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***What Earnings and Income Buy:
The “basics” plus “a little extra”: Implications for Family and Child Well-Being***

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PREFACE TO PAPER

‘If You Are Working, You Should Not Be Poor’: Employment, Family Life and Child Development As Families Face Welfare Reform

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The following paper was conceived and grew out of a collaborative project that used a mixed-methods approach to investigate the relations of employment dynamics to parent, family, and child functioning. The results are to be published collectively as a book (*If You Are Working, You Should Not Be Poor*), with each chapter focusing on a different dimension of employment (e.g., nonstandard work hours, child care, job benefits, income). All chapters involved a mixed-methods analysis of survey-based and ethnographic data from a single dataset to inform the research question at hand. Key central chapters (e.g., work characteristics – job length, wages, total hours) are coauthored by the entire team and reflect team members involvement in the code development and reading of the employment-related fieldnotes. Team members also took the lead on individual chapters focusing on a particular aspect of work and its relation to child and family well-being. Before presenting the results of our specific analyses, we take a moment to describe the overarching goal of the book, the dataset that informs all analyses reported herein, and the team approach to analysis of the core qualitative material.

The New Hope Project

If You Are Working, You Should Not Be Poor uses data from the New Hope Project to examine the varied contexts and consequences of work for a sample of low-income families. The New Hope program was conducted in two high-poverty areas of Milwaukee between 1994 and 1998, families were followed up in 1997-1998 and 2000-2001. Any adult (age 18 or over) with an income below 150% of poverty was eligible to participate. Participants were eligible for program benefits for a period of three years. Benefits were contingent upon full time employment (30+ hours per week) and included wage supplements (to bring overall income up to 200% of the federal poverty line), child care subsidies, and health care subsidies. Participants also had access to high quality, one-on-one case management. If they were unsuccessful in finding full-time employment, they could work in minimum-wage community service jobs. The hours in these jobs counted in determining eligibility for New Hope benefits, and the earnings counted toward the federal and state Earned Income Tax Credits.

The New Hope evaluation was directed by Aletha Huston, Greg Duncan, Thomas Weisner, and Robert Granger, and coordinated by the Manpower Demonstration Research Corporation (MDRC) (Bos et al., 1999; Huston et al., 2001; Lowe & Weisner, 2003; Mistry et al., 2001; Weisner, et al 2002). The program was evaluated using a classical experimental design, with random assignment of families to New Hope or a control condition. The New Hope Child and Family Study (CFS) was initially designed to assess impacts on families and children in early and middle childhood as part of the larger New Hope study. All adults in the larger New Hope sample who had at least one dependent child between the ages of 1 and 10 at baseline (N = 745)

constituted the CFS sample. Data were collected on up to two focal children in a family; approximately 60 percent of the families had more than one child in the target age range. When there were more than two eligible children, the focal child was chosen randomly, then a second child was randomly selected with the restriction that preference was given to an opposite-sex child. At baseline, when they entered the New Hope study, the parents' average age was 29.4 years; slightly over half (55%) were African American; and 29% were Hispanic. About half had a high school diploma or GED. The majority had a history of employment, but most had earnings of less than \$5,000 in the previous year. About 80 percent were receiving public assistance at baseline (i.e., AFDC, Medicaid, and/or food stamps).

At two years after random assignment, 578 parents with 913 focal children (then ages 3 through 13 years old) were interviewed. Interviews were conducted with 579 of the children who were ages 6 to 12 years old, and teacher reports were collected for 420 school-age children. The follow-up surveys of families and children conducted five years after random assignment were completed in May 2001; 569 (77 percent) parents with 888 focal children were interviewed. Interviews were conducted with 832 focal children, who were now 6 through 16 years old. Teacher reports were gathered for 536 children. Assessments were completed at both 2 and 5 years for 484 families. There were approximately equal numbers of program and control group families, and there was no evidence of differential attrition for program and control families. Surveys covered a range of topics, including but not limited to: indicators of child and youth development (school performance, socioemotional well-being); monthly data on employment, income, basic education, and job training; information on parents' psychosocial characteristics, such as mental health, stress, goals, and expectations; and data on important contexts, such as partners, child care, and family process and parenting. Administrative data on employment, earnings, earnings supplements, food stamps, and cash welfare receipt are available for program and control-group adults across the entire study period.

In addition, a random subsample of 44 families participated in a longitudinal ethnography, spanning three years of the follow-up period (roughly the period between the two follow-up survey assessments). As part of the New Hope Ethnographic Survey (NHES), fieldworkers visited families regularly, participated in their daily routines in community and home settings, spoke and interacted with children, and interviewed other family and social network members. Interviews covered a wide range of topics relevant to low-income families and work. Central ethnographic topics covered jobs, including duties, quality, stressors, transitions, hours, wages, benefits, relations with co-workers and supervisors, and transportation. In addition, information regarding a range of contexts related to work -- child care, goals, daily routines of family life, extended family, other social networks, and partners and fathers of children -- was collected consistently. Families were visited an average of 5 times a year, and detailed field notes were written on each family, combining observations of interactions and settings with detailed narratives summarizing the conversations at each visit.

Core Qualitative Analysis of Employment Dynamics for *'If You Are Working, You Should Not Be Poor'*.

'If You Are Working, You Should Not Be Poor' focuses on how employment experiences change over time in the families of the working poor. The NHES provided an ideal dataset for examining such changes because families were probed at each visit about their work experiences. The project team's initial focus was therefore on developing comprehensive analyses of the experiences of work during the period of the ethnography. We briefly describe the steps taken in

the core qualitative analysis of employment below. The process involved a series of work data camps and meetings spanning over a year.

The first step involved extracting all field note excerpts with the core keywords of “job”, “employment”, “work”, “boss”, “supervisor”, and “career” present anywhere within the excerpts for all visits. The notes were then organized for each of the 40 cases chronologically from the first fieldnote entry to the last. In most cases, notes covered a period from Spring/Summer 1998 to the Spring/Summer 2001. Next, the analysis team of 10 developed a final list of fifteen work-relevant codes that captured the major concerns of parents regarding work and family for the purpose of indexing the case material. The codes included ones focused on the characteristics of the job itself (e.g., wage issues, hour/schedule issues, benefits, work stressors/hassles), related human-capital-related goals (e.g, income, education, and expenditures on children), use of public assistance and New Hope benefits, and shifts or changes in household organization. The team decided that by limiting the initial set of codes to these fifteen, it would be easier to establish and maintain an acceptable level of inter-rater reliability (the average Cohen’s Kappa was .79 across all pairs of coders).

Having established an acceptable level of inter-rater reliability, each team member indexed entire cases and organized the relevant information into a standardized case-summary format. Based on this coding, two of the chapters in the book used the work trajectory information most centrally; other chapters varied in their use of the core analysis as a base from which to build their more specific analyses of particular aspects and contexts of work. It is important to realize that these topics were not chosen in some ad-hoc manner. Rather, they were the main themes to emerge from the team’s reading of the ethnographic material relating to work and the work-family interface.

Content and Organization of *‘If You Are Working, You Should Not Be Poor’*

Each chapter in the book builds upon the core analysis by focusing on either a specific aspect of work or a related consequence of work. The chapters are organized in two large sections. The first section describes the world of work, as experienced by New Hope study participants. Individual chapters address the dynamics of work over time, their consequences for children’s development, and experiences of job quality, work schedules, and discrimination in the workplace. The second section of the book focuses on the contexts of working-poor families’ lives that shape, and are shaped by, work. These contexts, ranging from the individual to the policy level, include personal motivations and goals, household budgeting, child care patterns, partners and marriage, work support services, and social support.

Beyond a unique focus on a particular dimension of work, each chapter incorporates data from both the NHES and the follow-up surveys conducted 2- and 5-years post-random assignment. Authors use a variety of mixed-methods strategies throughout the book. In our analysis, for example, we started with a reading of the qualitative fieldnotes and used grounded theory to extract and organize meaningful themes focused on our central topic. Next, we tested the patterns and associations evident among emergent themes using data from the follow-up survey. In many cases, including our analysis, the qualitative data stopped short of addressing the impact of maternal work characteristics, conditions, and consequences on children. A mixed-methods approach allowed us to test such associations using the survey data. Consequently, what emerged is a richer portrayal of not only mother’s experiences of the world of work, but also the implications of such experiences for their own well-being as well as that of their children.

INTRODUCTION

The 1990's represented a period of dramatic overhaul in the public policies affecting low-income families and children. By many accounts, the combination of welfare policy changes, increased work supports, and a healthy economic landscape yielded positive results. Welfare caseloads declined dramatically while employment rates among low-skilled women increased.¹ And, among early welfare leavers, a majority reported being employed at some point during their first year after leaving welfare.^{2,3} But the results are mixed with respect to whether leaving welfare for work necessarily results in improved financial well-being for families. An analysis by the Urban Institute showed that while welfare recipients were generally quite successful in finding work after leaving welfare (either voluntarily or due to sanctions), many did not earn enough at these jobs to bring their overall income above the poverty level. Low earnings in combination with reduced government benefits and increased work-related costs left many families financially worse off than when they were on welfare.⁴ More recently, findings from two post-1996 welfare reform evaluations indicated that women who were able to leave welfare for work experienced greater economic gains (and in one study, greater increases in hourly wage) than did women who either combined welfare and work or who remained on welfare and were not working.⁵ Although the magnitude of the economic gain is still being debated, both studies report a substantial number of working women continuing to live in poverty and experiencing some degree of material hardship.

Experiencing economic hardship despite work is also not limited to families making recent exits from the welfare rolls. Researchers Kathryn Edin and Laura Lein, in their seminal book, *Making Ends Meet*,⁶ documented the near impossibility of surviving off of either public assistance or low-wage work during the early 1990s. Based on interviews with over 350 low-income women in Chicago, Boston, San Antonio, and Charleston, their results demonstrated that surviving welfare and low-wage work required women to pool resources across multiple sources (family, friends, partners, off-the-books jobs, community resources) to supplement meager income from formal sources (public assistance and formal-sector jobs). Even with the creative juggling of this array of supports, women reported a great deal of financial strain.

More recent evidence suggests relatively little change in the economic circumstances of many low-income families. As part of a longitudinal study of the experiences of federal welfare reform⁷, 75 women residing in Cleveland and Philadelphia were interviewed in 1997/1998 and again one year later. Researchers observed that very few women managed to secure stable, full time work and that overall average incomes at follow-up were extremely low. Only 17% worked for more than six months without receiving welfare. Of these, only a small minority (7%) managed to hold on to the same job for the entire six months. The more common experience was instability in both work and income. For most, work meant low-wage jobs with no benefits and frequent turnover. Struggling to balance work and family demands, including finances, was a common experience among the study participants. Most women reported relying extensively upon family members and others to make ends meet or to defray the costs of child care.⁸

These studies also include a limited discussion of how women's experiences around work and income made them feel about themselves, their families, and their children. For example, women in the Cleveland and Philadelphia samples mentioned having more income to do and buy more for their children as one of the greatest benefits of working. Women reported purchasing items and doing things that made their children feel better about themselves, such as buying expensive clothes or going to the movies. But, working, especially when it entailed working

multiple jobs or shift work, left many women feeling physically as well as emotionally drained. In such cases, women lamented feeling stressed and not being able to do much with or enjoy their children's company.⁹

In this paper, we examine *how and why* income affected the daily lives of the women and children in the New Hope sample by examining critically how, where, and what income was *spent* on, and decisions surrounding expenditure patterns. Our goal was not, as Edin and Lein (1997) did, to do an exact accounting of the sources of income our women relied upon or where they spent their income – our data neither lent themselves to such an analysis, nor was this our primary interest. Instead, we focus on one of the pathways through which employment has systematically been shown to influence children's development, namely income. Studies have shown that income's effects on children are due in part to whether or not parents perceive that income as being sufficient for meeting their needs.¹⁰ When income is perceived as inadequate this is typically referred to as "economic pressure".¹¹ Surveys capture such perceptions of financial adequacy by asking questions having to do with the level of material hardship families have recently experienced (e.g., being behind in the rent; having utilities shut off) or degree of concern with making ends meet on a monthly basis. Much less attention has been paid to understanding how parents, regardless of economic status, negotiate income-expenditure patterns, and deal with the burdens of trying to make ends meet. Even less is known about how children factor into parents' decisions about income-expenditures.

Our combination of survey and qualitative data provide us with a unique opportunity to not only investigate what the New Hope women thought and felt about their income, but to also use this information to conduct a quantitative exploration of some of the *family processes* through which income affects children's academic and social outcomes. We rely on data from both the ethnographic study and the larger survey administered 2 and 5 years after New Hope random assignment to help inform the following research questions. First, how did mothers negotiate between income levels and expenditure demands? And second, what impact did such negotiations have for the women's psychological well-being and their children's well-being?

Why Income Matters

In earlier analyses we found that women's work and income trajectories were, as expected, interrelated for the families in the NH sample. Women with more stable and progressive jobs had greater earnings and total income than did women whose work histories were more precarious. But is it the case that families with greater economic resources necessarily experienced less material hardship and financial stress? And, how well were the women in our sample able to negotiate income-expenditure patterns? Such questions were a primary focus of our analyses, and to answer them we first turn to a qualitative analysis of data from the ethnographic study. The field notes provide insight into the economic resources the women in our sample relied on to cover their expenditures, but does not include an exact accounting of all income sources and expenses. This was not within the scope of the original study. The women in the NHES study did however share a lot about their budgets, including their feelings about how well (or not) they were able to meet their personal and family needs.

Categories of Expenditures

For this analysis, we first examined how women distinguished among categories of expenditure and how their experiences influenced their own and their children's well-being. The fieldnotes are filled with examples of the sorts of items, services, and activities the women in our study spent, or wished to spend, their money on. We noticed that the New Hope mothers meaningfully organized their myriad of expenses into a small number of distinct categories. For example, recurrent expenditures like phone service, electricity, gas, and other monthly expenditures that involve a receipt of a paper bill or formal agreement for monthly payment were often organized into a more general category called "the bills" as the following quote demonstrates, "Samantha mentioned some of the bills that take up her money. She explained that her child-care bill is now \$65 per week. Samantha also pays the rent, the telephone bill, the lights and gas" [7/2/98 – emphasis added]. References to such items were often lumped together in the fieldnotes with food and basic clothing and labeled "the basics" or "basic needs." The following fieldnote is an example, "Ana makes \$11.00 an hour. She says that now she's a bit better than when I first met her even so she lives day by day. [The] money is barely enough for the basic things of the family, like rent, bills, gas for the car, food and clothing for her 4 children" [8/30/01 – emphasis added]. In order to better understand the way that women understood the organization of expenditure into meaningful categories, we examined the fieldnotes for similar kinds of content and came up with a schematic representation of the expenditure patterns (Figure 1).

As we see in Figure 1, the first major distinction the women made was between expenses they expected or desired, and those that were unexpected or due to an emergency. Fieldnotes were particularly detailed about expenditures related to expected or desired needs. Entries pertaining to unexpected emergencies were less common, despite the fact that a majority of the women (30 out of 40) reported such an expense at least once during the ethnography. These unforeseen expenses included emergency or unexpected home repairs and car repairs, emergency medical expenses, legal fees and fines (e.g., speeding tickets), and emergency loans to family members. A frequent strategy for dealing with such crises was to rely upon family members and friends. Expenses were often owed until tax time at which time tax refund checks helped the women catch up on outstanding expenses.¹² Although reported by a majority of the women, there is much less material in the fieldnotes that describes the subjective experiences surrounding unexpected expenditures. Because we were primarily interested in women's psychological reactions to their expenditure demands we concentrate on the experiences surrounding the expected and desired expenditures in this chapter. Such expenditures could in turn be differentiated between *nondurable* expenditures that occurred on a regular basis and those *durable and accumulative* expenditures, which occurred less frequently.

Recurring and Nondurable Expenditures. This category of expenditures included payments for monthly household services like electricity and gas, rent or mortgage payments, food, clothing, toys for the children, and also occasional evenings out to the movies or to a restaurant. Also included were *less* frequently occurring expenses such as trips to the zoo, the summer fair, or travel. Such expenditures were universal in our sample.

Within this category, women often times made an additional distinction. Most (58%), like Samantha in the quote above, made an explicit distinction between those expenditures that are needed or viewed as "basic" and those wanted or desired, but that were not absolutely necessary for survival. The latter were often described as "extras" and were desired for their ability to

convey a sense of well-being and satisfaction with everyday living. These expenditures included the purchase of personal items like nicer clothes and toys for the children, having one's hair or nails done, and dining out and entertainment. "Extras" included household items such as a premium cable or satellite TV service or the purchase of more expensive foods like a good steak or colored bell peppers. The following fieldnote is an example of the use of the term "extras:" "Heather said that the reason she works two jobs is so she does not have to struggle to make ends meet, and her kids won't have to struggle with her. She said that she wants to have enough money not only to pay the bills, but also get the extras that her kids, and she need and want" [9/14/98 – emphasis added].

Durable and Accumulative Expenditures. The next major category of expenditure involved the purchase of big-ticket items like cars and furniture as well as buying homes and/or moving. These items were either actually purchased or mentioned as desired future purchases by nearly all members of the sample (33 mentioned housing and furniture/appliances; 34 mentioned cars). Among those who mentioned housing, a majority (58%) *wanted* to buy a house. Fewer participants referred to either owning or purchasing a house during the study period. Of the 34 families that mentioned a car, all but three mentioned owning or buying a car during the study period. In none of these cases, however, did a participant purchase a brand new car. Finally, all but one of the 33 families who mentioned furniture or appliances discussed owning or purchasing them actually did so during the study period.

We refer to housing, cars, and furniture/appliances as accumulative rather than simply durable because of the way women described the importance of accumulating these items over time. As we show in greater detail below, many of the women in the ethnographic sample felt that their ability to purchase better housing, a car, and to accumulate nice furniture for their house symbolized their independence and success.

The Subjective Experience of Meeting Recurring Nondurable Expenditures.

When reading the fieldnotes we were struck by how often women described their *subjective experience* of meeting (or not) the expected or desired expenditures described above. Comments often included explicit descriptions of how meeting financial commitments for the two types of anticipated expenditures described above affected women psychologically. We limit our discussion to how the women described their own subjective experiences and those of their children.

Meeting Basic Needs Each Month. We begin with the experiences of meeting basic needs (e.g., bills, rent, food, etc). We found evidence for the subjective experience of meeting the basics in 16 cases (40%). Nine of these women described feeling "okay" when they were able to pay bills each month in full. Being "okay" indicated that the participant was achieving a certain minimum level of well-being. But, being "okay" did not reach the level of being happy or fulfilled in terms of expenditures. For example, consider the following excerpt for Rose, "I guess I'm doing something right. I'm okay so far. At least I have a roof over my head, and stuff like that. And food in the house for kids and whatever" [1/22/98 – emphasis added].

The recurring nature of basic expenditures was important to their meaning. When Karen described her finances, she specifically referenced the fact that these expenditures recurred at least monthly and that paying off her basic bills each month was important to her sense of being "okay." She said,

You know, I'm doing okay. I was used to having the extra money, but I know bills are still going to be there no matter what. As soon as I pay them off, another month there here again. Nothing I can do about it, so don't see the need to worry about it. The bills are under control. I'm not behind in anything. [9/27/99 – emphasis added]

Families in the ethnographic sample frequently were unable to meet all of their monthly basic expenditures in a given month. Naturally, such experiences were often described as creating anxiety and worry or feeling “stressed” economically. The following fieldnote excerpt for Faye is an example,

Faye said that she is feeling very stressed about being behind in her bills. Losing her job in May and not being able to find one again has really set her back. She owes electricity (\$450) and is three months behind in rent (\$800). While I was there her phone rang and it was the Gas Company - she owes them about \$250. She said that it has been difficult - she feels she needs to catch up and she will feel better. [9/5/00]

One strategy for dealing with economic pressure, particularly that associated with falling behind on the basics, was to prioritize which bills got paid first and which were allowed to lapse. Women complained often about their inability to pay all of their basic bills, including rent, food, utilities, child care, etc. In such cases, housing (i.e., rent/mortgage) and food related expenses most often had the highest priority. For example, after being laid off from her job as a temporary health care worker and, subsequently, falling behind in her bills, Rose told her fieldworker, “I was really worried about paying the bills on time and stuff but at some point you just change and think, O.K., so what, bills are late. The most important thing is that my kids have something to eat” [11/21/00]. Once families had paid off their outstanding bills they reported feeling “in control,” and feeling “good” or “trying to stay calm” as a result. The receipt of the Earned Income Tax Credit as a lump sum each year for those who were eligible to receive it was a great help in this regard.¹³ For example, Wendy told her fieldworker, “she thinks it is a really good thing that she got caught up on all of her bills when she was getting paid. Wendy said, ‘When the county did send the last check [for her W2 child care clients], we took care of some bills... That's good. That's why I am just trying to stay calm’ [3/29/99]. Janet reported that, “she has finally paid off all the late bills that had accumulated from the time when she was not being paid on time. She was pleased to have gotten everything paid off” [12/17/98].

In sum, we see that meeting basic needs each month was not necessarily a source of much positive affect or an enhanced sense of well-being. Rather, meeting basic needs conveyed a sense of being merely “okay.” Falling behind on these basic expenditures was a source of stress, worry, or anxiety, while the experience of catching up with one’s late bills provided a temporary sense of relief. Feeling just “okay” at being able to cover basic monthly expenses is not unique to the women in the NHES study. Such feelings likely resonate with many parents and working adults. One difference however between the experiences of low-income adults as compared to their more affluent counterparts is the consistency (or lack therefore) with which they were able to meet their basic needs from one month to the next. Studies also show that covering the basics as described here also consume a significantly greater proportion of low-income families resources as compared to middle-class families.¹⁴ A dominant theme of our analysis was the constant struggle and flux faced by many women to ensure that their family’s basic needs were met. This contributed in part to women’s lackluster response to meeting their basic expenses;

they recognized the temporary nature of the reprieve. It also mattered for their sense of well-being – creating anxiety, worry, and concern that at some point in the near future they would once again be faced with the tough choices of what bills to pay and which one to let lapse. Many of the women spoke of trying to save a little every month, but few were able to do so, or to do so on a regular basis.

Consuming Desire: The Subjective Experience of Buying “Extras.” We were able to identify fieldnote excerpts regarding the subjective experience of purchasing “extras” for 18 of the women in the ethnographic sample (45%). Extras were typically described in terms what individuals *wanted*, even if they were not absolutely necessary. The following excerpt is an example, “Belinda said that at one time, she used to have a little money left over at the end of the month, that she did what she wanted to do with it. Sometimes she would get her hair done or her nails. Just a little something for herself” [4/30/98 – emphasis added]. In a similar vein, extra spending such as purchasing nicer clothing and jewelry helped some of the women project an image of economic success for themselves and their children. Julie is an example,

Julie likes to dress well and she explains that she does not mean jewelry and diamonds and all that. But she wants a decent outfit and shoes. She wears uniforms at work, which is good, but she has a meeting at the Hospitality Inn and she wants a nice outfit to attend it. She says, “If you look like you got something, or going somewhere, you are going somewhere.” [10/30/00]

The ability to purchase nondurable extras was important for the women in our study because it conveyed to them and to their children a sense of fulfillment, enjoyment, or happiness with everyday life. In some cases, women even felt that it was important to spend a little extra because it was important for them to feel fulfilled and not deprived at least at some modest level. For example,

Lynette said that she does not believe in denying herself cravings...She explained she doesn't believe in not getting things because you are worried about money. It doesn't matter what kind of job she has, if she wants a good steak she will go to the store and buy one. She said that everyone is always low on money and if you deny yourself things then you'll never be happy or enjoy life. [7/23/98 – emphasis added]

The women in the study also were concerned about providing things that their children desired. The ability to do so helped them feel like they were good mothers. When extra money was tight, many felt strongly about sacrificing their own desires so that their children's desires were met. Being able to buy these extras for themselves and/or for their children made these women feel good. Consider the following fieldnote excerpt,

Alicia said that she spends most of her money getting things for her children. She rarely buys things for herself. She said that one of the reasons she probably splurges so much money on them is because she never had that advantage when she was a child. Her parents never took them to movies or out to eat. Alicia said that she is trying to show some things that she never got to experience as a child.... Alicia said that it feels good to go shopping and buy her kids stuff. It gives her a natural high. [8/11/98]

Purchasing the extra goods and services that the participant and her children want is significant in conveying a sense that the family was not poor or not deprived. For example, Heather “said that for a while she tried to work only one job, and that was just not enough money to do everything that she wanted to do. She said doesn't consider herself poor and doesn't feel that she and her kids should live like they are, so she works the two jobs” [9/14/98].

Extra spending also gave mothers a sense that their families could enjoy activities that were understood by them to be typical of living a relatively normal American lifestyle. For example,

Faye said that if she could have money left over she would really like to do something with it for [her teenaged son] Eric. She said she would like to enroll him in something so he has something to do besides hanging out. She said she would like to enroll him in a basketball league, karate class, or music, or something that he could do and like. She said she would also really like to buy bikes so the whole family could throw a backpack of food on their backs, and go bike and picnic together. Faye said in a nostalgic manner that she really would like to do that. [4/22/98 – emphasis added]

Many women could not spend anything extra on their children, even if they wanted to, because their income was simply too low¹⁵. This proved to be a source of disappointment and tension in the parent-child relationship and led to feelings of lower self worth for many of the mothers as is evident in the following excerpt,

Faye said that Eric knows that they don't have money, but he really doesn't understand how lacking in money they are. He is always asking her to buy him clothes or get cash and she has to tell him that she doesn't have it. Faye said that kids really don't understand the stress parents go through in providing for them. ...He knows that things are tight, but it doesn't really have any meaning for him. He would easily allow her to spend all the money they had on clothes if she let him. Faye does feel bad and really low when Eric makes comments about their economic situation. [10/6/99]

The preceding shows that these women wanted to shield their children from feeling deprived as much as they could. Often, their self-sacrifice for the sake of their children made them feel good, even a “natural high.” Being unable to occasionally buy things for their children made some women feel poorly about themselves as mothers. However, constant self-sacrifice could be disappointing, even depressing, particularly on special occasions, like a mother's birthday, where one expects to have her desires indulged, at least a little. The following excerpt for Samantha demonstrates this,

Samantha also seemed a little stressed or sad thinking about her birthday that was coming up in next week. She said that she wanted to get her hair and nails done, and maybe go out and celebrate it, but she doesn't have any money to do that. She knows she looks a mess, but she puts all her time and money toward making sure her kids look together. She said that nobody can say that her children don't come first. [7/2/98]

Moreover, children's desires for new purchases seemed endless to many women. Many of the women expressed a firm commitment to helping their children to understand the importance

of limiting their desires, and learning how to save a small weekly allowance to purchase things on their own. For example,

Susan said that she is really trying to save money and control her spending on “unnecessary stuff” for Mary like clothes, nail polish, etc. ... She has told Mary that if she wants these things, she will have to use up her allowance to buy them and cannot keep asking for them from her mother. It was OK to ask for these things once in a while but Susan has noticed that Mary’s demands were endless. [2/9/00]

As we can see, rather than promoting a sense of worry and anxiety as the inability to meet basic expenditures did, an inability to purchase wanted extras led to a sense of sadness, disappointment, and frustration. It also contributed to additional tensions between family members when only some of the family member’s desired expenditures were satisfied. In general, mothers willingly sacrificed their own desires for those of their children in order to prevent their children from feeling deprived. But occasionally, constant self-sacrifice generated feelings of disappointment.

One more observation regarding extras warrants discussion. In our reading of the fieldnotes we were struck by the relative absence of one major category of nondurable and recurring expenditures. When describing their regular expenditures, women in our sample rarely made references to children’s participation in academically-oriented activities and purchasing items likely to stimulate their cognitive development. Almost three-fourths of the women made at least one mention of a child-related purchase. Of these, the most frequent purchase were toys, including media equipment (e.g., video games), which were mentioned by 22 women, followed by clothing (17 women). Extra curricular activities were mentioned relatively infrequently (7). Although women frequently mentioned buying toys and media equipment for their children, these items were typically purchased for entertainment as opposed to educational purposes. For example, X-Box and Nintendo games were frequently mentioned as both desired and purchased gifts for children’s birthdays and for Christmas. The one exception was computers (3 reported purchasing a computer during the study period, and several more requested either an intent or a desire to purchase one). Women reported purchasing computers so that their children could complete homework assignments and have access to the internet. Women also talked about the importance of computer skills for future job success. They were keenly aware that computer literacy was essential for securing a well-paying job.

That the women in our sample only occasionally referenced buying educational activities and materials was somewhat surprising given the high regard for their child’s well-being. The absence of such expenditures was also of interest because of the potential ramifications for children’s development. A large body of research points to the importance of early and continued exposure to educationally-oriented activities and materials for children’s positive adjustment, particularly with respect to cognitive and academic outcomes. Children with access to high quality child care and after-school programs, who participate in supervised extracurricular activities, are read to frequently, and who have stimulating experiences at home and outside (e.g., visits to the library and to museums) show greater competency across a number of developmental domains than do children with limited experiences in these areas.¹⁶

Our findings are more meaningful in light of what we know about the desire expressed by many of the women in our sample to shield and protect their children from economic deprivation. Their efforts in this regard appear to have focused primarily on social participation

leading to a greater emphasis on the purchase of toys, electronic equipment, clothing, and accessories. Women reported a variety of strategies to ensure that their children did not feel deprived during the holidays or on their birthday. For example, one year when Evelia was strapped for cash until her tax refund check arrived, she told her children Christmas would be delayed. The fieldworker noted that, “her children have also been told not to expect any Christmas gifts, that they would have to wait till Día de los Reyes (Three Wise Men Day in January) and then they would get some money or a small present” [12/15/199]. Women also made sure that other family members would buy the children presents, even if they themselves could not afford to do so. For example, “Karen had not bought any Christmas presents yet because she doesn't have any money. Karen said that she plans to go to Toys for Tots again to get something for the kids. She said that her family will also give the kids gifts so they will have something under the tree” [12/10/1999]. Women voiced less concern about children's academic progress but it is impossible to know from these data why this was the case. Our findings that whenever possible women chose to spend a portion, if not all, of their extra income on their children is consistent with other analyses of low-income families experiences around work, income, and family life.¹⁷

The Subjective Experience of Meeting Durable and Accumulative Expenditures

Durable purchases (e.g., housing, cars, furniture) seem to signify something quite different from nondurable expenditures. In particular, women viewed these expenditures as signifying a journey of accomplishment: As they were able to improve their housing, their mode of transportation, and the furniture and appliances they collected for their homes, they gained a greater sense of having made steady improvements in the quality of their and their children's lives. Moreover, being able to buy nicer or better quality items also mattered.

Housing: Bigger, Nicer House in a Better Neighborhood. When discussing nondurable purchases, quality issues rarely came up (with the exception of clothing). But, issues of quality came up frequently in the context of discussing durable expenditures. In the case of housing, 14 women (35%) described aspects of housing quality that mattered to them.

The most commonly discussed feature of housing was size or the adequacy of the house or apartment to accommodate the family. Housing size, given the cost, was a primary concern both in terms of coming up with the money for moving to a new rental and when discussing the sort of house one would like to buy. A larger house often signified a “move upwards” for these families. Consider the following excerpt from Heather,

She said that if her fiancé gets them a house, then maybe she will move. She said that she wants her next move to be a move upwards. She said she doesn't want to move just into another small apartment. She told him that she would like to move to Arizona. She said that she wants a big beautiful house, with a swimming pool for her babies. [9/14/98]

One reason for finding a larger home was to accommodate children of the opposite sex, since many women felt it was inappropriate for brothers and sisters to share the same room. The following excerpt for Belinda, is an example,

Belinda complained that their apartment is really too small for 7 people (the 4 kids, her husband Joe, his son, and her). The boys are old now and should have their own space where they can go and be by themselves. Belinda also said that her daughter, Joella, is starting to develop and will become a woman soon enough so she also needs to be away from the boys. [9/10/98]

In addition to the size, the women in the ethnographic sample described the importance of having a house that was well maintained and of adequate quality. For example, when Maria and her husband decided to look for a new place, her husband said that their “main reason for moving was because the other house needed maintenance and was infested with cockroaches and rats” [10/19/00]. Quality of the neighborhood was also mentioned often (35%). In general, study participants were looking for a neighborhood that was well-maintained, quiet, and that offered more opportunities for their children. The following excerpt for Leora captures many of these themes,

She is happy that the move would mean living in a better house in a nicer neighborhood. ... Bannerville is a much nicer and quieter neighborhood. Leora is also enthusiastic about the school district and is happy that Katie could go to a different school district and will not have to go to Milwaukee Public School district. [9/15/98]

Finally, crowding and crime were major concerns. The following excerpt is an example, “Maria’s husband likes the area where he lives, but maybe they’ll go and live at 30th or 35th street. Their current neighborhood has a lot people and drugs” [12/18/99].

Home Ownership. Nearly all of the ethnographic participants (91%) either discussed wanting to buy a house or actually owned their house during the period of ethnographic study. Home ownership was associated with greater feelings of control and a sense of happiness, pride, satisfaction, and accomplishment. These themes are reflected in the following excerpt for Edith,

She changed addresses because she finally bought her own house. She was very happy and she wanted me to visit her so I could see the new place where she lives. She told me that the house was small but that she was very happy. The seller of the house was her own brother, so that made all the procedures very easy. Edith says that now she feels a lot more control over her life. [5/17/01]

Part of the reasons for the greater feelings of control with home ownership is that home owners felt independent of bad neighbors, bad landlords, and felt that the money they spent each month for the mortgage was an improvement over what these women felt was throwing their money away in rent. Consider the following as an example,

The biggest change in Katie’s life right now is that she is in the process of buying a house. She has been thinking about buying a house for a few months now. She said she is sick of living next to people, having “slum lords,” and paying all this money towards rent that just goes out the window. [11/22/99]

Home ownership also conferred a sense of accomplishment, as shown below in the following excerpt for Marisa,

She had always wished to have her own home. There are more responsibilities to owning a home. In total, she paid \$18,000 for her home. She considers that it would have been impossible to find a home for that price in a better neighborhood. She felt satisfied when she got her own home. Now that she has a home and a car, her next goal would be to retire. [9/9/98]

The accumulation of the American dream, in the prototypic sequence of family, car, home, and leisure, is evident here, but with one major deviation: leisure is limited to the end of one's career. The implication is that for Marisa, resting and leisure cannot occur during her work life, with its constant pressures to meet the "basics."

Cars: Practical Transportation and Important Symbols of Achievement. Of the 40 participants, 15 discussed what owning a car meant to them. Of these, 10 discussed cars as a practical resource, particularly when the children needed to be transported to different locations. Considering the many places that they and their children had to go (e.g., work, church, shopping, multiple schools, child care locations, child activities, etc.), owning a working car was viewed as an invaluable resource, particularly considering Milwaukee's harsh winters. Owning a working car seemed to make life "easier,"

Faye believes that having a car will make things a lot easier in her life. She said running round looking for a job, taking her preschool aged son, Baylor, to school, going shopping, all will be easier with a car. Faye said that she probably won't come home as tired by the end of the day because she has a car. She said that having a car is so much easier and faster than depending on the bus. [11/24/99]

Car ownership was also an important indicator of economic success for many women. For example, "Nancy did not have a car and that did come up in the conversation several times in different contexts. In her mind, possessing a car was an indicator of success" [11/17/98]. Nicer cars, those in better condition and that looked fashionable, were particularly significant in creating a sense of pride and accomplishment, particularly for those women who were able to purchase the car with their own earnings. Consider the following excerpt as an example,

As we walked out the door, Michol looked through her purse for her sunglasses. Then she said she had to get them out of her car. She walked around to a freshly waxed, dark green Dodge with a spoiler (early 90s model?), saying proudly, "This is mine." ... She said that this was the first new car she's ever gotten, explaining that it's not new, but it's the first non-junker, non-bought-from-a-friend car. [5/25/01]

The following excerpt is particularly telling, as the participant literally pats herself on the back as an indication of her feelings of financial independence (particularly from men), pride, and accomplishment,

Rose bought a car, the car she was going to buy last time we met. She said that she didn't get any money from her partner, Roland. In any case, she proudly claimed while she tried to literally pat herself on the back, that she bought that car all by her self.

[12/15/99]

Furniture and Appliances: Markers of Progress. Close to half of the women (18) discussed the significance of purchasing and accumulating furniture, appliances, and other durable items for their homes. As was the case for housing and cars, some discussed the importance of buying higher quality furniture and other durable items for the home. Others discussed the importance of having nice furnishings for having a sense of enjoyment of their home. A number of women described their experience of collecting or accumulating nice furniture as conveying a sense of accomplishment, particularly a sense that all of the hard work was worth the effort and hassle.

Iris once talked about the importance of buying better quality furniture. She wanted furniture that would last longer:

The one piece of furniture that Iris does not have but would really like is a hard wood bed. She could get bedroom furniture from First American, but they do not have hard wood furniture, but usually only pressed wood and it breaks too easily. She much prefers sturdy real wood furniture to pressed wood furniture. She said that when she has enough money she will look for a new bed at a used furniture store. [6/16/98]

Having better quality furniture was important for keeping a "nice" home, one that family members could enjoy. Some women even discussed taking extra steps to protect and preserve their furniture so that it would last longer.

Belinda said that she really likes to keep her house looking nice. She said she like to have nice furniture for her and her family to enjoy. She pointed to the living room and pointed out the furniture. She told me that she spent about \$2000 on that living room set. She said that she is planning on getting plastic covers for the furniture, but doesn't know where to get them and knows it is going to be expensive. [4/30/98]

Collecting furniture and other nice, durable items for the house was about more than conveying a sense of enjoyment of one's standard of living or feeling as though one is more accomplished than one's other family members or neighbors. For many women, the accumulation of nice furniture was a powerful symbol of their achievement as financially independent adults. This experience was discussed independently by several women as conveying a sense of moving away from having nothing. Having accumulated nice things for the house conveyed a sense of well-being and pride in having accomplished so much given years of effort and sacrifice in the low-wage labor market. The following is an example,

Rose said that it is important for her to have her house set up and filled with nice furniture. She said that she couldn't stand it when she moved it and they were living in practically an empty house. It made her depressed. She said that buying the furniture and making her house look nice makes her feel good. She said that the furniture gives her something that shows what she is working for. Rose said that she likes to have something to shows how hard that she is working. "It gives me something to work for." 7/24/99]

In the field notes for Heather, we see that the things she had collected for her home made her feel good, and helped her to feel better about some of her current financial difficulties:

Even though things are stressed and Heather feels things in her life are out of balance right now, she feels good when she compares to where she used to be. Heather explained, "Oh if you could of seem me then. I moved into this apartment with nothing. I had some old wicker furniture my mother gave me. Two chairs that were broken and you couldn't sit on, and one bed frame. Now look, I have all of this. I've worked really hard to get where I am and I am blessed. [5/7/99]

To reiterate, the acquisition of durable goods (e.g., housing, cars, furniture) over time had a different relationship to women's well-being than that observed for nondurables. Women reported feeling proud when they were able to acquire pieces of the American dream – owning a car and a home which they were able to furnish. They viewed the accumulation of such goods as evidence of their accomplishments. Beyond acquisition, however, women also made distinctions in terms of the quality of the goods they owned. With respect to housing, size, safety, and location concerns dominated women's discussions and decisions to move. Women also expressed a high level of satisfaction at being able to furnish their homes and being able to reflect upon how far they had come. Cars were critical for keeping the family moving.

Income, Expenditures, and Children's Academic and Behavioral Outcomes

Thus far, using data from the NHES study, we report compelling evidence that above and beyond absolute level, it was women's psychological experience of what income afforded (or not) that was critical for their sense of well-being. In this section of the paper we assess, using survey data, the implications of parental moods and perceptions of financial adequacy for their children's well-being.

The link between economic hardship, family processes, and child outcomes was informed by a large body of mostly survey-based research. For low-income families, or those facing income loss, economic hardship has been shown to lead to increased economic pressure and disruptions in the daily routines of family members. The link to children's well-being and functioning is through the disruptions in parenting behaviors associated with parents' emotional distress which, in turn, places children at risk for adjustment problems. In all cases, it is the parents' perceived *adequacy* of income, above and beyond level of income, that has been shown to be most critical determinant of children's adjustment, particularly with respect to their social behavior.¹⁸ Our qualitative analysis however went one step further in informing us about the link between the economic resources of our families and parents' mental health. Not all of the associations between income, expenditures, and individual well-being were negative. Despite limited finances, over time many of the women in the ethnographic sample were able to accumulate such assets as a car, a house, and/or decent home furnishings. Ownership of such items provided the women with something tangible by which to evaluate their economic and social progress. They reported a sense of pride and accomplishment at being able to accumulate assets and greater satisfaction with their standard of living. Such feelings did not however occur in isolation. While expressing satisfaction with their current overall standard of living, women also lamented the

precarious nature of their financial security and their constant struggle to meet their monthly financial obligations – the “basics” plus a little “extra”.

Understanding how and why economic hardship matters for children and their families is clearly influenced by both sources – asset accumulation and material hardship. Consequently, our quantitative analyses modeled both dimensions of families’ economic experiences. Using path analysis, we were able to test whether changes in income over the study period predicted how well children were faring at the end of the study period.¹⁹ In addition, we included mediators of the link between income change and child outcomes, informed by the results of our qualitative analysis and prior research.²⁰ One caveat to our quantitative analysis is the incomplete representation in the survey of all of the significant constructs identified in the qualitative analysis. For example, within the domain of durable goods, we were only able to include assessments of car and home ownership. Survey questions about home furnishings and appliances were not included in the five year survey. Likewise, with respect to nondurable goods, we were unable to do a formal test of the effect of “extras” on maternal mental health.

Separate models were estimated for children’s academic²¹ and social adjustment, assessed at the 5-year follow-up.²² All analyses controlled for initial levels of income at the beginning of the study period and included an extensive set of individual and family covariates assessed either at baseline or at the time of the 5-year follow-up.²³ As with child outcomes, all potential mediators were assessed during the five-year follow-up survey. We included pathways from income (initial level and rate of change) to women’s report of material hardship and home/car ownership.²⁴ Questions about car/house ownership were included as representations of the accumulative (durable) expenditures mentioned by women in the ethnographic sample. To capture recurring (nondurable) expenditures, we included an index of material hardship that assessed survey respondents difficulty in meeting financial obligations for such recurring expenses as rent or mortgage payments.²⁵ Reports of material hardship and ownership were hypothesized to influence three indicators of perceived economic well-being and pressure – expressed satisfaction with overall current standard of living and with current housing, and a measure of financial worry²⁶. Borrowing from the larger literature on economic stress and its relation to child well-being, economic well-being (pressure) was expected to influence parents’ capacity to effectively discipline, control, and monitor their children’s behavior²⁷, which in turn was hypothesized to impact children’s school-related performance and behavioral outcomes. Figures 2 and 3 depict the tested theoretical model.

Overall, the results were generally consistent with our expectations, although there were a few notable exceptions. Figure 2 presents the results of analyses predicting children’s academic outcomes; Figure 3 the results for children’s behavioral outcomes. First, as expected, families whose incomes increased more rapidly over the study period were more likely to report owning a car or house and as experiencing less material hardship at the end of the study period than families who experienced less rapid or declining incomes over the study period. Ownership was unrelated to how satisfied women reported feeling about their overall standard of living. But, women who owned a car or home by the end of the study period were more likely to be satisfied with their current housing than those who did not report such ownership. That ownership and overall standard of living were unrelated in the survey data was inconsistent with our reading of the ethnographic data wherein women’s expressed satisfaction with their current status was often tied to their ownership of durable items such as a car or a house. One possibility is that the difference in results reflects the restricted range of the ownership items taken from the survey. The ethnographic fieldnotes included a broader range of durable goods that women pointed to

when evaluating their economic and social progress. Although home and car ownership represented important milestones for the women in our sample, often times they were also the most elusive to acquire (due to their expense) and more costly to maintain over time than items such as home furnishings and appliances. For example, the cars that women in our sample purchased were exclusively secondhand models that often required frequent maintenance and repair to keep functional. Consequently, while owning a car was a sign of achievement, maintaining that car became yet another recurring expense. Finally, the most commonly referenced ownership item, furniture and appliances, were not measured in the survey and could not be included in our ownership measure.

The findings with respect to the link between material hardship and women's perception of economic well-being were generally consistent with our expectations (see Figures 2 and 3 for parameter estimates). Material hardship was unrelated to women's expressed satisfaction with their current housing, but women who reported experiencing greater material hardship indicated less satisfaction with their overall standard of living and expressed being more worried about their finances. This mirrors the findings from the qualitative analysis demonstrating the impact on women's mental health as a result of the constant struggle in trying to stay on top of meeting "basic" needs.

The next link in the chain is from perceptions of economic well-being to parenting behavior, and in turn to children's adjustment. Of the three indicators of economic well-being (satisfaction with standard of living; satisfaction with current housing; financial worry), only financial worry was related to parenting behavior.²⁸ As expected, women who reported being more worried about their financial situation exhibited less effective parenting behaviors – that is, they reported feeling less competent when disciplining and monitoring their children's behavior. Children of women exhibiting less effective parenting strategies scored lower on a standardized test of achievement and were rated as faring less well academically by teachers and parents as compared to children whose mothers were more confident in their parenting ability (see Figure 2). Parenting behavior was also related to children's social behavioral outcomes: more effective parenting practices predicted fewer youth reports of delinquent behavior as well as teacher reports of internalizing and externalizing problems (see Figure 3).

The results presented thus far provide initial support for our thesis that family income and expenditures influence children in part through their impact on the family system – particularly parent's mental health. To more formally evaluate whether family processes *mediate* the relations of family income and expenditures to child outcomes, we calculated the magnitude and statistical significance of the *indirect* effects of income and expenditures on children's adjustment through the set of family processes – perceived economic well-being and parenting behavior.²⁹ We present the results for children's academic performance first, followed by those for children's social behavioral outcomes.

As hypothesized, income mattered for children's academic adjustment in part because of its impact on each of the intervening indicators of family well-being. Controlling for the covariates and for income level at the study outset, more rapid increases in income over time had a positive (albeit modest) indirect influence on all three indicators of children's academic adjustment.³⁰ Further, this effect was observed to exist primarily as a consequence of how much parents reported worrying about their finances, which indirectly affected children through parenting behavior.³¹ Neither of the satisfaction variables were significantly related to children's academic behavior. And, there was no evidence that either of the two expenditure sources (ownership and

material hardship) influenced children's academic well-being indirectly through economic pressure and parenting behavior.

The pattern of relations among income, expenditures, and children's social behavioral outcomes differed from those observed for academic outcomes. As a consequence of income's impact on family functioning, children whose families experienced more rapid increases in their income across the five years reported committing fewer delinquent acts and were rated by teachers as exhibiting fewer internalizing and externalizing problems than children from families who experienced less dramatic changes in income over the study period.³² It was not possible however to determine the precise pathway through which income affected social behavior.

In sum, the results of our quantitative analyses provide some confirmation of the links between income, expenditure patterns, and mother's mental health observed in the analysis of the NHES study, but with a couple of exceptions. Ownership and perceived satisfaction with standard of living were not as consistently predicted by or related to the other measures in the model. It is possible that this may have been due in part to psychometric issues (both were less reliable than either material hardship or financial worry). Future research should include more reliable measures of these two constructs. Lastly, there was some evidence that family processes mediated to some extent the influence of income on children's academic outcomes, but not behavioral adjustment.

Conclusion

At the beginning of this paper, we stated that we were motivated to answer two related questions in our investigation. First, how do our sample of low-income women negotiate between their income levels and expenditure demands, and what are the consequences of such negotiations for their well-being as well as that of their children? The qualitative analysis of the 40 participants in the NHES study revealed the complexity of income-expenditure negotiation process that women engaged in on a daily basis. The fieldnotes were full of examples of the psychological strain and burden that accompanied the economic hardship endured by many of our families on an ongoing basis. Women reported feeling anxious, tired, and worried about the prospect of being able to make ends meet. Particularly telling were women's reports of feeling just "okay" at being able to stay on top of their monthly bills, in part because they were acutely aware that the reprieve was short lived. Women expressed concern about being able to provide for their children and a strong desire to try and shield them from some of the economic hardship. Many mothers talked about sacrificing some of their own needs so that they could meet the needs (and wants) of their children.

An equally revealing theme in women's experiences was the balance between struggling to meet basic needs and making progress with respect to achieving the American dream of owning a home (and having nice things to put in it) and a car. The longitudinal nature of our data was critical for revealing the satisfaction that participants experienced in accumulating "big-ticket" items over time. Women expressed a sense of pride in ownership and viewed their accomplishments as evidence that they were slowly but surely moving up. Further, our analysis demonstrated how important having just a little "extra" left over to spend on non-essential material items was for women's sense of well-being. In contrast to their ongoing struggles to meet "basic" needs, the "extras" and the purchase of durable items made women feel less on the margins of American society, and for some made the toil of working multiple jobs tolerable. Finally, the results of the qualitative analysis clearly illuminate the complexity of the budgeting

decisions that women faced on a daily basis, and the challenges they faced in balancing sometimes opposing needs such as their own personal needs versus those of their child or of purchasing extras at a cost of forgoing some of the basics.

Building up from the qualitative analysis, the results of the survey-based quantitative analyses confirmed the link between family income, expenditures, family processes, and children's academic and social outcomes. We observed that income mattered for child outcomes in part through its influence on degree of material hardship which was associated with increased financial worry and less than optimal parenting behavior. Both the qualitative and the quantitative analyses confirmed that mothers who experienced greater difficulty in making ends meet spent considerable time worrying about their finances. The quantitative analyses showed that worrying about one's finances also affected women's parenting behavior, and ultimately their children's adjustment.

Overall, the pattern of results from our combined qualitative and quantitative analyses demonstrate that income matters for children's development because of its influence on low-income mothers' ability to meet not only their basic needs, but also broader instrumental and emotional needs which foster a feeling of belonging and participation in American society. Indeed, we observed that the pure physicality of material items often helped to remind women that their hard work was worth the effort, that while day-to-day concerns were often stressful and difficult to manage, one's material accomplishments helped convey a sense that it was all worth it in the end. This sentiment is nicely captured in the following field note from a visit with Rose,

Rose expressed again that she felt that she had come along way in the past few years. Rose said that when she moved into her apartment two years ago last December, she had hardly anything in it. She said that it feels good to finally get things in it. ... Rose said that she knows it just material goods, but it makes her feel good. That all her hard work is getting her somewhere. The fact that she can actually see with her eyes and feel with her hands the stuff she worked and paid for makes her feel good. That it is all not for nothing. [12/15/99 – emphasis added]

The significance of such feelings of accomplishment and achievement resulting from the acquisition of material goods, as well as the sense of satisfaction one derives from having a little “extra” for children's well-being remains the fodder for future work in this area.

Figure 1. A schematic representation of the meaningful organization of expenditures for women in the NHES study (N=40)

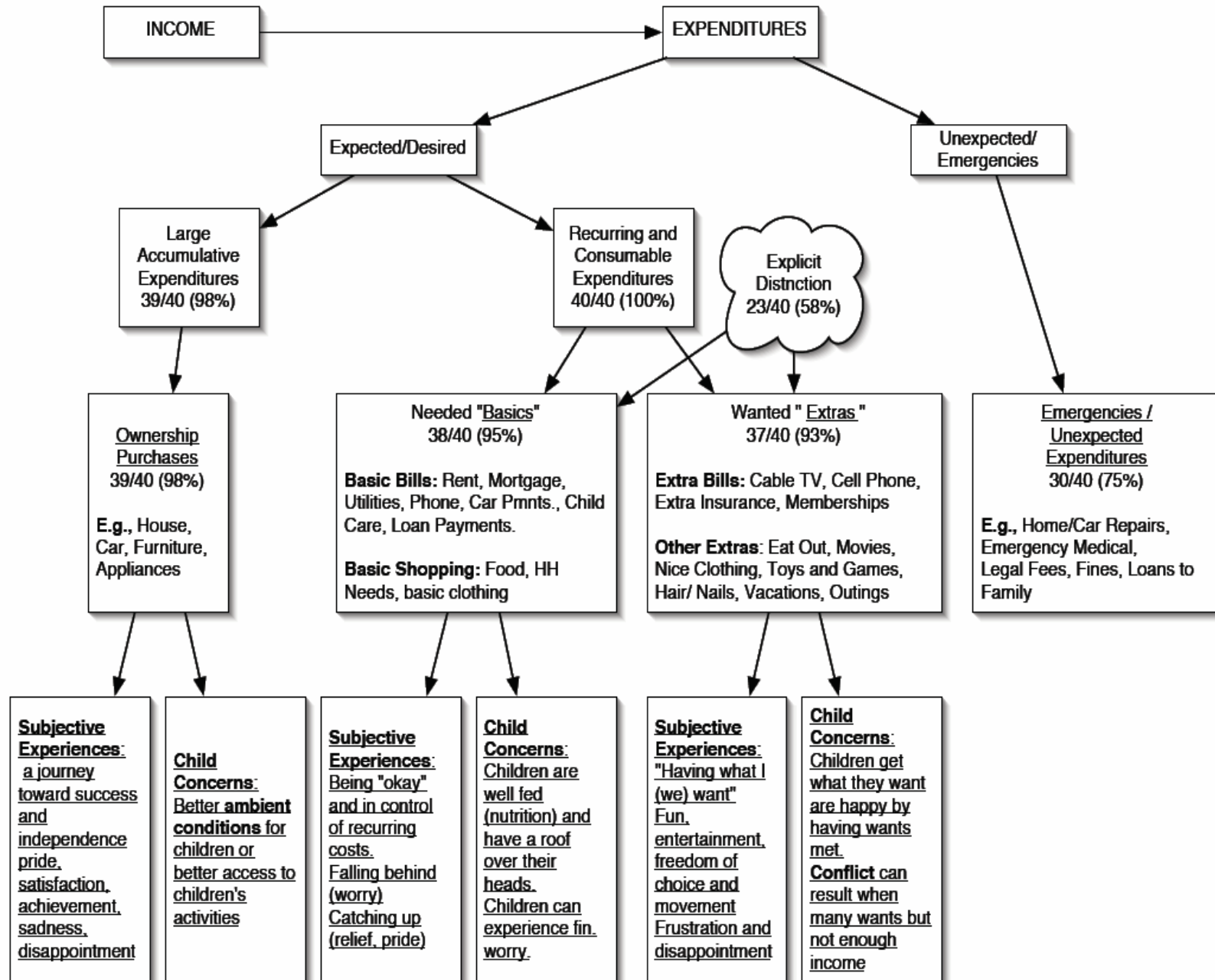
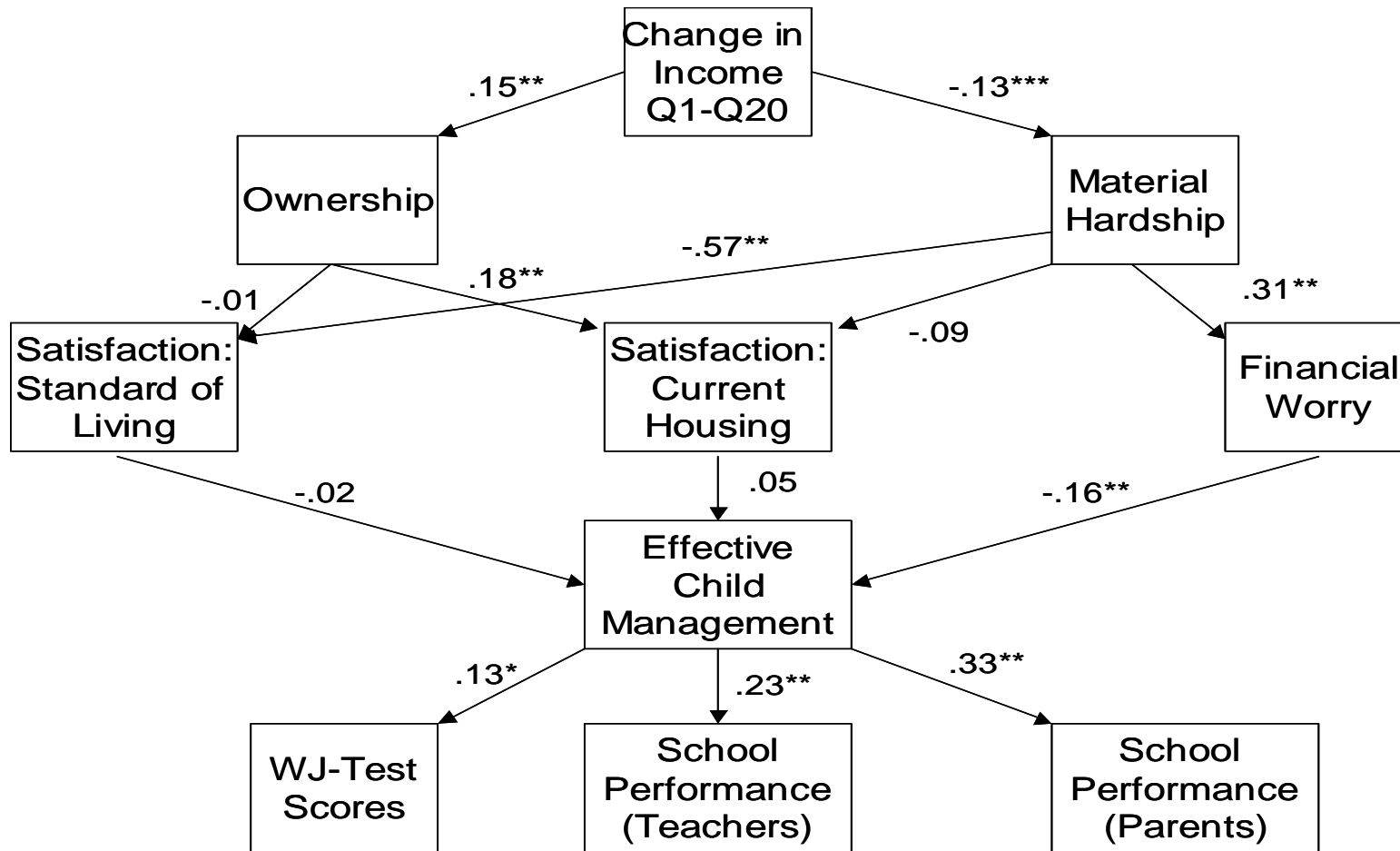
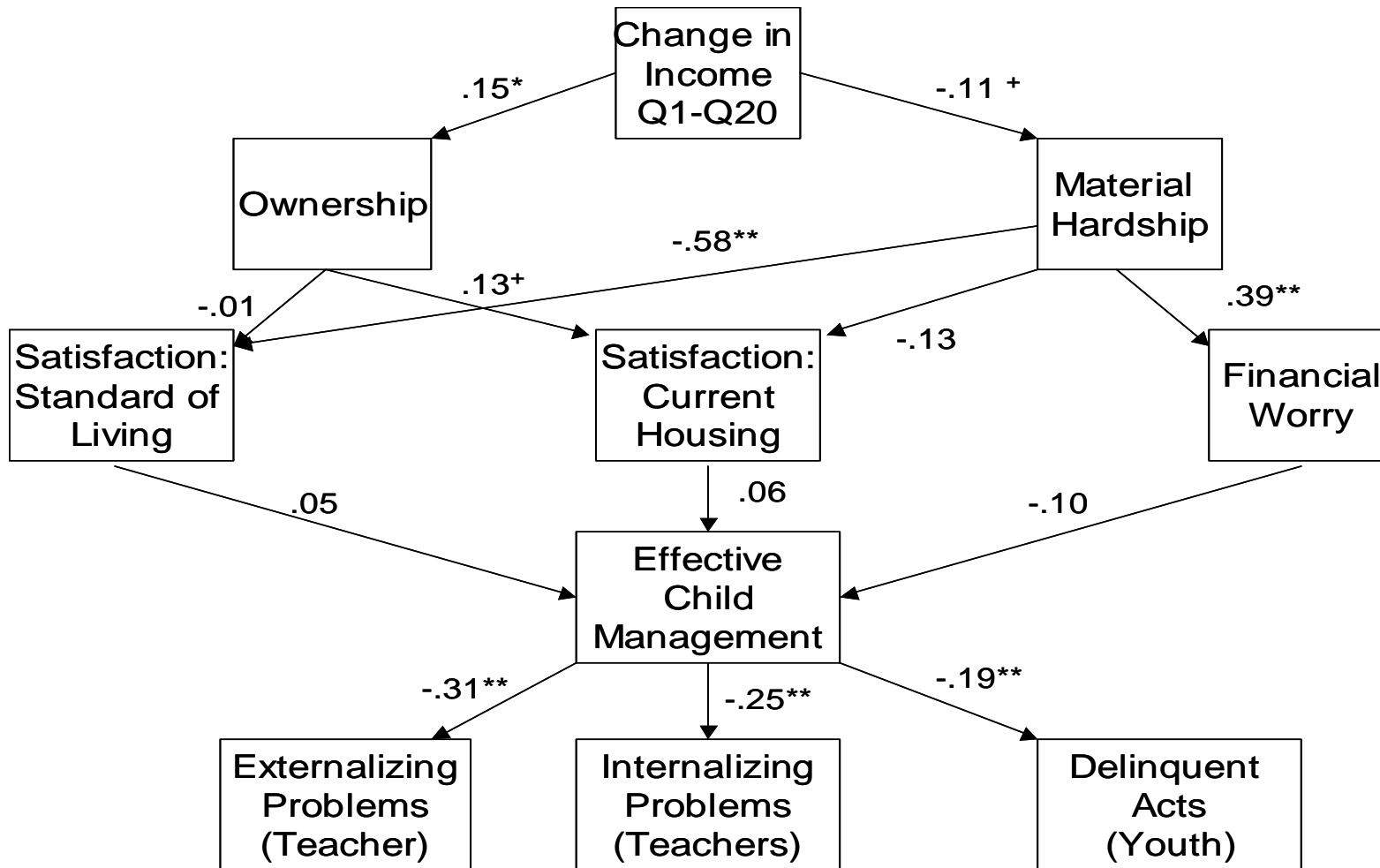


Figure 2: Results of a path analysis examining the relations of changes in family income over five years to family processes and children's academic outcomes, assessed at the end of the five years (N=328)



Note: Model Fit: $\chi^2(25, N = 328) = 38.526, p < .05$; CFI = .991; RMSEA = .040; low 90% = .008, high 90% = .06
 Analyses control for demographic, human capital, maternal characteristics, and for initial income at Q1.
 + p. < .10; * p. < .05; ** p. < .01

Figure 3: Results of a path analysis examining the relations of changes in family income over five years to family processes and children's behavioral outcomes, assessed at the end of the five years (N=222)



Note: Model Fit: $\chi^2(25, N = 222) = 25.413, ns$; CFI = 1.00; RMSEA = .009; low 90% = .00, high 90% = .05.

The reduced sample is due in part to the delinquency items being asked of only the older children in the sample (ages 9 and older). Analyses control for demographic, human capital, maternal characteristics, and for initial income at Q1.

+ p. < .10; * p. < .05; ** p. < .01

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- ⁴ Brauner, S., & Loprest, P. (1999).
- ⁵ Danziger, S., Corcoran, M., Danziger, S., & Heflin, C. M. (2000). Work, income, and material hardship after welfare reform. *The Journal of Consumer Affairs*, 34, 6-30; Danziger, S., Heflin, C. M., Corcoran, M. E., Oltmans, E., & Wang, H. (2002). Does it pay to move from welfare to work? *Journal of Policy Analysis and Management*, 21, 671-692; Moffitt, R., & Winder, K. (August, 2004). Does it pay to move from welfare to work? A comment on Danziger, Heflin, Corcoran, Oltmans, & Wang. *Welfare, Children, and Families: A Three City Study*. Available online at: http://www.jhu.edu/~welfare/danziger_wang_08_19_04.pdf; Danziger, S., & Wang, H. (April, 2004). Does it pay to move from welfare to work? A reply to Robert Moffitt and Katie Winder. Available online at: <http://www.fordschool.umich.edu/research/poverty/pdf/danziger-wang-reply.pdf>
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- ¹⁵ Some of our own observations confirmed that families had little time to engage in the "extras". In one case, we observed that a large park located in one of the North side neighborhoods where many of the study families lived was relatively empty because residents had little time for "extras" such as biking and picnicking with family members.
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¹⁹ All path analysis models were estimated with Amos 4.0 (Arbuckle & Wothke, 1999). We used the comparative fit index (CFI) and the root mean square error of approximation (RMSEA) goodness-of-fit indices to assess overall model fit. The CFI ranges from 0 to 1, with 0 indicating the absence of model fit and 1 indicating perfect model fit. RMSEA values of less than .05 are generally accepted as indicators of good model fit in the social sciences; those between .05 and .08 are indicative of an adequate model fit.

²⁰ To more formally examine the indirect (mediated) effects, we restricted the sample to those cases ($n = 328$ and 222 for models predicting children's academic and social behavioral outcomes respectively) that had complete data in order to bootstrap significance tests for the total and indirect effects.

²¹ We included three separate indicators of children's academic performance: scores on a standardized test of achievement, and teacher and parent reports of overall school performance. At the 5 year follow-up, children were administered four subtests of the Woodcock-Johnson Tests of Achievement – the Letter-Word and Comprehension subtests, which index reading ability, and the Applied Problems and Calculations subtests, which index math ability. For the current analysis, we used a total score based on the sum of the four subtests. Teachers completed the Academic Subscale of the Social Skills Rating System (SSRS; Gresham & Elliott, 1990). On this 10-item measure, the teacher rates, on a 1-5 scale (1 = “lowest 10 percent of class,” 5 = “highest 10 percent of class”), the child's academic performance in comparison to others in the same classroom. Responses were summed and averaged to create a total score ($\alpha = .94$). Parents ratings, on a 1-5 scale (“not at all well” to “very well”), of their child's current school performance across six subject matter areas (reading, oral language, written language, math, social studies, and science) were summed and averaged ($\alpha = .87$) and represented the final measure of academic achievement included in the study.

²² Assessment of children's social behavior was based on three measures. Teachers completed the Problem Behavior Scale of the SSRS (Gresham & Elliot, 1990). The total score comprises two scales: *externalizing* problems and *internalizing* problems which were included as separate indicators of social behavior in the current analysis. Externalizing problems are defined as aggression, assertiveness, and lack of behavior control (e.g., “is aggressive toward people or objects” “has temper tantrums”). Internalizing problems indicate social withdrawal and excessive fearfulness (e.g., “appears lonely” “acts sad or depressed”). Each subscale consists of 6 items answered on a 1-5 response scale (1=never; 5=all of the time). Internal consistencies ranged from .78 to .92. In addition, we included children's responses to 15 items about the frequency with which they had, in the past year, participated in *delinquent* behavior including fighting, stealing, vandalism, and drug use (adapted from LeBlanc & Tremblay, 1988). Children selected their response based on a 1 (never) to 5 (5 or more times) scale ($\alpha = .66$). Because of the nature of questions comprising the delinquency measure, it was only asked of children ages 9 and older.

²³ Baseline measures included in our path analyses included whether the parent: had access to a car, received AFDC as a child, graduated from high school or received a GED, currently received AFDC, and had worked full-time in the prior quarter. Two dummy-coded variables representing Black and Hispanic categories were created. Household structure was represented by two variables: whether three or more children resided in the household, and whether a child less than 2 lived in household. We also included a dummy variable indicating if the family was assigned to the New Hope experimental group or the control group. Child gender was accounted for by a dummy variable (0=boy; 1=girl). In addition to baseline covariates, we controlled for women's reports of depressive symptoms and their budgeting strategies, both of which were assessed during the 5 year follow-up survey. Depressive symptoms were measured using the 20-item CES-D (Center for Epidemiological Studies – Depression scale; Radloff, 1977). The internal consistency of the items was adequate ($\alpha = .82$). Women's budgetary strategy was based on responses to several items having to do with whether or not women budgeted their expenses, had a savings and/or checking

account, cash set aside for emergencies, or had a credit card. Responses were summed to create a total score. Additional covariates, such as maternal age and the presence of young children in the household, were trimmed from the final model because they were unrelated to a majority of the study variables and due to concerns regarding sample size and power.

²⁴ At the 5-year follow-up, participants were asked to indicate whether or not they currently own their home (yes/no) and a car, truck, or other vehicle (yes/no). For our purposes, we summed responses across these two items.

²⁵ The material hardship index was the sum of six questions asking whether the family had been without utilities, medical care, housing, or other necessities because of lack of financial resources (Mayer & Jencks, 1989).

²⁶ For the satisfaction with standard of living question, participants rated, on a 5-point scale ranging from very unhappy to very happy, satisfaction with their "...overall standard of living, such as food, housing, medical care, furniture, clothing, recreation, and things like that." Participants also rated satisfaction with their current housing, based on a 4-point scale (1=very unhappy with housing; 4=very happy). Financial worry included five questions asking how much the respondent worried about paying bills and lacking money for important needs (e.g., for food and housing). Participants responded on a 5-point scale ranging from not at all worried to worried a great deal. Responses to individual items were summed and averaged to create a total score ($\alpha = .90$).

²⁷ We include a measure labeled "effective child management" as our indicator of parenting behavior. The measure is a composite of four variables: parents' control, frequency of discipline, parenting stress, and confidence in their ability to prevent children from getting into trouble. Parents' lack of control was measured with a 5-item scale describing the frequency with which the child ignores or fails to obey the parent (e.g., how often the child ignores the parent's threat of punishment) (Statistics Canada, 1995). The frequency of discipline was measured with 6 items assessing the frequency, in the past week, with which parents had punished the child by grounding, taking away privileges, spanking, and threats (Statistics Canada, 1995). Parenting stress was measured with five questions concerning the degree of difficulty parents experienced interacting with and caring for their children (e.g., "My child seems to be much harder to care for than most."). Confidence in preventing harm was assessed with a single item from the parent interview ("How confident are you that you will be able to prevent your child from getting into trouble?"). For the composite variable, all scores were arranged so that more effective management was the high end of the scale. We elected to use the composite over the individual variables because it was more parsimonious and reliable than any of the individual scales composing it. The composite has also been used in previous analyses with this sample (see Huston et al., 2002; endnote 12 for complete reference) and has demonstrated both concurrent as well as predictive validity.

²⁸ The relationship between financial worry and parenting behavior was in the same direction for both models – see Figures 2 and 3 – but reached statistical significance for only the child academic outcomes model. The lack of statistical association observed for the model predicting children's behavioral outcomes is probably a function of the reduced sample size for given the inclusion of the child-reported items concerning delinquent acts which were only asked of children ages 9 and older.

²⁹ No new analyses were necessary for these results. The coefficients were estimated as part of the path analyses described earlier. The software program used, Amos 4.0, is capable of calculating the significance of total and indirect effects in addition to those included in the model specification, but requires complete data to do so. Listwise deletion of cases with any missing data across the set of analysis variables left us with final sample size of 328 children for the academic outcomes model and 222 children for the model predicting social behavioral outcomes. Tests of significance of total and indirect (mediated) effects were bootstrapped based on the bias-corrected percentile confidence interval with 1000 resamples conducted on the cases with complete data.

³⁰ Standardized indirect effects estimates for income slope: Woodcock-Johnson Test of Achievement: $\beta = .001$, $p < .10$; Teacher's ratings of school performance: $\beta = .002$, $p < .10$; and, Parent rating of school performance: $\beta = .002$, $p < .10$.

³¹ Standardized indirect effects estimates for financial worry: Woodcock-Johnson Test of Achievement: $\beta = -.02$, $p < .01$; Teacher's ratings of school performance: $\beta = -.037$, $p < .01$; and, Parent rating of school performance: $\beta = -.053$, $p < .01$.

³² Standardized indirect effects estimates for income slope: Youth self-report of delinquent behaviors: $\beta = -.002$, $p < .05$; Teacher's ratings of internalizing problems: $\beta = -.002$, $p < .05$; and, Teacher ratings of externalizing problems: $\beta = -.003$, $p < .05$.