MANY MONTHS DO YOU HAVE LEFT?” Underneath that banner is a listing of jobs available in the area—receptionist, night clerk, fast-food server, cashier, waitress, data entry personnel, beautician, forklift operator. In most cases, the hours, benefits, and pay rates are not listed. The message is unmistakable: you must find a job, find it soon (before your months run out), and accept whatever wages or hours you can get.

—Hays (2003), p. 33

Residents work in stable middle-class jobs, and many have single-family homes with a backyard and a two-car garage. Some send their children to private schools and are able to retire with solid pensions. Yet despite these privileges, they face unique perils. Continuing inequities in wealth and occupational attainment make these families economically fragile. Racial segregation confines many middle class African Americans to neighborhoods with higher poverty rates, more crime, fewer resources, less political clout, and worse schools than most white neighborhoods.

—Pattillo-McCoy (1999), p. 5

Objectives

- Examine the degree to which African Americans and their families have access to the American Dream via their ability to accumulate wealth.
- Examine the relationship between the labor force participation of African Americans and income, poverty, and wealth.
- Examine the role of welfare and welfare reform in shaping African American families.

Introduction

Poverty is one of the most important and pressing issues facing African American families. In previous chapters, we have alluded to its persistence and its prevalence. We have also noted that poverty shapes many of the experiences of African Americans, from their experiences with marriage and childbearing, to violence in their intimate relationships, to their experiences with health and health care, and finally, to their experiences with education.

In this chapter, we will examine two very different sides of the same coin: the presence and absence of wealth. Its presence guarantees access to the American Dream and reduces the risk of many crises facing African Americans and their families. At its absolute extreme, the absence of wealth or access to it can result in families living on the outer margins of the economy: on welfare. We will analyze the degree to which African Americans and their families have access to the American Dream (via wealth), and we will examine the experiences of those living on the margins—those cut out of the American Dream who must rely on welfare to raise their families.

Income Versus Wealth

In Chapter 7, we discussed occupations and work and the degree to which occupational segregation shapes wages. Wages are the primary source of income for individuals and families. Yet income is only part of the equation when we consider access to the American Dream. Income is defined as any money that is earned by performing work or a service. Reports on income are typically expressed in annual terms in part because this is the figure we report on our income taxes, and thus, most of us know this figure. Sometimes, income is also reported in dollars per hour or in monthly salary. Wage workers are generally more familiar with their income in terms of dollars per hour, whereas salaried and professional employees are generally more familiar with their income expressed as their monthly salary. The census collects and reports

income data for individuals, households, and families. Generally, the census reports income data in terms of the median rather than the mean because the median is less likely to be skewed by significant outliers, namely, very high incomes and zeros (those receiving no income).

In contrast to income, wealth refers to the total value of one's assets minus the cumulation of one's debts. Net worth refers to assets such as property, homes, stocks, retirement accounts (401(k) and/or IRA), savings accounts, etc. *minus* all debts (mortgages, credit card debt, student loans, etc.). Whereas most Americans can easily report their income in both annual and monthly (or hourly) figures, few can report their total wealth without consulting a series of documents.

When examining African Americans' financial well-being compared to individuals of other race/ethnicities, the usual comparisons are made along the lines of annual income. When done this way, African Americans have demonstrated significant gains over the past three decades.

Today, African American individuals and their families work in all sectors of the U.S. economy. This is the good news. In the American workplace, you can find African Americans working inside the post office as well as delivering the mail, as secretaries, supervisors (including supervising whites), managers, architects, physicians, and lawyers. With the dismantling of segregation in schools around the country, you find them as schoolteachers and college professors, and with the dismantling of segregation in sports, you find pitchers, linebackers, and basketball centers (indeed, of the National Basketball Association's players, 78% are African American). More recently, with the development of a "diversity" training program in NASCAR, there are African American race car drivers "in training."

At the corporate level, there are now six or seven African American Fortune 500 CEOs, and a handful of Division 1A universities have presidents who are African American (e.g., Adam Herbert, Indiana University; Ruth Simmons, Brown University; and Shirley Ann Jackson, Rensselaer Polytechnic Institute).

Income and Income Disparities

Despite the fact that African Americans have made significant gains in terms of access to occupations, we remind the reader that we concluded our discussion in Chapter 7 by noting that occupations remain highly race (and sex) segregated, and that one of the most important and significant outcomes of occupational segregation, resulting from legacy, blocked access, discrimination, and inadequate preparation—educational attainment—is disparities in income.

The data in Tables 8.1 and 8.2 demonstrate the devastating financial outcome of occupational segregation on African American families. First, we note that the difference in median household income for African Americans and whites is 62% (Table 8.1). In other words, African Americans earn, on average, only 62% of what whites earn. And because these data are based on employed individuals and thus do not include a \$0 figure for those who are unemployed, the figure for African Americans is not artificially deflated by their higher rate of unemployment.

Table 8.1 Median Income Among African Americans and Whites

	<i>African Americans</i>	<i>Whites</i>
Median household income	\$30,000	\$48,000
Earnings of full-time, year-round workers	\$15,775	\$24,626

SOURCE: DeNavas-Walt et al. (2004).

Although the median income is an important statistic, and it is quite a good measure of disparity at the lower end of the income distribution, it suffers from a flaw based on the way income is distributed in the population. The median income measure masks the incredible disparity at the *top* of the income distribution. Thus, we turn to the numbers in Table 8.2. First, we note that in every income category less than \$50,000, African Americans are overrepresented in comparison to whites. Furthermore, at every income category greater than \$50,000, whites are disproportionately represented. To summarize, these data demonstrate that African Americans are twice as likely to be *poor* (27.4% of African American households earn less than \$15,000 whereas only 13.4% of whites live in households with such low

Table 8.2 Income Distribution by Race (% of individuals in each income category)

	<i>African American</i>	<i>Whites</i>	<i>Ratio</i>
Under \$5,000	6.9%	2.5%	6.9/2.5
\$5,000–\$9,999	10.7%	4.6%	10.7/4.6
\$10,000–\$14,999	9.8%	6.3%	9.8/6.3
\$15,000–\$24,999	16.0%	12.2%	16.0/12.2
\$25,000–\$34,999	13.3%	11.3%	13.3/11.3
\$35,000–\$49,999	14.9%	14.8%	14.9/14.8
\$50,000–\$74,999	14.8%	18.8%	14.8/18.8
\$75,000–\$99,000	7.0%	12.1%	7.0/12.1
\$100,000 & over	6.8%	17.3%	6.8/17.3

SOURCE: DeNavas-Walt et al. (2004).

incomes). At the other end of the income distribution, we see that whites are more than 2.5 times more likely to be affluent (earning more than \$100,000 per year) than are African Americans.

Most of the research on race and economic inequality focuses on the poor, noting the fact that African Americans are twice as likely to be poor as whites. In contrast, few scholars or policymakers are concerned with the fact that the gap is actually greater among the affluent—where whites are 2.5 times more likely to earn high salaries than are African Americans. Yet this race gap is also important in understanding the ways that race shapes inequalities of social class. For example, it is important to examine the effects of wage discrimination and occupational segregation on the accumulation of wealth (Conley, 1999). This type of analysis allows us to examine disparities at the upper end of the income bracket that lead to differences in wealth and ultimately in access to the American Dream.

Wealth and Wealth Disparities

According to Shapiro (2004), “Wealth has been a neglected dimension of social sciences’ concern with the economic and social status of Americans in general and racial minorities in particular” (p. 33), so much so that wealth disparities are hardly found in the social science literature. Shapiro argues that this neglect is important precisely because wealth is so important.

Wealth represents a more permanent capacity to secure advantages in both the short and long term, and it is transferred across generations. . . . We have been much more comfortable describing and analyzing occupational, educational, and income inequality than examining the economic foundation of a capitalist society, private property. (p. 33)

The data in Table 8.3 demonstrate some very disturbing facts.

- White households have *10 times* more wealth (net worth) than African American households.
- Among the wealthiest Americans, the top 20% of the income distribution, white households hold three times as much wealth as African American households in the same income bracket.
- Among the poorest Americans, the bottom 20% of the income distribution, white households hold 420 times more wealth than African American households in the same income bracket.

What these last two points illustrate is that when social class is controlled, when we compare affluent whites and affluent African Americans (or poor

Table 8.3 Wealth Disparities

<i>Household Median Net Worth (2000)</i>	
African Americans	Whites
\$7,500	\$79,400
<i>Household Median Net Worth Among the Highest Quintile (top 20% of the income distribution)</i>	
African Americans	Whites
\$65,141	\$208,023
<i>Household Median Net Worth Among the Lowest Quintile (bottom 20% of the income distribution)</i>	
African Americans	Whites
\$57	\$24,000

SOURCE: Orzechowski and Sepielli (2003).

whites and poor African Americans), a racial disparity persists. In other words, the wealth disparity we see between African Americans and whites cannot be explained by the fact that whites are congregated in higher-earning occupations whereas African Americans are congregated in lower-earning occupations, and if we simply moved people around a bit things would equalize. Rather, these disturbing facts suggest that something far more powerful is at work (Conley, 1999).

When we consider just the richest Americans, whites are at the top of this category and African Americans are at the bottom. Conversely, when we examine the poorest category of Americans, whites are among the most well-off of this group whereas African Americans are clustered at the bottom. In other words, each social class stratum is internally stratified by race.

How can we explain this internal stratification? Among the affluent, the explanations hinge on at least two differences between African Americans and whites. First, because of the history of slavery and Jim Crow segregation, whites have been able to work in the professions, build businesses, and accumulate wealth over several hundred years (many generations), whereas African Americans have been able to do so only recently (Darity, Dietrich, & Guilkey, 2001). Because you “need money to make money,” as the saying goes, African Americans have arrived later at the money-making game than whites. Second, among the affluent who *work* for a living—the professional classes—as opposed to those living on an inheritance—African Americans are more likely to have come from lower- and middle-class

backgrounds than their white counterparts, and thus, they have had to personally invest more in preparing for entry into their profession. For example, African American physicians typically arrive at the profession with greater student loan burdens than their white counterparts. Because debt is a part of the wealth equation, this difference explains part of the disparity in wealth among the affluent. This is illustrated time and time again in scenarios similar to that described by Kai Wright, who writes about his father, a prominent African American physician, who died at age 57 without a pension and with no real assets:

At least we held our ground: Troy and Grandma got my father to college, and my parents did the same for us. But none of us [African Americans] will take part in the historic wealth transfer now under way in America: According to another study Shapiro likes to cite, parents will pass on a total of more than \$10 trillion to their adult kids between 1990 and 2040. (Wright, 2006)

Karger (2005) argues that part of the explanation lies in the predatory lending practices that target the poor and, disproportionately, African Americans:

Without question, the fringe debt economy targets the poor, including especially immigrants, and those who are not poor but living from paycheck to paycheck. Many of these people are the “unbanked,” those without bank accounts of any kind. Most of them have yearly incomes below \$25,000. . . . As many as 56 million adult Americans—about 28% of all adults—don’t have a bank account. Almost 12 million U.S. households (one-fourth of all low-income families) have no relationship with a bank, saving institution, credit union, or other mainstream financial provider.

Shifting our attention back to the lower end of the income distribution, it is terribly concerning that poor African Americans hold, on average, \$57 in assets (or wealth) compared to \$24,000 (a gap of 420 times) held by their white counterparts. Although the reasons for this internal stratification are similar to the explanations laid out for the affluent, the consequences are more severe. Because the poor live on the proverbial economic edge, living paycheck to paycheck, any emergency, be it medical (see Chapter 6 for a discussion of health insurance and health costs), a layoff, a short trip to jail, or even something as routine as having to miss a shift at work because the baby-sitter is sick, can plunge these families over the edge, into homelessness, for example. Thus, many African American families live every day with severe threats to their very existence.¹

Wealth Disparities and Access to the American Dream?

The American dream promises that Americans who work hard will achieve success and just rewards. But, of course, this depends in part on your starting point. (Shapiro, 2004, p. xi)

According to Block and colleagues, there are four key components to the “American Dream”: (a) owning a single-family home, (b) being able to afford quality child care, (c) being able to afford a college education for one’s children, and (d) being able to afford full health insurance. In Figure 8.1, they demonstrate the incredible inflation over the past three decades of these building blocks of the “American Dream”—what they refer to as “the four Hs” (Block, Korteweg, & Woodward, 2006).

Block and colleagues demonstrate that the coupling of incredible inflation in the four Hs with the decline in real wages—minimum wage has doubled in value in the past 25 years, whereas the value of the four Hs has quadrupled—has

Price Rises for the Four Hs

	<i>Housing</i>	<i>High-quality child care</i>	<i>Higher education</i>	<i>Health insurance</i>
1973 (annual cost)	\$1,989	\$978	\$736	\$509
2003 (annual cost)	\$10,245	\$7,200	\$5,000	\$8,933
Percent increase	515%	736%	679%	1755%

When the Dream Line is compared to the federal poverty line or to the income that a two-parent family would earn if both parents were working full-time at the minimum wage, it is clear that the dream has become increasingly distant for millions.

Figure 8.1 The Price for “the Four Hs”

SOURCE: From Block, F., Korteweg, K., Woodward, Z., Schiller, I.M., The compassion gap in American poverty policy, *Contexts*, copyright 2006. Reprinted with permission of The University of California Press.

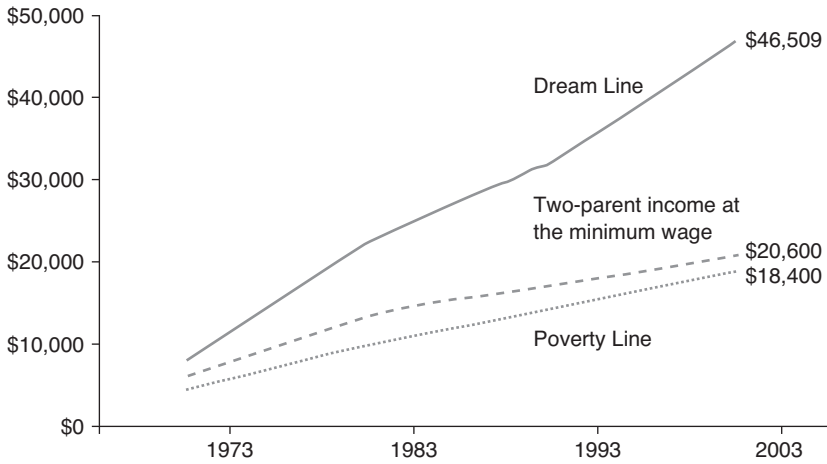


Figure 8.2 The Dream Divide

SOURCE: From Block, F., Korteweg, K., Woodward, Z., Schiller, I.M., *The compassion gap in American poverty policy*, *Contexts*, copyright 2006. Reprinted with permission of The University of California Press.

severely limited the access of working Americans to the American Dream. They argue that the dream that was within the reach of working Americans during the 20th century is out of reach for all but the affluent in the 21st century. Through much of the 20th century, working families, even those working at the bottom of the salary ladder, could afford a portion of what they call the American Dream. As the data in Figure 8.2 illustrate, a conscientious working family could achieve the American Dream in 1973 by taking on a few extra hours at work, saving carefully, and so on. Today, the typical working-class family living on two minimum wage incomes earns less than half of what is necessary to achieve the American Dream. The inability to buy into the American Dream, especially buying a home, has significant consequences for wealth attainment.

Housing

Homeownership is one of the most important elements of the American Dream because it is so central to the definition of the American Dream and because it is one of the most common forms of wealth. Disparities in rates

of homeownership are a powerful illustration of differential access to the American Dream. Furthermore, because homeownership is the most common form of wealth, homeownership rates are a good proxy for wealth. Homeownership also provides the type of security against crises that we discussed earlier. Families can borrow against the equity in their homes in order to pay college tuition for their children or to provide the money necessary to weather a crisis such as a layoff or illness. Finally, homes are one of the most commonly inherited forms of wealth. Thus, homeownership contributes significantly to the accumulation of wealth across generations.

Table 8.4 Homeownership Rates, 2006 (in percentages)

<i>Total</i>	<i>Whites</i>	<i>African Americans</i>	<i>Affluent</i>	<i>Poor</i>
68.5	75.5	47.3	83.7	52.4

SOURCE: Callis and Cavanaugh (2006).

NOTE: Affluent households are those with incomes greater than the median household income; poor households are those with incomes less than the median household income.

The data in Table 8.4 reveal that both race and social class shape homeownership. In terms of race, whites are 1.5 times more likely to own their own homes than are African Americans. The affluent—defined as those with incomes above the median household income—are also 1.5 times more likely to own their own homes than are those with incomes below the median—the poor. The fact that African Americans are disproportionately likely to be poor is reflected clearly in the data on race, social class, and homeownership. However, it is interesting to note that among all Americans living below the median household income, whites, as a group, are *more likely* to own their own homes than are African Americans as a group. We suspect that this disparity in homeownership explains the huge racial disparity in wealth (a gap of 420 times) among low-income whites and African Americans.

We note that the *value* of one's home is also critical to understanding disparities in wealth. Owning a home that is of little value is not much better than not owning a home at all, because in a time of crisis or when it is time to pay college tuition, a home with little equity cannot be liquidated or borrowed against in order to provide the cash necessary to address the crisis.²

Housing Discrimination

African Americans face discrimination with regard to access to housing. In fact, Feagin (1999) estimates that 2 to 10 million individual incidents of

racial housing discrimination occur each year. Discrimination includes red-lining—refusing to show or sell homes in predominantly white neighborhoods to African Americans—refusing to rent or sell to African Americans, and unfair mortgage practices.

A recent study by the Center for Responsible Lending (Bocian, Ernst, & Wei, 2006) shows that despite legislation against housing discrimination, it still exists. The primary victims of housing discrimination in the United States are racial minorities and especially Hispanics and African Americans. The Center for Responsible Lending study also showed that African Americans face discrimination in lending practices as well, especially when they are looking to borrow money for mortgages. As a result of predatory mortgage practices, African Americans lose upwards of \$25 billion annually.

Borrowers of color are more likely to get higher-rate, subprime home loans—even with the same qualifications as white borrowers. After accounting for credit scores, African Americans and Latinos are 30% more likely to get the most expensive financing (Bocian et al., 2006).

These illegal practices lead to a situation in which more African Americans end up renting at high prices per month rather than buying their homes because they cannot afford the exorbitant interest charged on their mortgages.

There have been many studies of racial discrimination with regard to renting. The typical design involves sending white and African American “testers” out into local markets to see if they experience discrimination in access to units or price. Carpusor and Loges designed a study in which they e-mailed inquiries to rental companies in Los Angeles, California. They found significant effects for both availability and price when they varied the name of the potential renter. Potential renters with white-sounding names were significantly less likely to be told the unit had already been rented, and they were also less likely to be quoted an inflated rent. Potential renters with African American-sounding names were the most likely to be told that the unit had already been rented, and they were also the most likely to be quoted inflated rents. Potential renters with Middle Eastern-sounding names fell in between whites and African Americans (Carpusor & Loges, 2006). This was particularly surprising given the post-September 11 climate (the study was conducted in 2003) and thus serves to reinforce the overall finding, replicated many times, that African Americans continue to face severe housing discrimination, more so than all other race and ethnic groups.

Housing Segregation

Scholars have continued to document the fact that long after the *Brown v. Board of Education* decision in 1954 that effectively outlawed legalized

segregation, the housing patterns in the United States remain highly segregated (Massey, 2005; Massey & Denton, 1993). Analysis of census maps indicates that most Americans live in neighborhoods that are composed of 80%–90% of people of one racial group. Whites live in white neighborhoods and African Americans live with African Americans. As we noted in Chapter 4, one outcome of severe housing segregation is that whites are more likely to live in neighborhoods that are also homogeneous by social class, but African Americans, even those who are solidly in the middle class, are more likely to live in socioeconomically diverse neighborhoods that include low-income residents. Because whites do not buy homes in African American neighborhoods, and because middle-class African Americans are restricted to buying homes in segregated, socioeconomically diverse neighborhoods, housing values in African American neighborhoods remain deflated. Shapiro (2004, pp. 13, 97) argues that racial segregation in housing is one of the primary reasons why African Americans lag so far behind whites in terms of wealth—because the value of their primary asset, their home, remains deflated.

The situation of housing for African Americans, regardless of class status, is precarious (Pattillo-McCoy, 1999). In the ethnographic research by sociologist Pattillo-McCoy, we learn from her Groveland, Chicago, study what previous sociologists who examined housing patterns found (Wilson, 1984), and that is that of African Americans who do manage to escape poverty and blighted neighborhoods, many end up in middle-class neighborhoods and communities side by side with poorer African Americans (Pattillo-McCoy, 1999). Recall the quote from her study that opens this chapter. In short, she notes that African Americans who have entered the middle classes through professional occupations are still denied access to the American Dream as a result of racial housing segregation.

A Clear Illustration: Hurricane Katrina

Although sociologists don't pay a lot of attention to the racial disparities in wealth, our discussion above demonstrates that severe racial disparities in wealth persist (Conley, 2001; Oliver & Shapiro, 1995). Like most African Americans who have limited access to opportunities, there is a real hidden cost to being African American.

I maintain, however, that exclusively focusing on contemporary class-based factors like jobs and education disregards the currency of the historical legacy of African Americans. A focus on wealth sheds light on both historical and contemporary impacts not only of class but also of race. Income is an

indicator of the current status of racial inequality; I argue that an examination of wealth discloses the consequences of the racial patterning of opportunities. (Shapiro, 2004, p. 36)

These disparities in wealth were played out clearly and in plain view in the fall of 2005 as images of Hurricane Katrina were broadcast into our living rooms and offices. It can be argued that, based on firsthand accounts shown across American television sets, African Americans were hit the hardest when Hurricane Katrina devastated New Orleans. Hundreds of thousands of African Americans were left homeless or dead. People lost their property; loved ones; pets; and access to normal, day-to-day living arrangements. As a consequence of the mishaps of the Federal Emergency Management Association, people found themselves scattered all over the country waiting for the signal that it was safe to return home.³

The TV scenes from New Orleans after Hurricane Katrina were horrific. The American public saw devastation and hopelessness in front of their very eyes. The poor, mostly African American women, men, and children were literally crying out for help and assistance live on TV. Months later, we finally got the rest of the story, and it was not just the poor, unable, homebound, and those without cars who were stranded in flood-devastated New Orleans. With the return of Mardi Gras in February 2006, we learned that middle-class and professional African Americans, many of whom were dentists, lawyers, medical doctors, and corporate managers, were also flooded out of their neighborhoods. Most lost not only their homes but also their businesses and professional careers. This piece of the story was not mentioned in news reports.

Why? Because we want to believe that there is a separate place for middle-class and affluent African Americans, away from those we did see on the news. What we forget is that as a racial group, African Americans of means are more likely to live with or near those who are poor. This is not the case for whites. The African Americans in the professional class living in what has been described as New Orleans East—a racially segregated community—lost their livelihoods and their businesses and clients not only because of Hurricane Katrina but also because of racial segregation. Willard Dumas, a dentist, recounts what happened to him and others he knows in New Orleans East:

You spend 45 years building a life and then it's gone. Your home was flooded; your business was flooded. And this happened not only to you but to practically everyone you know, so your patients or clients are gone, your friends are scattered, and your relatives are somewhere else. (Cass, 2006, p. A1)

The media had us believing that the reason we saw so many black faces on TV was because Hurricane Katrina disproportionately affected the poor, most of whom were African American. In other words, the conclusion was that this social problem was more about poverty than about race. What we learn is that, in the final analysis, *it is about race*. The middle class and affluent of New Orleans who were most affected by Hurricane Katrina were, in fact, African Americans living and working in the racially segregated city alongside their poorer African Americans brethren. Racial disparities persist across class boundaries (Wilson, 1987).

In concluding this section on wealth, we have to underscore the fact that wealth differences are more unequal than income differences for African Americans and whites. Although pronouncements have been made about the decline in the meaning (and mostly negative meaning) of race in American society, it is still important to note that our review of survey research on race relations tells us that, for most of the big important decisions that African Americans and whites make, such as where to live, where to send our children to school, what careers to pursue, which YMCA to join, and even for what sports to prepare our children, all are, in the final analysis, shaped by race (Bonilla-Silva, 2003).

Poverty

Research on and discussions about poverty remain contentious (Wessel, 2006). Although many people believe they know what poverty is, it is important to contextualize our discussion with an understanding of the ways in which poverty is measured. The official poverty rate is based on the number of Americans who live below the official poverty line. In the United States, the poverty line is established as three times the cost of a minimally nutritional diet.⁴ The actual poverty line is adjusted each year—although the formula for establishing the line has never been revised—and in 2006, the poverty line for a family of four was approximately \$18,500 per year. Furthermore, the poverty line is not adjusted for differences in cost of living by region of the country or rural or urban settings. Finally, we note that the formula for calculating poverty in the United States is radically different from the way in which most countries report poverty, which is to set the poverty line at 50% of the median income (Wessel, 2006). If we were to adopt this model, the actual poverty line in the United States would be closer to \$22,000 per year, and the number of Americans who are counted as poor would jump dramatically.⁵ For this reason, researchers often consider the poor to be those who live below 200% of the poverty line.

Although the largest number of poor in the United States are white Americans, African Americans are the most likely to live in poverty. Nearly one quarter of all African Americans live in poverty. This is often attributed to family form, based on the assumption that most African American households are single-parent and female-headed, but the data in Table 8.5 indicate that the disproportionately high rates of poverty for African Americans hold regardless of family form.

For both whites and African Americans, marriage provides some protection from poverty; yet married African Americans are more likely to live in poverty than are married whites. In addition, among single-parent households, African Americans are significantly more likely to live in poverty than their white counterparts. For African American women heading single-parent households, just less than half (40%) live below the poverty line.

As noted above, the rates are dismal when we consider who is actually poor—those who live below 200% of the poverty line. Based on this definition, nearly half of all African Americans living in families are poor; more than one quarter of all African Americans living in married couple households are poor; and more than two thirds of African Americans living in female-headed, single-parent households are poor.

Table 8.5 Poverty Rates Among African Americans and Whites

<i>Below 100% of the Poverty Line</i>	<i>African Americans</i>	<i>Whites</i>
% of people in families	23.1	8.7
% of people in married couple households	8.5	5.8
% of people in male-headed, single-parent households	23.7	11.8
% of people in female-headed, single-parent households	39.0	25.6
<i>Below 200% of the Poverty Line</i>	<i>African Americans</i>	<i>Whites</i>
% of people in families	47.2	24.9
% of people in married couple households	28.0	20.1
% of people in male-headed, single-parent households	50.0	33.6
% of people in female-headed, single-parent households	67.7	54.1

SOURCE: <http://www.census.gov/hhes/www/poverty03.html>

NOTE: Two-parent households are less likely to live in poverty regardless of race. However, African Americans are more likely to be poor regardless of family structure (two-parent and/or gender of head) than whites.

We indicated earlier that for the poor as well as for anyone living in the bottom quartile of the income distribution, any crisis—a layoff, an illness, a move, or a divorce—may plunge this individual and his or her family into poverty. And because African Americans in the bottom quartile have significantly less wealth than similarly situated whites, they are significantly more vulnerable to these types of crises. Thus, we turn now to a discussion of families who live on the extreme margins of poverty, those who are so poor that they are receiving public assistance (welfare).

Welfare

Welfare, now referred to as Temporary Aid to Needy Families (TANF), is a complex set of public assistance programs that was designed as a safety net for Americans who fell below the federal poverty line. Most of these programs, originated under the social reforms of President Franklin D. Roosevelt, were greatly expanded as the “Great Society Programs” under President Lyndon B. Johnson, and were reformed in 1996 under President Bill Clinton. The oldest and largest of all welfare programs is one from which most of us will eventually benefit: Social Security. Because of this, Social Security does not have the negative stereotypes associated with it, and most Americans do not even think of it as “welfare”.

One of the purposes of establishing the official poverty line is to determine who is eligible for public assistance. As individuals and families get close to the poverty line, they become eligible for some sorts of public assistance, and when they fall below the poverty line, they are typically eligible for all forms of public assistance. Public assistance programs cover food (food stamps), housing (section 8 housing subsidies and units in public housing complexes), child care (child care subsidies), and health care (Medicare), as well as cash assistance.

The data in Table 8.6 confirm that whites comprise the largest number of those who are receiving welfare. In fact, there are more than twice as many whites receiving welfare as there are African Americans. This is an important statistic because it debunks the widely held belief that African Americans dominate the welfare rolls (Seccombe, 1998).

However, when we compare the *rates* of welfare receipt, these data indicate that African Americans are *more than twice* as likely to be receiving some form of cash public assistance as whites, and the rate of receiving public assistance is so high that just under half of all African Americans live in families that are receiving some form of cash public assistance. Many of these families

Table 8.6 Number and Percent of Individuals Receiving Public Assistance (cash)

Whites	44.1 million (19%)
African Americans	17 million (47%)

SOURCE: Current Population Survey (2004).

are among the working poor—working 40 or more hours per week, but not earning enough to pull themselves and their families out of poverty (Ehrenreich, 2001). As we noted in Chapter 7, there is a strong relationship among employment, underemployment, occupational segregation, and welfare receipt. Because African Americans are more likely to work in the low-wage economy and to be denied access to work that pays a living wage, their families live in poverty and are eligible to—but *do not necessarily*—receive public assistance or welfare. This has devastating consequences for African American children, 1 million of whom, according to the Children’s Defense Fund, live in extreme poverty.

Welfare Reform

Perhaps the primary intended purpose of the 1996 welfare reform signed into law by President Bill Clinton was to discourage dependency by moving people off of the welfare rolls. There is no question that this goal was met. A decade after the welfare reform, the number of Americans receiving welfare has declined 60% (Committee on Ways and Means, 2006). With the decline in the welfare rolls, the U.S. government has also decreased its spending on welfare. Figure 8.3 illustrates the trends in welfare spending from 1980 to 2006. As one can see, welfare spending (AFDC/TANF) peaked in 1999 and has been dropping since then.

Figure 8.4 confirms this finding by illustrating that the average spending on poor individuals has declined precipitously since 1995 or so, such that in 2006, the U.S. government spent about the same per poor individual as it did in 1980. In fact, in 2003, the average monthly TANF benefit was \$393, compared to \$490 in 1997 (Block et al., 2006).

Perhaps more importantly, Figure 8.3 demonstrates one of the primary changes in the way welfare is distributed. In the 1980s and 1990s, the bulk of welfare spending was cash assistance (AFDC/TANF); currently, however, the proportions have shifted so that very little of the welfare budget goes into cash assistance. This has been replaced with the Earned Income Tax Credit

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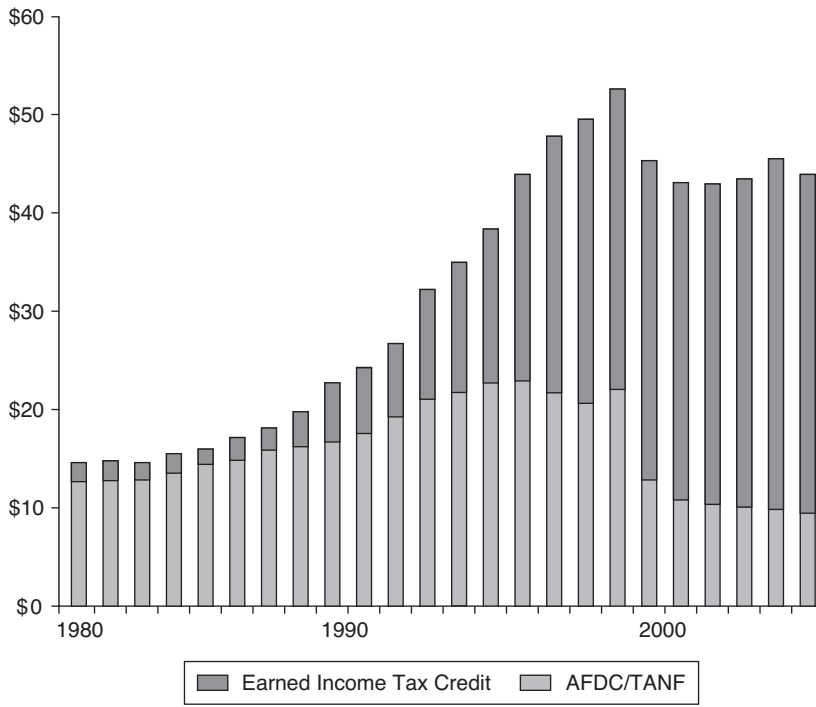


Figure 8.3 Assistance to Those in Poverty, 1990–2004

SOURCE: Block et al. (2006).

(EITC), a several thousand-dollar tax credit for which poor families are eligible. The EITC is designed to pull working families who are living in poverty above the poverty line. What is important about this is that only working adults (and their families) are eligible for EITC. Those who are unemployed and thus do not pay taxes are not eligible. Block and colleagues argue that each year, millions of poor families are not eligible for EITC because of unemployment, illness, lack of child care, and so on (Block et al., 2006). Finally, we refer the reader back to Chapter 4 and our discussion of the role that time limits on welfare play in the lives of single mothers and how these time limits block their attempts to complete their education and stay off of welfare permanently.

Stereotypes About Welfare and Poverty

As if to add insult to injury, as if being poor and living your life constantly looking into a world you can see but cannot access isn't difficult enough,

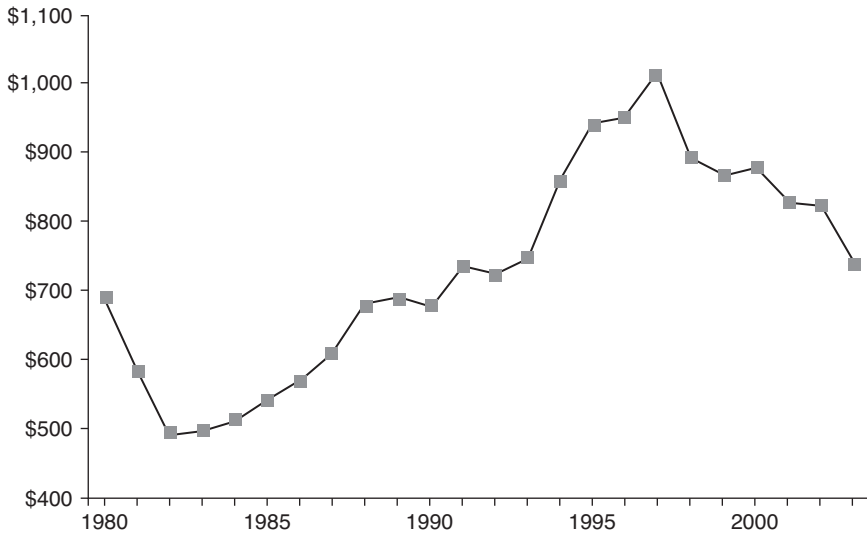


Figure 8.4 Spending on Poor Individuals per Person

SOURCES: Block et al. (2006), DeNavas-Walt et al. (2003), and Orzechowski and Sepielli (2003).

many Americans hold very negative attitudes about the poor, and especially about those who receive welfare. This is decidedly different from the beliefs in many other cultures, where poverty is not seen as the mark of an individual failure, as it so often is in the United States. Weber argues that this tendency to blame the poor for being poor is deeply rooted in the ideals of hard work and salvation that characterize the Calvinism that the early Puritans brought with them when they settled the colonies. These ideals have simultaneously become secularized and deeply embedded in the hegemonic ideology of work and poverty in the United States (Weber, 1996).

Like the stereotype of the “Welfare Queen,”⁶ who is most often thought to be an African American single mother who is lazy and promiscuous (Seccombe, 1998), the stereotype is that African Americans have less than whites fiscally because they are careless with their money. This belief often surfaces in discussions about homeownership. There is, in the popular culture, the belief or stereotype that African Americans would rather purchase a Cadillac than a home (Adelman, 2001; Adelman & Morgan, 2006).

This set of beliefs about African Americans, which fits conveniently with white Americans’ beliefs about African Americans as lazy (see Chapter 7), found support in the research of urban sociologist Banfield. In a highly successful book titled *The Unheavenly City* (1970), Banfield put forth the

notion that African Americans would have a hard time re-engaging the gutted urban formations for the simple reason that they did not know how to delay gratification. That is to say, according to Banfield, African Americans had an inherent disposition for what he termed *immediate gratification*. According to authors like Banfield, African Americans are extremely present-oriented with a penchant for preferring cash now rather than a greater sum in the future. As this belief entered the mainstream, it was picked up by scholars and social commentators, who attached it to other social behaviors, namely, unprotected sex and dropping out of high school and/or not attending college, thus using this ideology of instant gratification to explain African American teenage mothers and high school dropouts.

In contrast, research scholars who study wealth disagree with this assertion and have published work that addresses the social stereotype of the welfare cheat as well as the notion that African Americans would be better off if they only behaved differently when it comes to saving money (Blau, 1990; Conley, 1999; Shapiro, 2004).

We hear about “poor future orientation,” excess consumption, and the lack of deferred gratification on the part of African Americans resulting in lower savings. The facts speak otherwise. It is not clear whether any deficit in the African American saving rate has played a role in the racial wealth gap. (Shapiro, 2004, p. 96)

Shapiro goes on to note that savings rates are higher when you have a higher income, and as we noted earlier, African Americans have lower overall incomes than whites. Thus, according to Shapiro, income, not race, clearly emerges as a causal factor in the debate about wealth.

Welfare Versus Work

The debate over the role that welfare plays in the economy is contested terrain. On one side of the debate are those who argue that welfare is too easy and that it results in laziness and produces dependency (Tanner, Moore, & Hartman, 1995). Others argue that welfare pays such a pittance that those who are forced to live on it endure a standard of living that is dramatically below that of other Americans (Edin & Lein, 1997).⁷ We contribute to and fuel this debate by asking the question a slightly different way. We consider the choices that a single mother raising children must make as she negotiates the complex web of work and welfare. This is not such a different question as posed by others on both sides of the debate. However, we raise the question within the framework of the ideologies of motherhood.

When women have a child, they immediately enter the debate about whether or not they should stay at home or go back to work (Hattery, 2001b). Although we live in a time when women with young children are more likely to be employed than not employed, this change in our culture, which has been viewed positively by some and negatively by others, is primarily a change for white, middle-class families (Hattery, 2001b). As we noted in Chapter 7, African American women have always worked (Hill-Collins, 1994). Despite these differences in mothers' labor force participation across race/ethnic lines and time, the dominant motherhood ideology in the contemporary United States is that of the stay-at-home mother (Hattery, 2001b; Hirshman, 2006). In both survey research and qualitative studies, women are far more likely to say that being a "good" mother means staying at home and raising one's children than they are to say that being a "good" mother means providing financially for one's children (Hattery, 2001b). It is in this context, then, that we compare welfare to work.

Tanner et al. (1995) report that "in 40 states welfare pays more than an \$8.00 an hour job" (p. 2). This translates into roughly \$16,640 per year. And because these benefits are not taxable, this payment is not reduced. Furthermore, this report notes that in addition to the cash payment, welfare recipients typically receive additional support, including food stamps (typically \$250–\$300 per month), housing assistance (typically \$350–\$500 per month), and child care subsidies. Child care subsidies typically reimburse parents on average \$50–\$80 per week for the care of a single child. (For the full report, see Tanner et al., 1995.) In contrast, a minimum wage job pays \$5.15 per hour, which translates into roughly \$10,000 annually or \$800 per month take-home pay after taxes. Even in states that passed minimum wage laws in the 2006 midterm elections, most states settled on an average minimum wage of \$6.50, which is approximately \$13,000 per year or less than \$1,000 per month in take-home pay. Although these increases in the minimum wage will make a real difference in the daily lives of low-wage workers, they will still leave many families living below the official poverty line. Although a minimum wage employee who is a single parent raising one or more children will be below the poverty line, and thus eligible for other benefits, such as food stamps and housing assistance, we can see how difficult this decision becomes. In our community, even in public housing at the lowest end, monthly rent will run a *minimum* of \$300; child care, at the lowest end, will run a *minimum* of \$50 per week per child or \$400 per month for two children. Thus, a single mother raising two children, after she has paid for child care and rent, will have only \$100 left over for the month for food, utilities, transportation, and other items not easily budgeted. Finally, we

again underscore the fact that most minimum wage workers do not have health insurance (see our discussion in Chapter 6).

Thus, the dilemma—a single mother raising two children will be better off financially by being on welfare, and she will also have access to health insurance for her children and higher-quality child care (Brush, 2001). When we consider this dilemma within the context of the ideology of a good mother, it seems clear that the proper, *rational* decision to make is to use the welfare programs available in order to stay at home raising one's children.

Most Americans polled would not agree with this decision. And this is where we see the emergence of race and class bias. When a white, middle-class woman makes the decision to opt out of the labor force and become entirely *dependent* upon her spouse's or partner's income so that she can stay at home and raise her children, we applaud her for the sacrifices she is making.⁸ But when a single African American woman with limited employment options chooses to rely on welfare so that she can stay at home raising her children rather than seek minimum wage work—often the only work she can obtain but that would leave her, in the end, living deeper in poverty—we denigrate her and call her a lazy, remote-clicking welfare queen. Yet both mothers want to do the best they can for their children.

Let us be clear. We are not arguing that welfare should be revamped so that families receiving it get fewer benefits. This would only result in plunging even more children into poverty. And because half of all African American children live in poverty, the results would be especially devastating on African American families. What we are arguing for are the following:

- Increased access to education
- Equality in public schools
- Increased access to jobs, especially in the trades
- Affordable child care
- Affordable housing
- A living wage for all workers

We believe that we will continue to see high rates of welfare utilization by African Americans until they have access to the same opportunities as whites and until working in the strongest economy in the world yields a paycheck that translates into enough money to provide for a family.

Welfare Reform and Family Values

Clearly, much of the welfare reform passed under President Clinton was a reaction to the belief that poor African American women would rather

receive welfare than work. This set of reforms was believed by many to resolve some of the inadequacies of the previous welfare program initiated under the Johnson administration. One of the most obvious changes was the renaming of welfare from Aid to Families with Dependent Children (AFDC) to Temporary Aid to Needy Families (TANF). TANF eliminates the “man in the house” rule associated with AFDC and allows for intact families to receive welfare. However, Hays (2003) argues that, in fact, welfare is still designed to allow the government to interfere with and shape poor, mostly African American families:

Ever since the inception of government-funded programs for the poor, policy-makers have believed that the giving of benefits comes with the right to interfere with the families of the poor. . . . All the most blatantly discriminatory policies have been struck down by the courts. A few questionable family regulations have remained, however, and welfare reform has strengthened those and added more, reasserting the right of the government to interfere in the familial life of the poor. (p. 66)

According to Hays (2003), welfare reform created a system designed to reinforce traditional marriage and limit fertility. Although many conservatives applaud these tenets of welfare reform, others find that they are invasive and oppressive. For example, we argued in Chapter 4 that one of the major negative outcomes of teen childbearing is child poverty. Teenagers who give birth are less likely to marry, and thus their children are vulnerable to the poverty associated with female-headed households.

Although few scholars or policymakers are advocates of teen childbearing, many believe that tying welfare to marriage and fertility decisions is social engineering for the poor. For example, Hays (2003) describes the case of an infant named Tony. One of the restrictions on welfare receipt that is designed to limit family size and control fertility renders children conceived while the mother is on welfare as permanently ineligible for welfare benefits. As a result of conceiving Tony while on welfare, Tony’s mother will never be able to collect a cash payment or food stamps for Tony, nor will Tony be eligible for health insurance (Medicaid) or any other benefits. Tony is what the welfare system refers to as a “capped” child (Hays, 2003). We wonder if, ultimately, the social engineering couched in welfare reform is very much different from the eugenics movement of the early 20th century (see Chapter 6)?

Hays (2003) and others argue that one of the consequences of welfare is the ability of the government to enforce white, middle-class family values. “The kinds of families that Congress has in mind, in other words, must include breadwinner husbands—ideally the type with sufficient earnings to allow mothers to stay at home” (p. 64).

Finally, we note that the changes in family form that we discussed in Chapters 3 and 4, primarily the decline in marriage and the rise in nonmarital births, begin at the same time as the Johnson administration's Great Society programs, most notably welfare. When welfare became more lucrative than working in the low-wage economy, and when intact families were ineligible for welfare (the "man in the house" rule), the African American family, an institution that had survived centuries of slavery and decades of Jim Crow segregation, was decimated.

Welfare Reform and Incarceration, or African American Mothers Are Crackheads

One of the prevalent stereotypes of poor African American women is that they are addicted to both welfare and crack (Edin & Lein, 1997; Seccombe, 1998). Studies of differential treatment of pregnant women find that regardless of *similar* or *equal* levels of illicit drug use during pregnancy, African American women are *10 times* more likely than white women to be reported to child welfare agencies for prenatal drug use (Chasnoff, Landress, & Barrett, 1990; Neuspiel, 1996).⁹ This racial disparity can only be explained by the power of hegemonic ideologies in shaping perceptions. Simply put, when a pregnant African American woman is discovered using drugs, this confirms our stereotype of African American women as crackheads, and therefore, she and her children are referred to child welfare agencies. In contrast, when a pregnant white woman is discovered using drugs, this appears to be an isolated event, it doesn't match the stereotype, and so she is not referred to child welfare agencies. Thus, stereotypes are powerful in shaping the overall incarceration rates of African Americans and whites.

One of the most politically palatable parts of welfare reform was the enactment of a series of bans on welfare receipt for convicted drug felons. Because African American women who use drugs are disproportionately likely to be arrested for, charged with, and convicted of a drug felony (Chasnoff et al., 1990; Neuspiel, 1996), their children are disproportionately likely to suffer the consequences. This set of bans has resulted in one of the most devastating effects on African American children.

Most states (38) impose a ban on the receipt of cash assistance (TANF) and food stamps to individuals with a felony drug conviction. Nearly half of these states (17) impose a *lifetime* ban on cash assistance and food stamps. The remaining 21 allow for the reinstatement of eligibility for these social welfare programs if certain conditions, such as successful treatment or a waiting period, have been met (Mukamal, 2004). We underscore here the

impact of these bans. Given the fact that individuals with a felony record face serious obstacles to employment (Mukamal, 2004; Pager, 2003), we ask the question, upon release from prison, struggling to find a job, facing a ban on cash assistance and food stamps, how will the ex-convict eat? Furthermore, as we will discuss at length in Chapter 9, the changes in drug possession laws mean that possessing 5 grams of crack cocaine can bring a felony conviction. Thus, the ban extends to those whose conviction is for *possession*. In contrast, no similar ban is imposed on individuals with felony convictions that are not drug related. The ban does not extend, for example, to those convicted of felony rape, murder, or child molestation. We wonder, then, about the integrity of these bans, but also about their purpose, especially in light of the fact that African Americans are disproportionately likely to be convicted of a drug felony (which carries the ban), whereas white men are disproportionately likely to be convicted of child molesting (which does not carry the ban).

The federal government also allows public housing authorities to use evidence of a criminal record in determining eligibility for public housing. Furthermore, the federal government imposes lifetime bans on eligibility for public housing on two groups: (a) those convicted of the production of methamphetamine and (b) those required to have lifetime registration on the state's sex offender registry. In addition, Mukamal's research of housing authority guidelines found that the majority of housing authorities do consider a person's criminal record when determining his or her eligibility for public housing. The most common bans were for felony drug convictions and violent offenses. Furthermore, her research noted that more than half, 27, of housing authorities "make decisions about eligibility for public housing based on *arrests that never led to a conviction*" (Mukamal, 2004, p. 16, emphasis added). Because children are most likely to live with their mothers, children of mothers with a drug felony will be ineligible to live in public housing. Therefore, this ban poses a serious threat to the safe housing of more than 1 million African American children. We will explore the issue of incarceration on African American families in greater depth in Chapter 9.

Race, Class, and Gender Paradigm

In practical terms, African Americans are far more likely to live in poverty and receive welfare than are whites. The median household income for whites is 1.6 times that of African Americans. But perhaps most disturbing are the racial disparities in wealth. Not only do whites have significantly more wealth than African Americans, this racial disparity holds at every

income level. Even among the poorest of Americans, whites have 420 times more wealth than do African Americans, whose average wealth is \$57. And because social class is related to educational attainment, health, and incarceration, and because income and wealth are central to the well-being of individuals and families, we conclude that this has a devastating effect on all aspects of African American family life. Specifically, we note that as a result of the decline in the value of real wages; the static nature of the federal minimum wage; and the increasing costs of housing, health care, education, and child care, African American families increasingly find that even when they are working, they are all but shut out of the American Dream.

We have also argued here that welfare reform can be interpreted as an assault on what is perceived as negative behaviors on the part of African American women and an attempt to impose the values of white, middle-class motherhood on them. Regardless of what one thinks about women who choose to rely on welfare, we point out that, in fact, many African American families are forced to rely on welfare in response to a crisis that they do not have the wealth to address. We also note that the impact of welfare reform, including bans on welfare, has a devastating effect on the millions of poor African American children who can no longer rely on the welfare receipt of their mothers to provide food and housing security and access to medical care.

Debates about welfare and welfare reform are important because they illustrate one of the most powerful ways that racism and discrimination have changed in response to the civil rights movement of the 1960s. Bonilla-Silva (2003) talks about this as “color blind racism.” For example, it is no longer socially or politically acceptable to shape a debate about the behavior and family practices of African Americans, but it is perfectly acceptable, and common, to shape a debate about the behavior and practices of *poor* Americans. Yet when African Americans are disproportionately represented among the poor and those receiving welfare, the debate most certainly is about race and gender and about the desire of many whites to assert white, middle-class values onto African Americans, especially African American women. One clear illustration of this is the way that welfare reform is used to transmit judgments and values about what it means to be a “good” mother based on white, middle-class motherhood ideology. We reiterate here that the race, class, and gender paradigm allows us to decode these “reforms” by allowing us to compare the choice that a poor African American mother makes to go on welfare and stay at home raising her children and the choice that an affluent white mother makes to exit the labor market, become dependent on her partner’s (usually husband’s) income, and do the same. One is a “good” mother and one is not. And this assignment of value is clearly shaped by expectations associated with race, class, and gender.

Solutions

In terms of solutions, consistent with our analysis throughout, we propose structural solutions. Shapiro (2004) articulates the problems related to wealth:

The typical black household earns 59 cents for every dollar earned by the typical white household. This income comparison closely matches other national data and is the most widely used indicator of current racial and ethnic material inequality. . . . However, changing the lens of analysis to wealth dramatically shifts the perspective. The net worth of typical white families is \$81,000 compared to \$8,000 for black families. This baseline racial wealth gap, then, shows that black families possess only 10 cents for every dollar of wealth held by white families. The issue is no longer how to think about closing the gap from 59 cents on the dollar to a figure approaching parity but how to think about going from 10 cents on the dollar to parity. (p. 47)

- We need to first recognize and then seriously address inequities in wealth that are a direct result of discrimination and blocked access to the opportunity structure that African Americans have faced over the 400 years they have lived in the United States.
- We need to end the types of discrimination that African Americans face in terms of access to wealth—namely, red-lining, other forms of housing discrimination, and unfair lending practices.
- We need to acknowledge that discussions of welfare reform are really code for discussions of African American women and their children. We need to end this type of racist discussion.
- We need to restructure wages so that working families are no longer living below the poverty line.
- We need to reframe welfare as a system that provides a safety net for vulnerable members of our society—namely, the elderly and the young. Reforming TANF as an entitlement for poor children, much as Social Security is an entitlement for the elderly, would ensure that all children in this country have the food and housing security as well as the access to health care that they deserve.

Notes

1. We explore this issue at length in Hattery and Smith (in press).
2. For a lengthier discussion of this, we point the reader to our analysis of these data in Hattery and Smith (in press).
3. This event reminds us of a similar natural disaster with racialized outcomes that occurred in the state of Mississippi in 1927. African American men were dragged from their homes or while walking down the street in cities like Greenwood and taken to fight back the massive flooding of the Mississippi River (Barry, 1997).

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In 1927, African Americans in all of Mississippi had no rights that whites respected. African Americans were literally being used as human sandbags in the attempt to stop the Mississippi River from ruining lucrative crop land in the Delta.

4. This formula was developed by Mollie Orshansky and published in a research paper in 1965. She came up with the formula of calculating the poverty line based on the minimum threshold of three times the cost of food during an era when economists believed that the average American family spent one third of its income on food. This formula has never been modified despite the fact that economists estimate today that low-income Americans spend at least one half of their budget on housing.

5. Clearly, the U.S. government is resistant to adopting this new formula for calculating the poverty rate because no president wants the poverty rate to rise under his administration.

6. This “Welfare Queen” stereotype was given credence by then-candidate Ronald Reagan on the 1976 presidential campaign trail. During that election campaign, Reagan often recited the story of a woman from Chicago’s South Side who was arrested for welfare fraud. He would repeat that she had 80 names, 30 addresses, and 12 Social Security cards, and she collected veteran’s benefits on four nonexistent deceased husbands. He repeated that she collected Social Security on her cards, noting that she received Medicaid and food stamps and regularly collected welfare under each of her names. She was, of course, African American (Zucchini, 1997).

7. We encourage the reader to view HBO’s documentary *Lalee’s Kin* for an honest visual portrayal of life on welfare in rural Mississippi.

8. In fact, the competing paradigms of what we call the “Cultural Wars of Motherhood” (Hirshman, 2006) has pitted stay-at-home “soccer moms” against “super moms” who are embedded in fierce battle for the right construction of motherhood in contemporary American society. The “war” is so big it has been captured in the editorial pages of the *New York Times* (Brooks, 2006).

9. More recently, debates have erupted over laws that would charge mothers who deliver drug-addicted babies with child abuse, neglect, child endangerment, and even murder if the child subsequently dies.