1979 REPORT TO RESPONDENTS

We are very happy to include in this report a well deserved letter of appreciation to you from Henry Aaron, not the baseball hero, but the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health, Education and Welfare. Secretary Aaron is in charge of research supported by HEW, including the study of family economics. He can't write to each one of you personally because, to protect your privacy, HEW does not know your names and addresses.

The New 1978 Questions

The computer is just beginning to provide information from your last summer's interview. There hasn't been time to analyze it yet so we can't give you all the results until our next report. In the meantime though, we thought you might like a quick look at some of your answers while you can still remember the questions.

Job Hunting

We've found that people whose early jobs provided them with on-the-job training, and gave them a chance to learn useful skills, seem to get ahead faster and do better financially than those whose first jobs didn't teach them anything new. We wondered if these jobs with a future are harder to get than jobs that don't train you and give you a chance to advance, or if who gets what kind of work is just a matter of luck.

To try to find out, we asked those of you who are under 45

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

Dear Friend:

We want to express our appreciation for your participation in the study of family economics that is conducted for us by the Survey Research Center of the University of Michigan. The most valuable resource we have in a study of this kind is the individual participant. We hope that we can count on your continued cooperation with the study so that it will continue to be the success that it has been in the past.

Your participation over the past years in a representative sample of American households has made possible the creation of a unique source of information on the well-being of households and individuals and on changes in their well-being. The information you provide enables us to better understand the reasons for year-to-year changes in family composition, income, and well-being. Each additional year of information that you provide increases the value of all the previous years' information.

By returning to you each year, we are able to obtain accurate information that is not available to us from any other source. For example, in many of your families, children have left or soon will leave home to form households of their own and to begin careers of their own. Similarly, many of you have made or will make the transition from work to retirement during the course of the study. By interviewing young persons as they establish their own families and persons making the transition from work to retirement, we hope to understand better these very important events in peoples' lives. Your participation in this study allows us to study these, and a wide range of other, important events in family life that directly affect our policies and programs.

You have been very generous to participate in this study, and that generosity has enabled us to dispel some widespread but inaccurate notions about changes in family well-being. Your continued cooperation will help us to make intelligent and effective policy decisions.

Sincerely yours,

Henry Aaron

Henry Aaron
Assistant Secretary for
Planning and Evaluation

years of age and working, how you heard about your first regular or possibly permanent job, whether the job offered useful training, whether anyone (for instance a friend, relative, or neighbor) recommended you or helped you get the job, and, if so, what kind of help they gave you. Unless you still had the job you started with, we asked the same questions about your present job, and husbands with working wives were also asked the questions about their wife's present job.

About two-thirds of you received some training on your first jobs and even more of you now have jobs that provide some sort of on-the-job instruction. More than half of you found your first jobs without any help from friends, relatives, want ads or employment agencies. You must have just walked in and applied. But friends or relatives did help a substantial number of you. Unfortunately, the jobs you got through their advice or influence were not always ones that gave you a chance to learn very much. However, when a great deal of help came from someone who had real influence with a prospective employer, the resulting job was usually a good one.

You were less likely to receive help in getting your present job than your first one, but friends and relatives were still useful. The amount of influence they used varied according to the kind of job you wanted. People applying for work with the government, or jobs requiring a lot of education and experience, depended more heavily on recommendations and outside help than people seeking jobs that were unionized or where previous experience was not necessary.

Only 30 percent of working wives found their present jobs through friends and relatives, but they were a little more likely than other people to rely on want ads and employment agencies. Whatever their method of job hunting, it seems to work well. The great majority of their husbands report that working wives have jobs that train them and give them a chance to improve their skills,

but they still get paid less than men.

Retirement Plans

We didn't ask those of you between 45 and 65 and still working to remember your first job---it seemed too long ago. Instead, we asked if you had any thoughts or had made any plans about retiring. Overall, 43 percent of you in this age group plan to retire before you are 65. The number rises to 50 percent for people who will have a pension or some other source of income in addition to Social Security. Those of you who have---or will soon have---a house all paid for are also more apt to plan an early retirement.

Many of You Hope to Retire Early

We asked what sort of retirement income you would expect to have if you retired at 65; not enough, just enough, or more than enough. Over half the people who think that they will have more

than enough to live on, expect to retire early. Surprisingly, about a third of the people who think their income will be too small to live comfortably, also plan to retire before they are 65. They may expect that their health or their job will give out or just want so much to retire that they will do it as soon as possible, even if it means skimping.

According to their husbands, well over half (58 percent) of working wives expect to retire before they are 65. The number is even higher (71 percent) for the wives who are eligible for Social Security and/or a pension of their own. Since wives tend to be younger than their husbands, the fact that so many of them plan to retire early may mean that husbands and wives want to retire at the same time.

There is no way of telling how many of these dreams of retiring early will really come true, but, on a recent follow-up study of the early retirement plans of automobile workers, we found that most of them had retired when they said they were going to---some of them even sooner.

Retirement

Finally, we asked those of you who were already retired why you retired when you did and how it is all working out.

More than half of you retired because you reached some arbitrary retirement age or were following your plans to retire early or at some particular time. However, a surprisingly large number of you retired unexpectedly, probably for reasons related to your job or your health---or perhaps you had an unexpected financial windfall. Included here may be many of the 30 percent of all retirees who stopped working because of poor health.

But, expected or not, the people who were glad to retire greatly outnumber those who would have liked to keep on working, especially among people who have retired during the last few years.

In line with the current concern with getting rid of compulsory retirement, we asked retired people if there was some sort of paid work they would want to do if they could find a suitable job. Understandably, not many people who retired ten years or more ago want to go back to work. On the other hand, many people who retired during the last five years or so liked the idea of having a job---but only about 20 percent of them had some definite kind of work in mind. It turns out, though, that many recent retirees are working---at least part time. Nearly half of the people who retired during the past five years did some work for money last year, and seem to be retiring piecemeal rather than all at once. Many retired people are also doing volunteer work, and we get the impression from your interviews that you are a very busy, active group.

The majority of retired people report that they have enough income to live comfortably and are getting along financially as well as or better than they did before they retired. On the whole, recent retirees seem to be doing better than earlier ones, probably because they get more Social Security.

More than half of the retired people (60 percent) enjoy retirement and report that their lives are good or very good. Fourteen percent report that their lives are bad or very bad. The rest are somewhere in between with the recently retired again more enthusiastic about it than earlier ones. However, the people who don't like being retired at all are scattered among all vintages of retirees.

Disability

In the last interview, we asked you if anyone in your family had a physical or nervous condition that limited the type or amount of work he or she could do, or, in the case of young people, limited their activity or schooling. In more than a quarter of the families in the study, there is at least one person who is disabled to some extent. In 16 percent of families it is the head only. In over 5 percent the head of the family is all right, but some other family member has a health problem, and in another 5 percent two or more family members are disabled, usually the head of the family and someone else.

There are only a few young people under 18 with disabilities, and you report that the health of most of them is improving. From age 18 on however, the chance of having some health problem that limits activity to some extent increases with age, and, as one gets older, it becomes more likely that a disability is expected to stay the same or get worse rather than better.

From age 45 on to their mid-50's, a quarter of the heads of families in the study have some physical or nervous disorder. Many of them have had their disability for at least five years, and though in the majority of cases the condition is not getting better or worse, it is apt to limit their work substantially. When they are in their early 60's, the activity of 43 percent of family heads is limited, in many cases severely, by some health problem which usually isn't getting any better, while over half of those in their 70's (55 percent) are disabled in some way. You might expect that the limited activity of people in their 70's just goes along with getting older, except that most of these heads of families report that they have had their disabilities for well over five years.

The rest of the family seems to be healthier than the head of it. Fourteen percent of family members, other than the head, have some disability when they are in their late 40's or early 50's, and about a fifth of them over 65 years old have a physical or nervous problem. These middle aged and elderly people are probably mostly wives, although many families also have parents or other relatives living with them who tend to be elderly.

We asked if anyone in the family was sufficiently disabled to need extra care from other family members, or to be an extra expense to the family. Fortunately, this doesn't happen very often.

More disabled people need extra care than extra money, and the majority of family members needing either one are over 70 years old.

Some of You Have a Physical Condition that Limits the Kind of Work You Can Do

We did not expect that in so many families someone's activity is limited by a physical or nervous problem. We haven't had time yet to discover what effect these illnesses have on the earnings and well-being of the families where they occur. We'll let you know next year what we find out.

New Questions

Each year we tell you about the few new questions we plan to ask you in the up-coming interview. There are always a great many more new questions that we would like to ask than we have room for because to add a new question, we must throw away an old one, and many of our questions must be asked each year in order to measure year-to-year changes.

Starting in mid-summer, we spend hours arguing about what questions to put in and take out until we finally get a questionnaire put together. It then must be approved by our sponsors, the Department of Health, Education, and Welfare, and the Labor Department. They often think of even more questions that only you can answer, so the questionnaire is worked over again until it suits everyone. Before we can use it to interview you, though, the questions must be tested on people who are not part of the study of family economics. However, we can't ask anyone anything until two more government agencies approve the questionnaire. These are the Office of Federal Statistical Policy and Standards in the Department of Commerce, and the Office of Management and Budget (OMB), which is part of the Executive Office of the President. The job of these agencies is to be sure that <u>your</u> rights are protected under the Privacy Act and the laws of informed consent, and that the questionnaire asks only for vitally important, and otherwise unavailable, information. When they decide that the questionnaire is legally correct and does not burden you with unnecessary questions, OMB assigns us a number for a pretest. This permits us to try out the questionnaire on about 100 people to find out if the new questions work well and how long the interview takes. This year these trial interviews took too long and, reluctantly, we had to cut out some of the new questions. When the questionnaire is in its finished form, it must go back to OMB for final approval. They then give us still another number and permission to interview a national sample---meaning you. This whole process takes about eight months.

The 1979 Questionnaire

This year we will ask you a few new questions. We have also expanded some of the regular ones and revived some questions from past years.

Husbands will be asked an expanded series of questions about

the occupation of their wives which is parallel to the occupation section asked of heads of families. We hope that husbands know enough about what their wives do to be able to answer the questions. It would be more efficient to ask the wives themselves, but our budget won't support the extra interviews.

We have also expanded the section about family members over 15 years old, other than heads of families and wives. These will be mostly children and we have combined questions about their schooling and jobs to help us sort out how many of them are in school full time, how many combine school with a job, and how many work full time or are hunting for work. We would also like to know the highest grade of school that he or she finished, and for those who were working in 1978, we will, as usual, ask what they did and how much they earned.

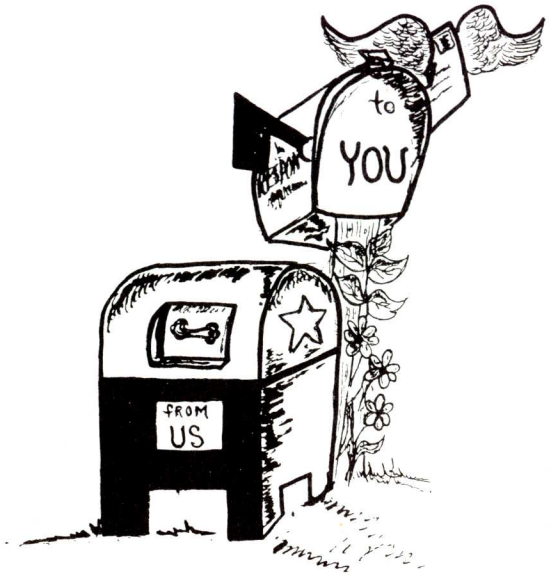
We've revived some questions from several years ago asking about any work you may have done yourselves on your house and your car, or if you raised any of your own food or did any canning or freezing. If your family did any work of this kind, we would like a rough idea of how much money it saved you.

Finally, there are a few new questions about rising prices and costs. We would like to know if there are any particular increases that have hit you especially hard and, if so, what, if anything, you have been able to do about it.

Payments

The University has a new computer system for issuing checks. We hope that it will shorten the time lag between your interview and your payment. However, we will not be able to enclose anything with the check. It will arrive in an envelope by itself and the postcard to return in 1980 will be sent separately.

Your Check Should Arrive Faster



Reports to the Government

In late September, you may have seen an Associated Press dispatch in your newspapers headlined something like "University of Michigan study shocking." The AP was quoting Representative Parren Mitchell of Maryland, who is Chairman of the House of Representatives' Budget Committee Task Force on Human Resources. Greg Duncan, co-director of the study of family economics, had been asked to tell the Committee about some of the things that, as a group, you have been helping us to find out.

Much of what he reported to the Committee was in our last year's report to you. For instance, we told you that the approximately 12 percent of the U.S. population who, according to government figures, are poor in any one year are not, as had been widely believed, mostly the same individuals from year to year. Because we've interviewed the same people (you) for 11 years, we

have found out that the poor are, in fact, a very changing group. While some people are climbing out of poverty, others are falling in. This means that many fewer people than was expected are constantly poor and many more than was supposed have an occasional bad year that drops their income below the government poverty level. A quarter of the individuals in the study had incomes below the poverty level in at least one of the first ten years we talked to you.

However, about one percent of the individuals in the study were poor in every one of those ten years. As you are a national sample, this means that one percent of the U.S. population is persistently poor. That comes to over two million people.

Although blacks make up only about 11 percent of the U.S. population, about 40 percent of the people who are poor in any one year are black. What shocked Mr. Mitchell and his committee is that three quarters of the two million Americans who remain poor year after year are black.

The amount of money that the government spends each year to eliminate poverty and where they spend it is based on the Census reports of how many families need help <u>that year</u> and how they are distributed in the states and counties around the country. Allocating money to do away with permanent poverty on the basis of who is poor in any one year, does not distribute it to those who need it most.

Greg Duncan also reported to the Task Force on Human Resources that one of the principal things we wanted to find out when this study started was whether an individual's attitudes and behavior patterns affected his or her progress on the job. We didn't try to find out what their effect is at home. So in early interviews, as some of you will remember, we asked you a great many questions which were designed to measure ambition, motivation, achievement, planning ahead, trusting others, and many other qualities that are supposed to lead to success. The questions covered

such things as planning your life ahead, finishing what you started, liking to do difficult and challenging things, and many more.

We found that many financially successful people scored high on the attitude questions. However, we did not know if having these attitudes had helped them to become prosperous, or if prosperous people tend to develop the "right" attitudes. Over the last ten years, though, we have had a chance to see if the people who, in 1968, reported having attitudes that are supposed to lead to getting ahead, had shown more rapid economic progress than people who did not have a high score on the attitudinal questions.

As far as we can see, being highly motivated and ambitious (according to our measures) had practically nothing to do with anyone's subsequent economic success. People who had all the "right" attitudes didn't progress any faster financially over the last ten years than the people who appeared to be "less motivated." We have found this very hard to believe and wonder if perhaps we haven't allowed enough time for constructive patterns of attitudes and behavior to show up in financial rewards---still, ten years is a long time. Perhaps we have asked the wrong questions. Or it may be that we are so used to believing that hard working, ambitious people with the right attitudes are bound to get ahead on the job, that we underestimate the extent to which most of us are influenced by our past, our environment, luck and chance.

In this industrial, heavily unionized society, many people have very little control over their working lives, so perhaps it shouldn't be surprising that an individual's attitudes do not seem to have much effect in altering his or her salary. People do get ahead on the job and prosper financially, but not necessarily because they are ambitious, motivated, think positively and plan ahead.

However, what happens away from the job <u>is</u> under an individual's control, and we've found that how a family manages at home often has more to do with improving their finances than a raise at

work. And making wise decisions about such things as who lives in the household, and who works and shares expenses, must surely depend on the attitudes and behavior patterns of some individuals and require motivation and planning ahead.

What Happens to Your Answers

Information from your yearly interviews is coded into numbers and these statistics are transferred to computer tapes. Two kinds of tapes are produced each year. One contains information about the more than 6000 families in the study, the other has statistics about the approximately 19 thousand individuals who are part of these families. Of course, these tapes don't identify you by name or address. They are for statistical analysis.

Our sponsors, the U.S. Department of Health, Education, and Welfare, and the Labor Department, get copies of the tapes for their own use and that of other government agencies. The information which you have provided is used, among other things, as a basis for making policy decisions. The study also furnishes social scientists with increasingly valuable information on a wide variety of topics focused on human behavior rather than on immediate policy problems. So, in line with this more general interest, the National Science Foundation has offered to contribute to the support of the study in 1979.

Many of the major state and private universities in this country and Canada, as well as numerous smaller universities, colleges, and research organizations, also get copies of the tapes, and new orders keep coming in from all over the place---even from as far away as Sweden.

There are hundreds of researchers in these institutions busily at work on the information that you have contributed to the study of family economics. We hear about some of their research, and have a chapter about it in our annual volume in the Five Thousand American Families series. But there must be a

great deal of interesting work being done with the data that we haven't heard of. This is hardly surprising as, by now, you are probably the most studied and written about 6000 families in the world. We, and a great many other people, thank you very much for your help.

We wish all of you a happy and healthy new year and look forward to talking to you in a few months.