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ABSTRACT

The characteristics, earnings, employment experiences, and material well-being of California welfare recipients after leaving welfare were examined by comparing the postwelfare experiences of groups who exited welfare before and after institution of California's welfare reform program CalWORKs. The first group (pre-CalWORKs group) exited welfare in the 3rd quarter of 1996, and the second group (post-CalWORKs group) exited welfare in the 3rd quarter of 1998. Outcomes were examined for approximately 27,146 adult welfare leavers. The data sources included administrative records and interviews with a random sample of 340 of the post-CalWORKs group. Selected findings were as follows: (1) post-CalWORKs leavers were somewhat more advantaged with respect to pre-exit employment and earnings; (2) women in the post-CalWORKs group were somewhat more successful in finding and keeping work; (3) both groups generally had low earnings and little earnings growth in their first year off cash assistance; (4) overall, rates of post-exit participation in Medi-Cal increased markedly between 1996 and 1998; (5) most welfare leavers did not return to welfare within 1 year of exit; (6) those returning to welfare were less likely to have worked steadily post-exit and more likely to have relied on other government supports. (Twenty-seven tables/figures are included. A survey response analysis is appended. The

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Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?

Prepared for:

Los Angeles County Department of Public Social Services
and
U.S. Department of Health and Human Services
Office of the Assistant Secretary for Planning and Evaluation

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The Authors

Executive Summary

Welfare caseloads have always been dynamic, with families entering and leaving assistance programs each month. However, the unprecedented declines in welfare caseloads since the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) have led many to raise questions about what the rapid drop in caseloads means for states and families. National and local interest in this phenomenon has resulted in a number of studies of welfare leavers.

The study of Los Angeles County welfare leavers was undertaken by the Los Angeles County Department of Public Social Services as part of a grant from the Office of the As+sistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services (HHS). The Manpower Demonstration Research Corporation conducted the research and analysis and prepared this final report. The Los Angeles study was designed to inform local administrators and policy analysts about the circumstances of families leaving welfare before and after the onset of CalWORKs, California's welfare reform program. Specifically, the study was designed to address the following key questions:

- Who are the welfare leavers, and what are their background characteristics? How do pre-CalWORKs leavers compare with post-CalWORKs leavers?
- What are the earnings and employment experiences of pre- and post-CalWORKs welfare leavers?
- To what extent do pre- and post-CalWORKs leavers return to welfare? What public and other supports do leavers rely on after they stop receiving cash assistance?
- What is the post-exit material well-being of the CalWORKs leavers? What are their income sources, and what types of hardship do they experience?

To address these questions, the research focused on the post-welfare experiences of two groups of welfare leavers: a group of leavers who exited welfare in quarter 3 of 1996 (or *pre-CalWORKs* leavers) and a group of leavers who exited welfare in quarter 3 of 1998 (or *post-CalWORKs* leavers). All AFDC/CalWORKs single-parent cases that closed in quarter 3 of 1996 and 1998 and did not reopen within two consecutive months of closing were included in this study.

Outcomes were examined for approximately 27,146 adult welfare leavers. Administrative data were used to track welfare leavers for a total of nine quarters, including four quarters pre- exit, the quarter of exit, and four quarters post-exit. Welfare records were used to obtain a small number of background characteristics and monthly AFDC/CalWORKs, Food Stamp, and Medi-Cal receipt. Wage files were obtained to examine pre- and post-exit employment rates and earnings.

To supplement the administrative records analysis, a random sample of 340 quarter 3 1998 CalWORKs leavers were selected for in-depth interviews. Sixty-two percent of the sample completed the survey. A mixed-mode survey, relying on telephone and in-person interviews, was con-

ducted approximately 12 to 22 months after sample members exited welfare in 1998. The survey was used to gather data on topics that cannot be examined from administrative records alone.

Findings in Brief

A number of important findings emerge from the study of Los Angeles County's welfare leavers. This section highlights the major findings as they relate to the key questions addressed in this study.

- *Individuals who left welfare in 1998 were somewhat more advantaged with respect to pre-exit employment and earnings.*

Few demographic differences were observed across the pre- and post-CalWORKs leavers. Employment history data, however, suggest that the post-CalWORKs leavers were better prepared to leave welfare for work in that they had more employment experience while on welfare: the share of welfare leavers with no reported employment in the year prior to leaving welfare fell by 10 percentage points between 1996 and 1998. Also, the percent with steady employment for all four quarters prior to leaving cash assistance went up by approximately 7 percentage points in this time period. It is possible that the change in the pre-exit employment rates could be a result of the greater emphasis on work as part of Jobs-First GAIN and also of the increased work opportunities produced by the recovering economic growth during the same time period. Further the earned income disregard, which was also more generous for the later cohort of leavers, could have encouraged welfare recipients to combine work with welfare.

- *Women leaving welfare in 1998 were somewhat more successful in finding and keeping work.*

The employment findings offer reasons for optimism and concern. Although 52 percent of the pre-CalWORKs leavers and 59 percent of the post-CalWORKs leavers worked at least one follow-up quarter in a UI-reported job, quarterly employment rates remained under 50 percent for both groups. Further, little employment growth was observed in the four quarters of follow-up for both groups of leavers. Forty percent of the pre-CalWORKs leavers and 48 percent of the post-CalWORKs leavers were employed in the first quarter after exit. Four quarters later, 41 percent of the pre-CalWORKs leavers and 47 percent of the post-CalWORKs leavers were employed. While post-exit employment rates remained more or less stable for both groups, the overall quarterly employment rates were higher by 6 to 7 percentage points for the 1998 leavers.

- *Both groups of leavers generally had low earnings and little earnings growth in their first year off cash assistance.*

Consistent with the somewhat higher employment rates, median quarterly earnings were higher for the post-CalWORKs leavers and this trend remained consistent over the four quarters of follow-up. Median earnings for the 1998 leavers in the first full quarter of follow-up was $3,286, $271 higher than earnings for the 1996 leavers; by the fourth quarter of follow-up, the median quarterly earnings of the 1998 leavers was about $230 higher than the earnings for the 1996 leavers. Based on the data, the majority of those working four quarters after exit were not

earning enough to move their families above the poverty threshold if they were relying exclusively on their own earnings either before or after welfare reform.

Former recipients who were working at the time of the follow-up survey interview were likely to be working full time (35 hours a week) and reported mean hourly wages of $8.4 an hour. Close to 18 percent of those who worked reported earning below the minimum wage. About 17 percent reported earning above $11 an hour. Fifty-four percent of those with a job reported that their employer offered health insurance benefits.

- *Women with less than stable work history were more likely to report the presence of barriers to work.*

Indicators of basic education or training, prior work experience, problems with child care, physical or mental health problems, or child health problems were examined to assess the types and levels of barriers limiting the post-CalWORKs leavers' ability to work. Forty-two percent of the sample had less than a high school education and 39 percent reported that they had not worked in the year prior to leaving welfare. Seventeen percent of the sample reported having a physical or mental condition that prevented them from working or engaging in a work-related activity. Child care problems were reported by 24 percent of the sample.

Multiple barriers to work were common as well. Seventy-three percent of the leavers who responded to the survey reported the presence of at least one barrier to work. Former recipients who worked steadily for four quarters after exit were less likely to report multiple barriers compared to those who had worked less or had not worked during the follow-up period. Those with less stable or no employment were more likely to report the presence of multiple barriers. The prevalence of barriers among all groups, regardless of work status, suggests a need to enhance delivery of transitional benefits and other support services to help former recipients move from welfare to work. Los Angeles County is paying attention to these issues in several self-sufficiency projects and in post-employment services.

- *Less than one-fifth of those with children under the ages of 13 years reported that they had received help from a government agency or other source for paying for child care costs since they left welfare.*

Questions about child care were asked to respondents who had a child under age 13 living with them (191 of 240 respondents). Eighteen percent of this group indicated that they had received some form of assistance from a government agency or other source to pay for child care costs since they had left welfare. Fifteen percent of this sample was receiving this assistance at the time of the survey interview. Respondents who had worked steadily in the first four quarters after exit were more likely to have received some assistance with child care payments.

- *Most recipients who left welfare did not return within one year of exit. Welfare recidivism rates were lower for the post-CalWORKs leavers.*

Roughly 44 percent of the pre-CalWORKs leavers and 31 percent of the post-CalWORKs leavers returned on welfare at least once after being off cash assistance for two consecutive months in the quarter of exit. Most of those who returned to welfare did so within the first quar-

ter after exit. It should be noted that no women in these cohorts had reached their welfare time limit during the follow-up period. However, it is possible that information about impending time limits could have affected the return rates for the post-CalWORKs leavers in particular.

- *Those returning to welfare were less likely to have worked steadily post-exit and were more likely to have relied on other government supports.*

This study shows a few important differences in the characteristics of those who returned to welfare during the follow-up period compared with those who did not. Among the pre- and post-CalWORKs leavers, steady employment (or working in all four quarters of follow-up) and higher median earnings were clearly associated with staying off welfare. Those who returned were less likely to have been steadily employed and had much lower earnings during the follow-up period.

- *Overall, between 1996 and 1998 there was a marked increase in the rates of post-exit participation in Medi-Cal. Smaller increases were observed in Food Stamp participation.*

Consistent with findings from a number of welfare leavers studies, the proportion of Los Angeles county's leavers retaining Food Stamp and Medi-Cal (California's Medicaid program) benefits increased between 1996 and 1998, with a far more dramatic increase in Medi-Cal participation. Sixty-five percent of the pre-CalWORKs leavers received Medi-Cal coverage in the follow-up period, compared to 92 percent of the post-CalWorks leavers. An additional important finding is that the proportion of women who stayed off welfare but received Medi-Cal rose by approximately 51 percentage points between 1996 and 1998. Food Stamp participation increased slightly during this period.

- *Fifty-four percent of the families leaving cash assistance live in households with incomes below the poverty threshold.*

Transitioning off welfare is not the same as leaving poverty. The survey data show that the average monthly household income for the 1998 welfare leavers was $1,466, or about $17,592 annually. Other household members' earnings appear to be critical to the income support for leaver households. Fifty-four percent of the 1998 leavers were living in households with income below the poverty threshold. The poverty threshold for a family of three in 1999 was $13,880. Families living below the poverty threshold were more likely to have returned to welfare in the follow-up period and were more likely to be relying on public assistance than on work.

- *Reports of post-exit material hardship varied by respondents' work status. Those with the least steady post-exit employment experience were likely to report higher levels of hardship and were more likely to report receiving assistance from government or other agencies.*

Overall, 45 percent of the sample reported that they had experienced food insecurity after leaving welfare. The food insecurity level for the national population is about 10 percent. Those who did not work or had stayed off welfare during the follow-up period reported higher food insecurity. Leavers also reported housing-related hardship: nearly 36 percent of the sample paid

over 50 percent of their income for housing expense. Approximately 16 percent of the respondents indicated that their utilities had been shut off because they were unable to pay bills, and close to a third of the sample indicated hardship accessing either medical or dental care. The level of hardship documented among the post-CalWORKs leavers, even among those with steady employment, suggests that leaving welfare does not necessarily translate into improved economic and material well-being.

Reflections

This report presents an initial look at the characteristics and the experiences of people leaving the welfare rolls before the onset of time limits. Overall, based on the outcomes examined in this study, the welfare leavers in Los Angeles County share some similarities and differences in their post-exit experiences with leavers in other parts of the nation. The Los Angeles study finds that a significant proportion of families leaving welfare are making the transition from welfare to work, as reflected by the high levels of post-exit employment. However, the fact that over one-third of the leavers return to welfare within 12 months of leaving and that between 28 and 34 percent of those employed are able to maintain stable employment suggests that labor market transitions are tenuous for a segment of this population. Further, reports of relatively low earnings, high levels of material hardship, and lower than expected take-up rates for Food Stamps suggest that the circumstances of welfare leavers warrants attention. Reports of the implementation of CalWORKs appear to suggest that the county has begun to put into place programs to ease former recipients' transition to work.

The findings presented in this report are subject to a few caveats:

- The Los Angeles leavers study, by design, focuses on single-parent, cash assistance cases that stopped receiving cash assistance for at least two months after exiting welfare. The use of a "two months off welfare" definition provides a conservative estimate of welfare exits. Findings from this study are not directly comparable with studies that include cases that close for shorter periods.

- As a monitoring study of welfare leavers, the findings presented in this report are best suited to provide program managers and policy administrators with a description of how former recipients are faring after going off welfare. The findings are useful to monitor the degree to which former recipients are employed, whether they are progressing toward economic self-sufficiency, and whether they rely on government assistance to support their transition from welfare to work. The design of the study does not permit causal inferences about the effects of welfare reform on the observed outcomes.

- It is also important to keep in mind that the findings do not necessarily reflect the consequences of reaching the time limit. The study sample is largely made up of people going off welfare because of higher earnings, noncompliance, or not wanting to receive welfare any longer, and no sample members reached a time limits during the tracking period for this study. However, it is possible

that knowledge of the impending deadline influenced women in ways that affected their employment and other behavior.

- Finally, it should be noted that the second cohort of leavers included in this study went off welfare in the third quarter of 1998, when the CalWORKs programs was in a very early phase of implementation. Many services were not available or were only partially available; therefore, the experiences of the post-CalWORKs leavers might not be the same as for the more recent leavers.

Chapter 1

Studying Welfare Leavers

Introduction

Welfare caseloads have always been dynamic, with families entering and leaving assistance programs each month. Even before the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, henceforth referred to as welfare reform, families left welfare for a number of reasons, including work and changes in household composition. However, unprecedented declines in welfare caseloads since the passage of welfare reform have lead many to raise questions about what the rapid drop in caseloads means for states and families. While the outcomes of welfare reform are being debated on a number of fronts, there is some evidence that suggests that all families leaving welfare are not necessarily economically self-sufficient.[1] Such disparate trends have resulted in increased attention on the circumstances of welfare leavers.

The focus on former recipients (commonly referred to as welfare leavers) is also in part due to the recent changes in the federal safety net. Before the passage of welfare reform, the main cash safety net for the poor, Aid to Families with Dependent Children (AFDC), allowed families to stay on welfare for an indefinite period, as long as they remained eligible for benefits. The new legislation imposes lifetime time limits on the number of years that a family can receive federal welfare benefits.[2] The federal time limit is set to 5 years, but states are allowed flexibility in terms of who is subject to the time limit and for what duration. For example, California's policy of imposing time limits affects the adult portion of the case only.

Given the rapid decline in welfare cases, there is a need to understand the circumstances of people going off welfare, whether they find jobs, whether they are able to keep jobs, and whether they earn enough to raise their families out of poverty. To address these questions, the Office of the Assistant Secretary for Planning and Evaluation (ASPE), Department of Health and Human Services (HHS) awarded $2.9 million in grants in 1998 to 14 states and counties to monitor post-welfare outcomes for welfare leavers. Los Angeles County was one of three counties selected.[3] In addition, Los Angeles County received supplemental funding from the Department of Housing and Urban Development (HUD) to examine post-exit circumstances of families exiting welfare with, and without, housing assistance. The Manpower Demonstration Research Cor-

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[1]See Primus, et al., 1999. Between 1994 and 1998 welfare receipt dropped by 23 percent, but the average disposable income of the poorest 20 percent of single mothers fell by approximately 8 percent

[2]Even before PRWORA, several states were granted federal waivers that allowed them to experiment with new welfare programs and time limits.

[3]Other grantees funded in 1998 to study welfare outcomes include: Arizona, District of Columbia, Florida, Georgia, Illinois, Massachusetts, Missouri, New York, South Carolina, Washington, Wisconsin, Los Angeles County, Cuyahoga County (Ohio), and a consortium of San Mateo, Santa Cruz, and Santa Clara (California). MDRC conducted the research for both Cuyahoga and Los Angeles Counties. Grantees worked together to establish common definitions and identify outcomes of interest. Such coordination of definitions and methods increases the possibility of comparing findings cross-state.

poration (MDRC) conducted the research under both the grants. The findings for the core and supplemental studies are reported in two companion reports. This report, the first of the two reports, summarizes the research conducted for the ASPE-funded study. Findings from the supplemental study are presented in a report entitled, *Comparing Outcomes for Los Angeles County's HUD-Assisted and Unassisted CalWORKs Leavers.*[4]

This report focuses on two cohorts of people who left cash assistance: one group who left in the *third quarter of 1996*, also referred to as Pre-CalWORKs leavers, and a second group who left in the *third quarter of 1998*, or the Post-CalWORKs leavers. CalWORKs or California Work Opportunity and Responsibility to Kids is California's welfare reform program. The multiple cohort comparison design, using pre- and post-CalWORKs cohorts of leavers, compares outcomes for people leaving welfare at different points in time; such a design strengthens the study's ability to interpret information on families leaving welfare. In the absence of a pre-CalWORKs comparison group, it would be hard to know whether the findings for the Post-CalWORKs leavers are encouraging or discouraging. In other words, without knowing what the employment rates have been for earlier cohorts of leavers, it is hard to know whether a 60 percent employment rate for post-CalWORKs leavers is high or low.

As a monitoring and descriptive study, the focus of the Los Angles Post-TANF study is on providing a detailed description of welfare leavers before and after the implementation of welfare reform. Implicit in the overall study agenda are the following research questions:

- Who are the leavers, and what do we know about their background characteristics? How do pre-CalWORKs leavers compare with post-CalWORKs leavers?
- What are the earnings and employment experiences of individuals exiting welfare in 1996 and 1998? Who leaves welfare for work and who does not? How much do they work and what are their job characteristics?
- To what extent do leavers return to welfare, and how does welfare recidivism vary for pre- and post-CalWORKs cohorts of leavers? What public and other supports do leavers rely on after they stop receiving cash assistance?
- What is the post-exit material well-being of the CalWORKs leavers? What are their income sources, and what types of hardship do they experience?

In general, the report focuses on the typical or average outcomes for leavers to demonstrate whether the Los Angeles data are showing patterns observed in other national and local studies of leavers. However, given that welfare leavers are not a homogenous group, and that personal and background characteristics are known to be associated with post-exit outcomes, such as employment, earnings, and recidivism, the report also tracks selected outcomes for groups of welfare leavers defined by prior work and welfare history.

Finally, while this study addresses a fairly broad array of question about families leaving welfare, it is not designed to evaluate or assess the effects of welfare reform. By definition, to assess the effects of new welfare programs or policy, one needs to interpret the effects relative to

[4] Verma and Hendra, 2001.

a counterfactual or a control group - in other words, relative to a program that existed before (National Research Council, 1999). Many of the welfare leavers studies underway are descriptive or monitoring studies, and their primary objective is to describe the circumstances of people going off the rolls. Because these studies just include leavers, they cannot report on the effects of welfare reform on people who are deterred from coming on to the rolls. Further, in such descriptive studies, no attempt is made to isolate the effects of causal factors and determine how much of the observed difference between the pre- and post-CalWORKs cohorts would have occurred naturally, how much is driven by the strong economy, and how much of the change is due to welfare reform. Studies of welfare leavers, including this one, are best suited to provide program managers and policy administrators with indicators of well-being for the target population intended to be served by the program.

Los Angeles County: Economic and Welfare Context

To interpret the results of this study, it is important to understand the welfare policy and the regional and local economic context during the period when sample members in this study were going off welfare. The following discussion highlights key contextual information.

Welfare Context

Los Angeles County operates the largest county welfare program in the nation, serving more recipients that all states except New York and, of course, California. Los Angeles County accounts for about 28 percent of the state's population but is home to a disproportionate share (37 percent) of the state's welfare caseload.[5] As shown in Table 1.1, the county's welfare caseload increased through 1995 and declined by 19 percent between January 1996 and 1999. Compared to AFDC/TANF benefits in other states, California is considered a high grant state, where the typical cash grant is around $565 for a single parent with two children.

In California, the Welfare-to-Work Act of 1997 replaced AFDC with the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs is a "work first" program that provides support services to transition recipients from welfare to work, raise self-sufficiency and reduce child poverty. CalWORKs was signed into law in August 1997 and went into effect in Los Angeles County in early 1998. The new welfare legislation empowered states and counties with great flexibility in designing their TANF programs; however, even before CalWORKs, Los Angeles County had instituted a number of welfare reform initiatives, some of which were incorporated into CalWORKs. For example, between 1988 and 1993, the Los Angeles County Department of Public Social Services (DPSS), through its welfare-to-work program, Greater Avenues for Independence (GAIN), focused on providing education and employment-related activities to long-term welfare recipients. Vocational training and secondary education (Junior College) were emphasized during this time. Rapid employment was the component that was not emphasized.

[5] Allen and Kirby, 2000.

Table 1.1

Individuals Receiving AFDC/CalWORKs Benefits, 1990 - 2000
Los Angeles County

Years	Recipients	% Change
1990	500,011	
1991	549,773	9.1
1992	609,335	9.8
1993	637,301	4.4
1994	682,301	6.6
1995	698,072	2.2
1996	687,051	-1.6
1997	652,051	-5.4
1998	652,669	.09
1999	578,417	-12.8
2000	518,314	-11.6

SOURCE: LA DPSS statistical summary reports; counts are for January of each year.

In 1993, largely in reaction to the GAIN evaluation findings, but also as a response to shortcomings of the program noted by GAIN staff and participants, Los Angeles County began a total overhaul of the GAIN program, shifting its program model toward a work-first approach.[6] The county resolved that a work-first approach— one that offered job search assistance as its primary service and had a strong emphasis on encouraging welfare recipients to start work as soon as possible— would do more to reduce welfare dependency and transition people to work.

With the passage of PRWORA, Governor Pete Wilson signed into law Assembly Bill 1542, which replaced AFDC with CalWORKs. Table 1.2 contrasts selected features of Los Angeles' CalWORKs policies with AFDC. As shown, CalWORKs changed state welfare polices in a number of ways, including not only the addition of time limits and new welfare to work regulations, but also eligibility criteria, grant earned income disregards and support services. CalWORKs also increased funding for welfare to work services and mandated counties to serve all nonexempt recipients with children over the age of 1 by the end of 1998. Several distinctions between CalWORKs and its predecessor are worth noting.[7]

Time limits. CalWORKs includes two kinds of time limits for adults: the first is a 5-year lifetime limit on welfare receipt, and the second is a work-trigger time limit for new applicants and recipients- after 18 months (for new applicants) or 24 months (for those on welfare when the new program was put in place) recipients must be working at least 32 hours a week to continue receiving cash assistance. If recipients do not find employment, they are expected to engage in community service. The plan also provides a safety net for children and does not reduce the

[6]Weissman, 1997. For a full description of the GAIN evaluation, which was conducted by MDRC, see Riccio, Friedlander, and Freedman, 1994. For a description of the Jobs-First program and the evaluation findings, see Freedman, Knab, Gennetian, and Navarro, 2000.

[7]See Quint et al., (1999) for a comprehensive discussion of the implementation of CalWORKs and its programmatic features.

child's portion of the grant when a household reaches one of the two time limits discussed above; children continue to be eligible for TANF and medical assistance. Finally, families reaching the time limit remain eligible for Food Stamp benefits. Thus, unlike a number of other states, where time limits apply to all individuals on the case, California's time limits results in a reduction in cash grants because time limits are imposed on the adult portion of the grant.[8] No participant in the Los Angeles Post-TANF project could have accumulated enough months on welfare to reach the lifetime time limit during the period of study.

Support services. The CalWORKs plan also offers new strategies aimed at fostering self-sufficiency and at serving the target population more effectively. The welfare reform plan calls for DPSS to operate a diversion program which provides applicants with emergency payments so that they can avoid going on welfare altogether. The welfare agency is also expected to provide post-employment services to recipients who have entered the workforce. The plan also gives a significant amount of attention to services to victims of domestic violence and other groups of recipients considered hard to serve.

Family Cap. California instituted a family cap program just before CalWORKs was enacted. Under its provisions, newborns to families that have been on aid for ten months or more are no longer added to the cash portion of the case.

Earned income disregard. CalWORKs increased the amount of earned income that can be disregarded in calculating the welfare benefit from the first $30 and one-third of the remainder to $225 and one-half of the remainder. This change strengthens the incentive for welfare recipients to combine work and welfare and to obtain full-time jobs.

Immigrant provisions. Under CalWORKs, legal immigrants in Los Angeles County, as in the rest of the state, will be treated like citizens for purposes of determining eligibility for cash and medical assistance, but they are treated differently under the Food Stamp program. California has established a state-funded Food Stamp program to provide Food Stamps to legal Immigrants, regardless of when they entered the county or age.

[8]Although the children can continue to receive TANF after the adult's share of the grant is terminated, the assistance to these children cannot be funded under the federal block grant beyond the five-year period; the State of California will have to absorb these costs. However, the state's expenditure will count toward the State's TANF MOE requirement and will therefore not increase the net state costs.

Table 1.2
Key Policy Provisions During the Period of Study
Los Angeles County

Characteristic	Pre-CalWORKs (Q3 1996 Leavers)	Post-CalWORKs (Q3 1998 Leavers)
Name of State Welfare Reform Initiative	AFDC	California Work Opportunity and Responsibility to Kids (CalWORKs)
Eligibility		
Earned Income Disregard	$30 and one-third of the remainder	$225 and one-half of the remainder.
Time Limits Lifetime limit on cash welfare for most families	None	Five year lifetime time limit for adults. Child's portion of the grant is maintained after parent reaches the time limit. Work-trigger time limit at 18 or 24 months. Child-only cases, specified caretakers, elderly, disabled, those incapable of maintaining employment are exempted from time limits.
First recipients reach the time limit	Not applicable	Late 1999 (work-trigger time limits)
Welfare-to-Work		
Program focus	Labor force attachment	Labor force attachment
Participation	Mandatory for some recipients, voluntary for applicants.	Mandatory. Exempt from participation: Parents caring for children under 1; Cal-Learn participants; disabled, elderly, recipients under 16, or under 19 if in school.
Sanctions	Noncooperative parent is removed from the grant for a longer period for each consecutive sanction.	Same as under AFDC
Transitional benefits and other supports	Transportation support. Emergency Assistance Program to help meet emergent needs. Homeless Emergency Assistance.	Transitional Medi-Cal for 1 year; for families who leave welfare because of increased earnings. Subsidized child care for 2 years or until family's income exceeds 75% of state's median income. Transportation support, Diversion, and Homeless Emergency Assistance.

Source: Quint, Edin, Buck, Fink, Padilla, Simmons-Hewitt, and Valmont, 1999.

Economic Context

Equally important is to recognize that the economic conditions in the county were changing as welfare caseloads continued their downward trend. Table 1.3 shows the employment levels in Los Angeles County and the State during the period covered by this study. As shown in the table, the economic climate changed between 1996 and 1998, and the 1998 leavers went off welfare in a somewhat more favorable economic environment.

Table 1.3
Unemployment Rates in Los Angeles County and the State of California
1995 - 2000

Year	Los Angeles	California
1992	9.8	9.3
1993	9.8	9.4
1994	9.4	8.6
1995	7.9	7.8
1996	8.2	7.1
1997	6.8	6.3
1998	7.0	6.1
1999	5.9	5.2

SOURCE: U.S. Bureau of Labor Statistics

The early part of the 1990s was one of major economic setbacks for Los Angeles County and the State of California. For most part of the 1990s, the state and county unemployment rate exceeded the national unemployment rate, with the county unemployment rate lagging behind the other two. As shown in the table, unemployment peaked in the State in 1992 and 1993 and then dropped in the subsequent years as the economy improved. An analysis of private sector job growth data suggests that between 1993 and 1996, Los Angeles experienced significant employment losses in its central city while suburban areas enjoyed employment gains.[9]

In summary, the two cohorts of leavers tracked in this study exited welfare in different policy and economic environments. The pre-CalWORKs leavers went off welfare when the county was operating under AFDC policies and during a period of slow economic recovery. The Post-CalWORKs leavers, or those who went off welfare in third quarter 1998, went off welfare when CalWORKs was in a very early phase of implementation and a time when Los Angeles continued its economic recovery.

[9]Brennan and Hill, 1999.

Welfare Leavers: Definitions and Data

Definitions

This study focuses on AFDC/CalWORKs female-headed cases that *stopped receiving cash assistance, for at least 2 months*, in the third quarters of 1996 and 1998.[10] The majority of the ASPE-funded leavers studies have adopted the "two-months off" definition of welfare leavers. Given the large numbers of one-month interruptions in welfare spells due to administrative reasons or noncompliance, this study excludes individuals who exited welfare for less than two months. Using "two months off cash assistance" as a criterion for sample selection provides a conservative estimate of welfare exits and will result in findings that cannot be compared with studies that include cases that closed for just one month.

Data

Two types of data are used to examine the questions in this report: (1) longitudinal administrative records data that compare demographic characteristics, employment and public assistance outcomes for the 1996 and 1998 exit cohorts and (2) follow-up survey data that provide in-depth information on a wide range of outcomes for a sample of the 1998 leavers. Using administrative records, adults in each exit cohort are followed for 4 quarters subsequent to the quarter of exit to determine their employment and earnings. The use of public assistance benefits in the 12 months subsequent to the month of exit is examined for the women who left cash assistance.

Administrative Records. The California Medi-Cal Eligibility Data System (MEDS) files were used to identify the pre and post-CalWORKs leavers for this study. The statewide MEDS files, obtained from the California Department of Social Services, are produced from data uploaded to the state from each of the counties. The annual MEDS file provides information on the case number as of December or January of the year, selected demographic data about all individuals eligible for Medi-Cal, and their eligibility for Medicaid and Food Stamps in each of the prior 12 months. Given the high overlap between Med-Cal eligibility and receipt of cash assistance, this source was considered appropriate to identify welfare leavers and to track benefits and program usage after exit. Food Stamp receipt was tracked using program payment data obtained from the county

As a first step to identify the leavers sample, cases (and individuals associated with the cases) receiving welfare in quarter three of 1996 and 1998 were examined to see if they met the case composition criteria for this study. For individuals identified for this study, monthly AFDC/CalWORKs eligibility was examined between quarters two and three of 1996 and 1998 to identify breaks in welfare receipt (i.e., contiguous, two-month exits from cash assistance). Table 1.4 shows the rules that were applied to identify the two cohorts of leavers for this study. Individuals identified as welfare leavers were tracked for 12 months post-exit to determine whether they returned to cash assistance or received Medi-Cal at any time during this period of observa-

[10]Male-headed assistance groups were not included due to their small numbers and the fact that they typically have different labor market experiences than women.

tion. The Food Stamp payment data were examined to see if leavers continued to receive Food Stamps after exit.

Table 1.4
Definition of Welfare Leavers, 1996 and 1998 Cohorts
Los Angeles County

Month Recipient Active *on* Cash Assistance	Months Recipient *off* Cash Assistance
June	July and August
July	August and September
August	Sept and October

Employment information for each adult recipient who left cash assistance was obtained from the California Employment Development Department (EDD) for four quarters preceding and following the quarter of exit. EDD maintains statewide records of employment and earnings under its Unemployment Insurance (UI) system and provides reasonably complete information of employment and earnings within the state. Almost all employers in California are covered by this program and report the employment and earnings of their workers to the State. Workers who are self-employed, employed by the federal government, or work "off the books'' are not in this database. Some earnings missed by the UI system may be picked up by self-reported earnings and employment recorded in the follow-up survey.

Administrative records were available for the entire population of Los Angeles County's adult CalWORKs recipients who stopped receiving welfare in quarter 3 of 1996 and 1998. These two populations of adult leavers (without any exclusions) are compared in this report on a number of outcomes and characteristics. Tests of statistical significance are not conducted for these comparisons because populations rather than samples are being compared. Instead, in this report, we focus on the size and direction of change from 1996 to 1998. Since only one quarter was studied in each of the years, we cannot determine whether the findings are generalizable to leavers in other quarters.

Follow-up Survey. A random sample of 340 CalWORKs leavers (Quarter 3 1998) was selected for an in-depth interview. A subcontractor to MDRC administered a 30-minute post-exit interview to approximately 240 sample members who agreed to complete the survey. The interviews were administered primarily by telephone, with in-person interviews for those who could not be reached by phone. Interviews were conducted between 12 and 22 months after individuals went of welfare in 1998, for a response rate of 62 percent. Comparison of respondents and non-respondents indicates that there was some response bias, with employed leavers being more likely to respond to the survey. Since the response bias was marginally statistically significant ($F=1.8$), unweighted estimates are provided in the report. Appendix A provides a fuller discussion of the response bias analysis for the survey sample.

Contents of Report

As discussed earlier, this report focuses on a wide range of questions about economic and noneconomic outcomes for individuals who left welfare before and after the implementation of CalWORKs. Using administrative records data, the report examines employment, welfare recidivism, Food Stamp and Medi-Cal receipt for one year following exit from welfare. Survey data are used to supplement the administrative records analysis and to provide a more detailed picture of income and material well-being among leavers' households.

The report is organized in five chapters; Chapters 2 to 5 begin with a summary of key findings specific to the chapter. Chapter 2 examines the characteristics of adult leavers (single parent cases) going off the rolls in quarter 3 of 1996 and 1998. Chapter 3 focuses on post-exit employment experiences, job characteristics, child care, and the prevalence of barriers to work. Chapter 4 examines welfare recidivism and the extent to which leavers use other government supports such as Food Stamps and Medi-Cal in the year following exit. Finally, Chapter 5 details findings from the Post-TANF (or 1998 leavers) follow-up survey and focuses on their income situation and post-exit material well-being.

Chapter 2

Who Leaves Welfare and Why?

Before turning to a full discussion about how individuals fare after leaving welfare, it is important to understand the characteristics of those who leave welfare and why they leave. This chapter draws on survey and administrative records data to address the question about leavers' characteristics. The first part of this chapter draws on administrative records to describe selected demographic and other background characteristics of all adult leavers who stopped receiving cash assistance in quarter 3 of 1996 and 1998. The follow-up survey, which was conducted with a sample of the 1998 leavers, is used to examine the reasons why individuals went off welfare.

Findings in Brief

- Individuals who left welfare in 1998 were somewhat more advantaged than the 1996 leavers with respect to pre-exit employment and earnings.
- 1998 Leavers identified increased income, earnings or work as the main reasons for leaving welfare. Around 13 percent of the sample reported that they left because of noncompliance with agency rules.

Characteristics of Pre- and Post-CalWORKs Leavers

The characteristics of the 1996 and 1998 exits cohorts are presented in Table 2.1. This comparison is based on a small set of personal and demographic information available on the administrative records used for this study. The data presented in Table 2.1 suggests that at both points in time a significant portion of the adult leavers were about 32 years old and Hispanic. The majority of the leavers received assistance for at least 9 to 12 months out of the previous year. However, just close to half had at least one quarter of employment experience in the year prior to leaving cash assistance.

When PRWORA was introduced in 1996, it was assumed that welfare reform would raise exit rates and lower entry rates. Those critical of welfare reform argued that to achieve high exit rates, the more disadvantaged segment of the welfare caseload – i.e., people with employment barriers or the hard-to-serve- would be pushed off welfare than was the case with the voluntary leavers pre-CalWORKs. Comparison of the pre-exit employment patterns in the 1996 and 1998 exit cohorts reveals that, rather than being more disadvantaged in terms of employment experience, the 1998 exit cohort is better off. For example, as shown in Table 2.1, the percent of welfare leavers with no reported employment in the year prior to leaving welfare fell by 10 percentage points. Also, the percent with steady employment for all four quarters prior to leaving cash assistance went up by approximately 7 percentage points. The change in pre-exit employment rates may be a result of the greater emphasis on work as part of Jobs-First GAIN and also of the increased work opportunities produced by the recovering economic growth

Table 2.1

Selected Background Characteristics of Pre- and Post-CalWORKs Adult Leavers

Los Angeles County

	Recipient Who Left Welfare in:		
Characteristic (Casehead)	**Quarter 3 1996 (Pre-CalWORKs Leavers)**	**Quarter 3 1998 (Post-CalWORKs Leavers)**	**Difference**
Age in Month of Exit (%)			
Less than 18	0.0	0.3	0.3
18 – 19	8.0	5.4	-2.6
20 – 24	18.4	21.0	2.5
25 – 29	19.4	19.4	0.0
30 – 34	17.6	17.0	-0.6
35 – 39	15.7	15.9	0.1
40 and over	20.8	21.0	0.2
Mean age:	32.2	32.3	0.1
Standard deviation:	9.4	9.4	0.0
Ethnicity (%)			
White, non-Hispanic	19.2	17.3	-1.8
African American	32.3	30.7	-1.7
Hispanic	43.5	47.3	3.8
Asian, Native American, Other	5.0	4.7	-0.3
Months on Cash Assistance in the year prior to exit (%)			
0-4 months of prior welfare receipt	6.4	7.2	0.8
5-8 months of prior welfare receipt	11.6	12.7	1.1
9-12 months of prior welfare receipt	82.0	80.1	-1.9
Mean num of months on:	10.5	10.3	-0.2
Standard deviation:	2.8	2.9	0.1
Employment 4 Quarters Prior to Exit (%)			
Not employed	54.3	44.1	-10.2
Employed 1 quarter	11.8	12.2	0.4
Employed 2 quarters	9.3	10.7	1.4
Employed 3 quarters	8.8	10.4	1.6
Employed 4 quarters	15.9	22.5	6.6
Median earning per quarter ($)	1,859	1,963	104
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS and Employment Development Department Unemployed Insurance records.

during the same time period. Further the earned income disregard was also more generous for the later cohort of leavers[11]

The number of months on welfare before exit, a possible indicator of disadvantage and welfare dependency, did not change appreciably among the welfare leavers between 1996 and 1998. Although this study looks at welfare receipt in the year preceding exit, which is a relatively narrow window to examine welfare dependency, around 80 percent of the leavers in both exit cohorts had spent the majority of the previous year on welfare. Increased employment rates combined with similar length of welfare dependency suggest an increasing tendency to combine welfare and work, especially for the post-CalWORKs leavers; a finding consistent with enforcement of work requirements and the more generous incentives of the earned income disregard.

To summarize, the group leaving welfare in 1998 seemed somewhat better prepared to leave welfare for work in that they had more employment experience while on welfare than the 1996 leavers. Work requirements and other changes in agency practice that occurred in April, 1998 were geared toward exactly this result, which seems to have occurred.

Reasons for Leaving Welfare

Families stop receiving welfare for a number of reasons. Some leave because they no longer are eligible for benefits and others leave because of noncompliance or because they no longer wish to receive benefits. As administrative reasons for case closings were not available for this study, this section draws on the follow-up survey conducted with the post-CalWORKs leavers (the quarter 3 1998 leavers) to examine what reasons respondents provide for leaving welfare. It is important to keep in mind that self-reported reasons are not always consistent with the agency's administrative reasons for case closure. Studies have noted discrepancies between self-reported and administrative reasons for case closure, with survey respondents indicating work-related reasons being more important than the administrative data suggest.[12] Participants do not always disclose to the welfare agency that they have found employment, and this could be one reason for the discrepancy between these data sources.

Work and higher income were the most commonly reported reasons for leaving welfare. Close to 35 percent of the leavers said that they went off welfare because they got a job or their income was too high to keep them eligible for welfare. The survey also shows that about 13 percent of the leavers left because of not complying with agency requirements. Changes in house

[11]Since we do not have demographic or employment information for the entire 1996 and 1998 caseload, it is not known how the leavers compare with the other adults on the caseload. For example, it is unclear whether employment went up for the adults in the caseload or just among the leavers.

[12]Coulton, et al., 2000; Loprest and Acs, 2001.

hold composition (for example, youngest child turning 18, marriage, moving in with partner or family) also accounted for some to go off welfare. Eleven percent of the respondents reported that changes in family composition made them ineligible for benefits. Another 16 percent reported that they went off welfare because they no longer wanted or needed to receive welfare, felt it was too much of a hassle, or felt that their welfare benefit was not high enough to continue receipt of benefits.

Chapter 3

From Welfare to Work: Employment Experiences, Job Characteristics, and Barriers to Work

Since a key goal of welfare reform is to reduce welfare dependency by increasing work, this chapter takes a look at the rate at which welfare leavers rely on work and earnings after they move off the welfare rolls. Chapter 2 suggests that the pre- and post-CalWORKs leavers differed in terms of their pre-exit employment experiences; post-CalWORKs leavers were somewhat less disadvantaged with respect to their pre-exit employment experiences.

- The chapter draws on administrative records for both cohorts and begins by looking at:
- the proportion of welfare leavers working in jobs covered by California's unemployment insurance (UI) system in the quarters following the quarter of exit;
- differences in post-exit employment-related outcomes for the 1996 and 1998 exit cohorts;
- the levels of quarterly earnings for those individuals who worked after leaving welfare; and
- the patterns of employment and earnings for subgroups defined by demographic characteristics available through administrative records, prior work history, and welfare history in the year preceding the exit.

Follow-up survey data are used to supplement the administrative records analysis and to address a number of additional questions related to leavers' job characteristics and the obstacles to work presented in this group.

Findings in Brief

- Women exiting cash assistance in 1998 were more successful in finding and keeping work than were those who left welfare in 1996.
- The 1996 and 1998 leavers generally had low earnings and little earnings growth in their first year off cash assistance and no improvement was seen in this regard.
- Less than half of the leavers worked steadily in the year following exit. Those who worked steadily after leaving were not earning enough to move their families above the poverty threshold if they were relying exclusively on their own earnings.
- Women with less than stable work history were more likely to report multiple barriers to work.

Employment and Earnings

Employment for the 1996 and 1998 cohorts is determined from the UI wage records filed by employers with the State. Women are considered employed if they have at least $100 in earnings in the quarter. Medians are reported instead of means because of a few cases with very high earnings.[13] Medians are not affected by these possibly extreme values.

Table 3.1 shows employment rates for the sample during the four quarters of follow-up, beginning with the first full quarter in which the entire cohort could have been off assistance. Employment rates for the 1998 leavers were higher than the 1996 leavers in all four quarters. In the first quarter after exit, 48 percent of the 1998 exit cohort was employed compared with 40 percent of the 1996 exit cohort. By the fourth quarter after exit, the employment rates remained higher for the 1998 exit cohort, standing at 47 percent according to official wage records.[14] Overall, about 59 percent of the 1998 leavers and 52 percent of the 1996 leavers worked at least one quarter in the year after leaving welfare. However, as shown in Table 3.1, quarterly employment rates for both cohorts were much lower than their respective "ever employed" rates. This suggests that former recipients experienced a fair amount of job turnover and unemployment, raising important questions about their ability to support themselves and their families on earned income alone once they have exhausted their five year limit on TANF.

Steadiness of employment also rose between 1996 and 1998, as shown in the lower panel of Table 3.1. The proportion of leavers who worked all four quarters increased from 1996 to 1998. Among the 1998 exit cohort, 34 percent of the women worked all 4 quarters, compared to approximately 28 percent achieving this stability among the 1996 cohort. The proportion who were never employed, or worked zero quarters, over the entire year after exit also fell by about 7 percentage points, from 48 percent in 1996 to 41 percent in 1998.

The median quarterly earnings of those who worked are presented in Table 3.2. In the first quarter after exit, the median earnings for employed 1998 leavers was $3,286, about $271 higher than the median earnings for the 1996 leavers. By the fourth quarter after the quarter of exit, the median quarterly earnings for 1998 leavers increased compared to the 1996 leavers. For both cohorts, however, there was little evidence of earnings growth in the four quarters of follow-up.[15]

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[13]Median earnings are calculated based only on those women who were employed in the quarter.

[14]Official wage records typically miss some types of employment such as self-employment and unreported wages paid in cash. Thus, these are lower bound estimates on employment rates.

[15]Earnings for both cohorts are presented in 1998 dollars; the conversion was made using the consumer price index. As will be discussed later, employment rates were considerably higher in the survey: 82 percent of survey respondents reported working since the time of exit, and nearly 62 percent were employed at exit.

Table 3.1

Post-Exit Employment Experience for Pre- and Post-CalWORKs Leavers

Los Angeles Count

	Recipients Who Left Welfare in:		
Outcome	**Quarter 3 1996 (Pre-CalWORKs Leavers)**	**Quarter 3 1998 (Post-CalWORKs Leavers)**	**Difference**
Employment (%)			
1 quarter after leaving welfare	40.1	47.6	7.5
2 quarters after leaving welfare	39.0	46.1	7.1
3 quarters after leaving welfare	40.4	46.7	6.3
4 quarters after leaving welfare	40.9	46.8	5.9
Ever employed, quarters 1 - 4 post-exit (%	51.6	59.1	7.5
Quarters employed after exit (%)			
0 quarters employe	48.4	40.9	-7.5
1 quarter after leaving welfare	7.6	8.4	0.8
2 quarters after leaving welfare	7.3	7.6	0.3
3 quarters after leaving welfare	8.6	9.0	0.4
4 quarters after leaving welfare	28.1	34.2	6.1
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS and Employment Development Department Unemployed Insurance records.

Table 3.2

Post-Exit Earnings and Earnings Growth for Employed Pre- and Post-CalWORKs Leavers

Los Angeles County

Outcome	Recipients Who Left Welfare in: Quarter 3 1996 (Pre-CalWORKs Leavers)	Quarter 3 1998 Post-CALWORKs Leavers)	Difference
Median Quarterly Earnings ($)			
1 quarter after leaving welfare	3,015	3,286	271
2 quarters after leaving welfare	2,929	3,053	124
3 quarters after leaving welfare	3,043	3,312	269
4 quarters after leaving welfare	3,084	3,314	230
Quarterly Earning Ranges (1998 dollars)			
1 quarter after leaving welfare (%)			
$100 - $999	17.3	14.7	-2.6
$1,000 – $1,999	16.1	14.4	-1.7
$2,000 – $2,999	16.5	16.0	-0.6
$3,000 – 3,999	16.0	17.4	1.5
>= $4,000	34.2	37.6	3.4
2 quarters after leaving welfare (%)			
$100 - $999	17.6	14.8	-2.8
$1,000 – $1,999	16.1	15.7	-0.3
$2,000 – $2,999	17.4	18.2	0.8
$3,000 – 3,999	15.4	17.9	2.5
>= $4,000	33.5	33.3	-0.2
3 quarters after leaving welfare (%)			
$100 - $999	15.6	13.5	-2.1
$1,000 – $1,999	17.0	14.6	-2.4
$2,000 – $2,999	16.6	16.0	-0.6
$3,000 – 3,999	16.1	17.5	1.4
>= $4,000	34.6	38.3	3.7
4 quarters after leaving welfare (%)			
$100 - $1,000	16.4	13.8	-2.6
$1,000 – $1,999	15.3	14.5	-0.8
$2,000 – $2,999	16.6	16.1	-0.6
$3,000 – 3,999	15.6	16.5	0.9
>= $4,000	36.0	39.0	3.0
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California's Employment Development Department Unemployed Insurance records.

NOTE: Median earnings are presented for those who were employed.

Table 3.2 also shows the proportion of employed leavers who achieved various earnings ranges. The group earning more than $4,000 is of particular interest because they have a good chance of maintaining a family above the poverty line solely on their own earnings. While the percent above this level varies by quarter, there was little improvement between 1996 and 1998. The highest percentage earning more that $4,000 per quarter occurs in the fourth quarter after exit and it is 36 and 39 percent for the 1996 and 1998 leavers.

Outcomes for Subgroups

Pre-exit work experience and length of time on welfare were used to define sub-groups for this analysis. The purpose of examining these subgroups was to determine whether they differed in their employment outcomes and whether the patterns of change from 1996 to 1998 differed by subgroup. In Table 3.3, three employment outcomes are examined by subgroup: The proportion of women employed in the first quarter after exit; the median quarterly earnings in the first quarter; and the proportion of women who were employed in all four quarters after exit.

In the top half of the table, subgroups are defined based on the number of quarters women worked in the year before leaving welfare. Working while on welfare appears to be positively associated with the three employment outcomes examined in this analysis. It can be seen that employment rates are higher in the first quarter after exit for women who worked more quarters before leaving cash assistance. Employment rates in the first quarter after exit remained more or less unchanged between 1996 and 1998 for the prior employment sub-groups.

Looking at employment stability in the year off cash assistance reveals the same relationship between work history and post-exit employment rates. An examination of the proportion of each sub-group that worked all four quarters after exit suggests that those who worked while on welfare are better able to hold steady jobs after leaving. For example, leavers who worked four consecutive quarters before going off cash assistance were likely to remain employed in all four quarters after exit and this rate was quite similar in 1996 and 1998.

With respect to earnings, it can be seen in Table 3.3 that the amount of pre-exit work experience also is associated positively with post-exit earnings. The sub-group that did not work in the four quarters prior to exit had median earnings between $1,500 and $1,600, and the group that worked four quarters prior to exit had median earnings between $3,719 and $3,862. Further, inflation adjusted median earnings generally improved between 1996 and 1998. The sub-groups that experienced some increase in earnings from 1996 to 1998 included women who had no employment quarters while on welfare, those who worked two or three previous quarters, and those who worked all four quarters before exit.

The bottom half of Table 3.3 examines earnings and employment outcomes for subgroups defined on welfare receipt in the 12 months prior to exit. Respondents were grouped into one of three prior welfare receipt groups ranging from short-term welfare receipt (under 4 months) to longer welfare receipt (9 to 12 months of receipt). It appears that employment rates and duration of employment improved between 1996 and 1998 for all subgroups. In both years,

Table 3.3

Post-Exit Outcomes for Pre- and Post-CalWORKs Leavers, by Work and Welfare

Los Angeles

Outcome	Recipients Who Left Welfare in: Quarter 3 1996 (Pre-CalWorks Leavers)	Quarter 3 1998 (Post-CalWorks Leavers)	Difference
Previous work experience subgroups			
Employed in 1st quarter after exit (%)			
No work previous 4 quarters	13.9	14.6	0.7
Work 1 previous quarter	54.0	52.5	-1.5
Work 2 previous quarters	61.6	65.6	4.0
Work 3 previous quarters	75.0	74.5	-0.5
Work 4 previous quarters	87.4	88.8	1.4
Employed all 4 quarters after exit (%)			
No work previous 4 quarters	7.1	7.5	0.4
Work 1 previous quarter	35.7	32.7	-3.0
Work 2 previous quarters	41.2	44.0	2.8
Work 3 previous quarters	56.0	55.2	-0.8
Work 4 previous quarters	71.2	73.0	1.8
Median earnings 1st quarter after exit			
No work previous 4 quarters	1,503	1,592	89
Work 1 previous quarter	2,821	2,828	7
Work 2 previous quarters	3,091	3,205	114
Work 3 previous quarters	3,286	3,356	70
Work 4 previous quarters	3,719	3,862	142
Prior welfare receipt subgroups			
Employed in 1st quarter after exit (%)			
0 to 4 months of prior welfare receipt	27.6	33.6	6.0
5 to 8 months of prior welfare receipt	35.7	40.8	5.1
9 to 12 months of prior welfare receipt	41.8	50.0	8.2
Median earnings 1st quarter after exit (%)			
0 to 4 months of prior welfare receipt	2,722	2,399	-323
5 to 8 months of prior welfare receipt	3,166	2,843	-323
9 to 12 months of prior welfare receipt	3,024	3,371	347
Employed all 4 quarters after exit (%)			
0 to 4 months of prior welfare receipt	18.9	21.0	2.1
5 to 8 months of prior welfare receipt	25.8	27.5	1.7
9 to 12 months of prior welfare receipt	29.2	36.5	7.3
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS and Employment Development Department Unemployed Insurance records.

the employment rates are somewhat lower for women with short welfare durations than for those women with durations that were moderate. The effect of welfare duration on median earnings and steadiness of employment is linear, for the most part.

Job Characteristics, Child Care, and Barriers to Work

Up to this point, this chapter has focused on comparing employment rates and earnings for the pre- and post-CalWORKs leavers. The comparative analysis of the two groups of leavers, which relied on administrative records, provided no information on the kinds of jobs leavers take, the hours they work, their hourly earnings, or other job-related details. This section turns to the follow-up survey to describe exactly those questions. This section will also describes the child care arrangements used by leavers who worked at any period after exit. The section ends by looking at a selected number of barriers to work. As a reminder, the follow-up survey was conducted with a sample of the 1998 leavers only, precluding any comparisons with pre-CalWORKs leavers.

First, as a way of clarification, employment rates found in surveys tend to be higher than those based on official wage records because respondents include some jobs that are not reported to state's UI system. Based on the follow-up survey, 82 percent of the TANF leavers reported that they had worked at some point since they went off welfare in third quarter of 1998; 10 percent of this group indicated that they had worked "off the books" during this period.[16]

Table 3.4 presents selected jobs characteristics of the current or most recent job held by survey respondents who worked at some point since they went off welfare in 1998. In general, employed former TANF recipients worked an average of 34 hours a week. Close to 72 percent of those who worked, were working full-time, or over 30 hours per week; twenty-eight percent worked part-time. Ten percent of the working respondents worked in regular "non-daytime" shifts, evening and nights.

An important indicator of job quality is the availability of employer-provided benefits such as health insurance, vacation days, and investment in education and training. Research on this population suggests that leavers are less likely to be in jobs that provide health insurance and other benefits. Since a number of these studies follow leavers for about a year after exit, it is possible that the new hired leavers are not yet eligible for employer-provided benefits. It is also possible that former recipients may decline employer-provided health benefits because of the cost of purchasing health care coverage or because they are eligible for other plans such as Medi-cal. The second panel of Table 3.4 shows that 54 percent of the respondents reported that their employer provided health insurance coverage. Fifty-one percent of those with this coverage were actually enrolled.

[16]Also keep in mind that the survey was conducted between 12 and 22 months after individuals' welfare exit in 1998. The administrative records employment rates are based on four quarters of post-exit follow-up. Thus, the survey- and UI-based measures of employment are not exactly comparable.

Table 3.4

Selected Characteristics of Current or Most Recent Job for Post-CalWORKs Leavers

Los Angeles County

Characteristics	Quarter 3 1998 (Post-CalWORKs Leavers)
Average number of hours worked per week	34.0
Works full time (%)	71.8
Works part time (%)	28.2
Average earnings per hour ($)	8.4
Average earnings per week ($)	284
Employer-provided benefits (%)	
Job has sick/personal days with pa	47.4
Job has paid vacation	52.3
Job has health/medical insurance for responden	54.3
Among those whose job has insurance, enrolled in job health plan (%)	51.1
Job offers training classes or tuition reimbursment (%)	17.9
Work schedule (%)	
Regular daytime shift	58.1
Regular evening shift	5.6
Regular night shift	4.5
Other (irregular, rotating, or split shift)	31.8
Commutes to work (%)	
Average commute (minutes)	27.6
Drives own car	49.0
Drives someone else's car	7.1
Gets a ride with someone	13.6
Uses public transportation	23.7
Walks	7.6
Works at home	5.6
Sample size	198

SOURCE: Calculations from the follow-up survey.

Employed respondents were earning an average of $8.40 an hour. The median hourly wage was $7.50 and close to 18 percent of those who worked reported earning below the minimum wage.[17] About 17 percent reported earning above $11 an hour. These wage rates are higher than those reported for employed leavers in Arizona, Washington state, and the District of Columbia.

Although not shown in the table, the current or most recent jobs held by the survey respondents are concentrated in service and retail industries with a greater number of entry-level jobs. Those in jobs with administrative and support staff roles were likely to be earning higher hourly wages and more likely to be in jobs that provided health insurance coverage.

Child Care

Since the typical leaver in this study is a young mother with one or more children and the fact that most leavers expected to leave welfare for work, the survey asked respondents a series of questions about child care, particularly as it relates to some or all of the children in the household. Although child care problems pose a barrier to work for some leavers, the discussion in this section focuses on the child care arrangements and the help that families receive to provide child care.

Table 3.5 presents information on child care arrangements for sample members who worked at some point after leaving welfare. Of the 240 survey respondents, 161were living with a child or grandchild under the age of 13 years and had worked one or more quarters after leaving welfare. Eighteen percent of this group indicated that they had received some form of assistance from either a government agency or some other source to pay for child care costs since they had gone off welfare.[18] Fifteen percent of the sample members were receiving help with child care payments at the time of the survey interview. Respondents who had worked all four quarters after exit were more likely to have received some assistance with child care payments. The survey also examined whether children in this age group tended to care for themselves as a result of their mothers' employment-related activities. Nine percent of the households with children under 13 years reported that their children have taken or themselves on a regular basis.

Given the relatively high levels of employment among the leavers, it is surprising that only about 18 percent of the leavers had received some form of help with child care payments since the time they went off welfare. It is unclear from this analysis whether employed leavers are aware of their eligibility for child care services under CalWORKs. Further, this study cannot tell whether families are having trouble finding quality child care for their children, or whether they are opting to rely on informal help (i.e., relatives and other family members) to care for their children. Clearly, a small proportion of welfare leavers' children are taking care of themselves, which raises questions about safety and concerns about unsupervised care for these children.

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[17]Median hourly wages, as reported in survey data for eight of the ASPE-funded welfare leavers studies, ranged from $6.50 to $9.00 an hour (Isaccs, 2001).

[18]DPSS staff continually inform current and former recipients about the availability of child care services and refer those interested to the Resource and Referral agency for help in locating a child care provider (internal communication).

Table 3.5

Child Care Arrangements, by Post-Exit Employment

Los Angeles Count

Outcome	Did Not Work Post-Exit	Worked 1-3 Quarters Post-Exit	Worked 4 Quarters Post-Exit
Any child under age 13 [a]			
Received help for paying child care costs (since benefits ended) (%)	10.9	10.5	30.0
Currently receiving any help for paying child care costs (%)	9.4	10.5	22.9
Some or all children take care of themselves on a regular basis, even for small amounts of time	7.8	10.5	8.6
Sample Size	64	57	70

SOURCE: Calculations from the follow-up survey.

NOTE: This analysis applies to respondents who worked at least one quarter after exit and had at least one child under age 13.

Employment Barriers

To what extent do former recipients report major barriers to work?

Existing research has identified several individual level characteristics that present significant barriers to work among low-income mothers. Zedlewski (1999), for example, identifies six obstacles to work among welfare recipients: a less than high school education, no work experience and most recent employment being three or more years ago, responsibility for child under age one, responsibility of a child receiving SSI, poor physical and mental heath, and limited English language proficiency. Danziger, et. al (2000) identify fourteen barriers that could impede recipients' transition from welfare to work. Grouped into five domains, the barriers include: low education, work experience, jobs skills, and workplace norms; perceived discrimination; transportation problems; psychiatric disorders and substance abuse; physical health problems; and domestic violence.

In this study, we use the follow-up survey data to examine the prevalence of five potential barriers to work: lack of high school education, no employment in the year prior to exit, a physical or mental condition limiting work for the respondent, a child health problem, and general child care problems. Table 3.6 presents the prevalence of these barriers among the survey sample. The column labeled "all leavers" presents the percent of the survey sample reporting a barrier. Several interesting findings emerge. First, although high levels of employment are evident among the leavers in this study, a large number of survey respondents reported the presence of individual and family characteristics that present significant challenges to work. Overall, about 42 percent of all leavers had less than a high school degree (compared to 12.7 percent of the national female population in ages 18-54), and about 39 percent of the sample had not worked in "UI-covered" jobs in the year prior to leaving welfare. One in four survey respondents reported experiencing a child care problem that limited their participation in a work-related activity. About 10 percent of the sample was caring for a child with health problems.

Prevalence of barriers is also shown in the table for sample members who did not work in the year after leaving welfare, worked less than four quarters, or worked all four quarters after exit. When post-exit work status is taken into account, it appears that former recipients who had worked steadily in the first four quarters after leaving welfare were less likely to report the barriers examined here. Individuals who did not work in the follow-up period were more likely to indicate the presence of a physical or mental condition that limited their ability to engage in work or education-related activities. Child care problems also appear to be a prominent concern for those who did not work or those with less steady employment in the first four quarters after leaving welfare.[19]

[19]It is beyond the scope of this study to sort out the relationship between child care and employment status. On one hand, child care concerns could keep women from going to work. It is also possible that child care emerges as a bigger concern for mothers when they do find work.

Table 3.6

Barriers to Work for Post-CalWORKs Leavers, by Post-Exit Employment

Los Angeles County

Employment Barriers	All Leavers	Did not work	Worked 1-3 Quarters Post-Exit	Worked All 4 Quarters
Less than high school educatio	42.1	54.4	39.4	33.3
Didn't work in year prior to benefit termination	38.8	79.7	33.8	6.7
Physical or mental conditio that limits kind or amount of work, or education (respondent)	16.7	27.8	14.1	8.9
Child health problems (ill, disabled, or has condition that limits respondent from working)	9.6	10.1	12.9	6.4
Child care problems	24.1	29.7	29.8	14.3
Multiple Barriers (%)				
None	27.5	7.6	22.5	48.9
1	36.3	24.1	46.5	38.9
2 or more	36.3	68.4	31.0	12.2
Sample size	240	79	71	90

SOURCE: Calculations from the follow-up survey.

Research also suggests that the combination of barriers could present greater challenges to getting and keeping employment than the presence of any one problem. For example, the lack of a high school diploma by itself may not constitute a barrier to work, but the presence of multiple problems reduces the opportunities for employment. The second panel of Table 3.6 shows the percentage of former recipients reporting none, one, or two or more of the five barriers to work examined here. Consistent with other research, multiple barriers are common among former recipients: 73 percent of the survey sample reported having at least one barrier. Respondents who worked all four quarters were less likely to report any barrier to work, and those who did not work in the period of analysis, were more likely to report multiple barriers. These findings of prevalence of barriers have implications for service delivery, as well as raise concerns about the employment prospects of former recipients faced with these conditions.

Chapter 4

Welfare Recidivism and Food Stamp and Medi-Cal Receipt

One sign of an unsuccessful transition off welfare is a return to welfare. The existing literature on welfare dynamics suggests that a number of factors influence how long former recipients are able to stay off welfare. Characteristics such as an individual's education level, work history, physical and health status, and access to networks are all factors that have been shown to be associated with welfare dependence. Individuals with the greatest barriers to employment are considered most likely to return to welfare after relatively short spells off welfare.

The analysis presented in Chapters 2 and 3 raise some concerns about leavers' ability to stay off welfare in the long-term. For example, less than half of the pre- and post-CalWORKs leavers worked steadily in the year after going off welfare; further, a significant portion of both groups did not work at all during the follow-up period. This chapter examines the rate at which former recipients return to cash assistance within a year of leaving welfare and how long, on average, they stay off assistance. Patterns of Food Stamp receipt and Medi-Cal coverage for these groups are examined as well. Whether program participation varies for subgroups defined by prior work and welfare is also explored.

Findings in Brief

- Welfare recidivism rates were higher among the pre-CalWORKs leavers. Forty-four percent of the pre-CalWORKs leavers returned to cash assistance within a year after exit, compared to 31 percent of the post-CalWORKs leavers.
- Those returning on welfare were less likely to have worked steadily after leaving welfare and were more dependent on government supports.
- There was a marked increase between 1996 and 1998 in the rates of participation in Medi-Cal in the month after exit and the 12-month follow-up point. However, participation rates in Food Stamps remained relatively low despite the low earnings reported for these groups.

Welfare Recidivism

The number and percent of the adult leavers that subsequently returned to welfare is presented in Table 4.1. In each of the four quarters after exit, individuals are counted as receiving assistance if they were active recipients for one or more months in the quarter. It is important to note that the Los Angeles leavers population is defined to include individuals who were off cash assistance for two consecutive months. Recidivism rates would be higher if the study population were defined to include one-month exits.

Table 4.1

Welfare Receipt in Four Quarters After Exit for Pre- and Post-CalWORKs Adult Leavers

Los Angeles Count

	Recipients Who Left Welfare in:		
Outcome	**Quarter 3 1996 (Pre-CalWORKs Leavers)**	**Quarter 3 1998 (Post-CalWORKs Leavers)**	**Difference**
Receiving cash assistance (%)			
1 quarter after leaving welfare	26.5	14.3	-12.2
2 quarters after leaving welfare	34.2	22.8	-11.4
3 quarters after leaving welfare	34.6	24.1	-10.5
4 quarters after leaving welfare	34.6	25.5	-9.1
Ever received cash assistance, quarters 1-4 post-exit (%)	43.8	31.5	-12.3
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS files.

Two measures of post-exit welfare receipt are presented in Table 4.1 The top part of the table shows quarterly welfare receipt rates for the four quarters after exit. Because some people leave welfare and return, the second half of the table shows the welfare receipt rate for the one-year of follow-up. Looking at the top panel, approximately 26 percent of the pre-CalWORKs leavers returned to welfare within one quarter of leaving, compared to 14 percent of the post-CalWORKs leavers. Over the four quarters of follow-up, welfare recidivism was 10 percentage points higher for the pre-CALWORKs leavers than the post-CalWORKs leavers. Within exit cohorts, welfare return rates increased by about 8 percentage between the first and second quarters after exit, and following that, the increase in return rates was extremely small.

When welfare receipt for all four quarters after the quarter of exit is examined (second panel), 44 percent of the pre-CalWORKs and 31 percent of the post-CalWORKs received welfare for at least one month during the four quarters of follow-up. Welfare recidivism among the pre-CalWORKs leavers was about 12 percent higher than the later group of leavers. It should be noted that no women in these cohorts reached either the work-trigger or lifetime time limit, which is 5 years, during the follow-up for this study. As noted in the introduction, at the time limit, only the adult's portion of the case is cancelled, and the children on the case can continue to receive welfare.

Although reasons for leaving cash assistance could not be ascertained using agency administrative records, the follow-up survey provides some information on why people return to welfare. Survey respondents were asked to provide their reasons for returning to welfare, and they were allowed to provide more than one reason for the return. The most commonly reported reason was job related, and 19 percent of those who returned said that they were out of a job and decided to apply for welfare. Eleven percent indicated that their income was too low. Changes in household composition were also cited as a factor leading people back on welfare; from the responses, it is hard to sort out the kind of household changes that were leading the people back on welfare.

Table 4.2 examines post-exit employment differences between adults who remained off welfare for 12 consecutive months versus adults who came back on welfare for at least one month during the 12-month follow-up period. It should be noted that in this analysis the 12-month period for each sample members begins with the first month off welfare and ends after 12 months have elapsed. Thus, individuals whose first month off welfare was July, 1996 are classified as not returning to welfare if they were off every month through June, 1997.

First, looking at those who returned to welfare, the percent never employed is about the same in the pre- and post-CalWORKs leavers; among the possible explanations for women who were not employed remaining off of welfare are that they could be working outside the "formal" employment system or may be supported by husbands or other family members. Further, the percent employed one or more quarters is also the same across the two exit cohorts. Despite the similarities in employment levels across the cohorts, median quarterly earnings declined from 1996 to 1998. This suggests that the latter cohort of leavers were more likely to be employed in low-wage jobs.

Table 4.2

Characteristics of Those Who Did/Did Not Return to Cash Assistance

Los Angeles County

Outcome	Recipients Who Left Welfare in: Quarter 3 1996 (Pre-CalWORKs Leavers)	Quarter 3 1998 (Post-CalWORKs Leavers)	Difference
Adult Leavers returning to cash			
Never employed (%)	48.2	45.4	-2.8
Employed one quarter (%)	10.6	12.7	2.1
Employed two quarters (%)	9.4	10.7	1.3
Employed three quarters (%)	10.1	10.2	0.1
Employed four quarters (%)	21.7	21.0	-0.7
Median quarterly earnings $	1,837	1,794	-43
Ever on Food Stamps (%)	62.9	72.6	9.7
Ever on Medicaid (%)	98.2	99.6	1.4
Total Number of Adults Returning	5,330	4,726	-604
Adult leavers not returning to cash			
Never employed (%)	48.5	38.8	-9.7
Employed one quarter (%)	5.3	6.4	1.1
Employed two quarters (%	5.7	6.1	0.4
Employed three quarters (%)	7.3	8.4	1.1
Employed four quarters (%)	33.1	40.3	7.2
Median quarterly earnings ($)	3,231	3,310	79
Ever on Food Stamps (%)	12.0	16.6	4.6
Ever on Medicaid (%)	38.3	89.0	50.7
Total number of adults not returning	6,829	10,261	3,432
Total Number of Adult Leavers	12,159	14,987	

Among those who stayed off welfare, levels of employment changed between 1996 and 1998. The percentage of women never employed fell, and the percent working in all four quarters was clearly associated with not returning to welfare in both cohorts. The most notable difference between 1996 and 1998 is in the large group of individuals who did not return to welfare and maintained steady employment. Forty percent of the 1998 leavers and 33 percent of the 1996 leavers who stayed off welfare all year had employment for all four quarters. Consistent with the positive trends in employment rates and stability, are the earnings figures for women staying off of welfare. Their median quarterly earnings increased from 1996 to 1998.

An additional important finding is that the percent of women who stayed off welfare but received Medi-Cal rose by approximately 51 percentage points between 1996 and 1998. Thirty-eight percent of the pre-CalWORKs leavers who did not return to welfare in the four quarters of follow-up received Medi-Cal benefits, compared to 89 percent of the post-CalWORKs leavers. Federal and state laws related to cash assistance and health coverage changed between these two time periods and could have resulted in some of the differences noted above. Further, adults leaving welfare could be ineligible for Medi-Cal if they have high earnings or if they have some other form of health coverage. Leavers could also be unaware of Medi-Cal's eligibility rules and believe that they do not qualify for these benefits.

Food Stamp receipt rates remained very low for the group that remained off welfare, and this pattern is consistent across the 1996 and 1998 leavers. This is consistent with the overall Food Stamp participation trend for caseloads and welfare leavers.

Table 4.3 examines recidivism rates for subgroups based on pre-exit employment history and welfare receipt duration. The sub-groups are defined by their number of pre-exit employment quarters in the previous year and the percent of the year prior to exit that they had spent on welfare. It should be noted that the focus of this table differs from 4.2 in which post-exit outcomes were examined. As shown in Table 4.3, recidivism rates were the highest for women with no work experience in the year prior to exit. Women, who had worked all four quarters prior to exit were less likely to return, compared to those who had one to three quarters of work experience. Recidivism rates for the pre-CalWORKs leavers were higher compared to the post-CalWORKs leavers for all subgroups based on prior work history, although the decline was greatest among those who worked all four quarters prior to exit.

Generally, longer pre-exit welfare durations show the expected, linear relationship with recidivism rates for the pre-CalWORKs leavers. Recidivism rates were lower in 1998 than in 1996 for all prior welfare sub-groups.

Table 4.3

Recidivism Rates, by Prior Employment and Welfare Histor

Los Angeles Count

Outcome	Recipients Who Left Welfare in: Quarter 3 1996 (Pre-CalWORKs Leavers)	Quarter 3 1998 (Post-CalWORKs Leavers)	Difference
Prior work history subgroups			
Returning to cash assistance within one year (%)			
No work previous four quarters	45.8	37.4	-8.4
Work 1 previous quarte	43.5	34.6	-8.9
Work 2 previous quarters	43.6	31.5	-12.1
Work 3 previous quarters	42.0	27.6	-14.4
Work 4 previous quarters	38.3	20.3	-18.0
Prior welfare history subgroups			
Returning to cash assistance within one year (%)			
0 - 4 months of prior welfare receip	34.8	30.4	-4.4
5 - 8 months of prior welfare receip	41.1	34.7	-6.4
9 -12 months of prior welfare receip	44.8	31.1	-13.7
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS Files and Employment Development Department Unemployed Insurance records.

Food Stamp and Medi-Cal Receipt

As noted earlier, welfare leavers are eligible for other noncash assistance to help support their transition off welfare. To a large extent, these benefits are available to those who qualify because of low income. Important questions for public policy arise about the extent to which low-income families and former welfare recipients rely on these transition supports, and the role that these noncash supports play in helping people transition off welfare. This section draws on administrative records data to examine the use of two such government supports: Food Stamps and Medi-Cal. The survey findings presented in Chapter 5 will inform us about the extent to which former recipients draw on other forms of assistance.

Until the passage of PRWORA, cash assistance and Medi-Cal were linked, and families receiving cash welfare were automatically eligible for Medi-Cal. The link between Medi-Cal and cash assistance was severed with PRWORA, an attempt to assure that TANF rules would not disrupt people's ability to continue Medi-Cal coverage. California, however, decided to maintain the link between Medi-Cal and CalWORKs, and recipients are automatically eligible for Medi-Cal. Welfare recipients leaving cash assistance can keep their medical assistance through several specific Medi-Cal programs. Most families leaving CalWORKs automatically receive Medi-Cal for a minimum of one month until their eligibility for Transitional Medi-Cal (TMC) or any other Medi-Cal program is determined.[20] If the family cannot be located or does not comply with necessary procedures within 30 days, their Medi-Cal benefits are terminated.

Although Food Stamp receipt was not officially tied to cash assistance, both programs were administered by the same entity. There is growing evidence from national studies that participation in Food Stamp and Medi-Cal programs has dropped dramatically since welfare reform was implemented. Although most families with income below 130 percent of poverty are eligible to receive some amount of Food Stamps, evidence suggests that former recipients with income below the poverty level are not utilizing these benefits.[21] The maximum Food Stamp benefit for a single parent, working a minimum wage is $260, making Food Stamps a significant income supplement for families transitioning from welfare to work (Zedlewski and Brauner, 1999).

Los Angeles County's leavers' retention of Medi-Cal and Food Stamps benefits in the four quarters after exit is presented in Table 4.4. Overall, the percent of the leavers retaining Food Stamps increased slightly from 1996 to 1998.[22] Although the increase in retention of benefits is in the positive direction, participation in Food Stamps is lower than would be expected given the low earnings of the welfare leavers. Twenty-eight percent of the 1998 leavers received Food Stamps in the first quarter after leaving cash assistance, and 36 percent of the 1998 leavers kept their Food Stamps. By the end of the four quarters of follow-up, 27 percent of

[20]This coverage is assured as a result of the court case Edwards v. Kizer.

[21]Los Angeles County is currently conducting outreach efforts to increase the distribution of Food Stamp benefits among non-CalWORKs populations.

[22]Cancian, et al., (2000) also found an increase in the take-up rates of Food Stamps and Medicaid between the 1995 and 1997 cohorts of welfare leavers. However, consistent with this study, they show a steady decline in the proportion of the leavers cohorts receiving Food Stamps or Medicaid over time. For California, the income cut-off for CalWORKs and Food Stamps is very close, so most participants who lose eligibility because of earnings are no longer eligible for Food Stamps.

Table 4.4

Post-Exit Food Stamp and Medi-Cal Receipt for Pre- and Post-CalWORKs Leavers

Los Angeles Count

Outcome	Recipients Who Left Welfare in: Quarter 3 1996 (Pre-CalWORKs Leavers	Quarter 3 1998 (Pre-CalWORKs Leavers	Difference
Food Stamp receipt (%)			
1 quarter after leaving welfare	28.4	35.7	7.2
2 quarters after leaving welfare	27.8	33.9	6.1
3 quarters after leaving welfare	27.3	32.4	5.1
4 quarters after leaving welfare	26.9	31.7	4.8
Ever received Food Stamps, quarters 1-4	34.3	34.2	-0.1
Medi-Cal receipt (%)			
1 quarter after leaving welfare	55.1	90.3	35.2
2 quarters after leaving welfare	44.1	89.9	45.8
3 quarters after leaving welfare	43.1	89.0	45.9
4 quarters after leaving welfare	42.3	87.8	45.5
Ever received Medi-Cal, quarters 1-4	64.6	92.4	27.8
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS Files and County Food Stamp payment data.

the 1996 leavers were receiving Food Stamps, compared to 32 percent of the 1998 leavers. Further, the rates of keeping Food Stamps benefits fell over the four quarters post-exit for both the exit cohorts.[23]

Unlike the national trend, post-exit Medi-Cal receipt for adults almost doubled between 1996 and 1998. In the first quarter after exit, 55 percent of the 1996 leavers and 90 percent of the 1998 leavers continued to be covered by Medi-Cal. By the fourth quarter of follow-up, 42 percent of the 1996 leavers and 88 percent of the 1998 leavers kept their Medi-Cal coverage. Participation in Food Stamps and Medi-Cal in the first and the last month of follow-up is presented in Table 4.5. (This analysis is different from the analysis presented in Table 4.4, which focuses on quarters post-exit). There was a marked increase between 1996 and 1998 in the rates of participation in Food Stamps and Medi-Cal in the month after exit from cash welfare. By twelve months off welfare, even more families were receiving Food Stamps or Medi-Cal.

[23]Los Angeles County is currently addressing the relatively low issuance of Food Stamps for this population.

Table 4.5

Post-Exit Food Stamp and Medi-Cal Participation for Adult Leaver

Los Angeles Count

	Recipients Who Left Welfare in:		
Outcome	**Quarter 3 199 (Pre-CalWORKS Leavers)**	**Quarter 3 1998 (Post-CalWORKs Leavers)**	**Difference**
Adult leavers 1st month after exit (%			
Neither Food Stamps nor Medi-Cal	12.	8.0	-4.0
Food Stamps Onl	2.	0.8	-1.8
Medicaid Onl	63.	56.8	-6.3
Both Food Stamps and Medi-Cal	22.4	34.4	12.
Adult leavers 12 months after exit (%)			
Neither Food Stamps nor Medi-Cal	9.4	6.0	-3.4
Food Stamps Onl	0.9	0.4	-0.4
Medicaid Onl	54.5	50.	-3.9
Both Food Stamps and Medi-Cal	35.2	43.	7.
Number of Adult Leavers	12,159	14,987	

SOURCE: Calculations from California MEDS and County Food Stamp payment data.

Chapter 5

Income and Well-Being

This section draws on the post-TANF follow-up survey data to examine a range of outcomes that could not be assessed with administrative records. The survey provides a fairly comprehensive picture of household income and poverty; it also provides an opportunity to examine a range of measures of family well-being, including information about housing and neighborhood quality, material hardships, food insecurity, and the use of various supports.

As noted in the introduction to this report, the follow-up survey was administered to 240 individuals – 62 percent of the sample who were contacted for the survey - who stopped receiving cash assistance in the third quarter of 1998; the 1996 leavers were not surveyed as part of this study. The survey interviews were conducted approximately 12 to 22 months following the exit, providing somewhat longer-term follow-up than the administrative records analysis for this group of leavers. Analyses presented here are cross-sectional depictions of the economic circumstances of a later cohort of leavers. As the survey data were gathered before any time limits were imposed, the findings offer limited information about how welfare reform (and time limits, for example) might affect the well-being of former recipients.

The questions addressed in this section include:

- What is the level of economic well-being of former recipients? What was their total family income in the month prior to the interview, including both the respondents' own income and the income of other adults in the household? What are their income sources?
- What types of hardship do respondents experience after leaving welfare? Do people experience multiple hardships?

Findings in Brief

- Transitioning off welfare is not the same as leaving poverty. Fifty-four percent of the households in which former recipients live reported incomes that fall under the poverty threshold.
- Reports of material hardship and use of other supports (such as Food Stamps, Medi-Cal, and Housing Assistance) are higher among those with less stable or no work history.

Income and Poverty

At the time of this interview, over half the sample (62 percent) reported that they were living in households that included other adults. Thirty-five percent of the sample was living with their children only. Eleven percent of the sample was married. To get a better understanding of

income and income sources available to former recipients, the Post-TANF survey asked sample members to report their families' income from all sources in the month prior to the survey interview. Income is calculated based on earnings, CalWORKs benefits, the dollar value of Food Stamp benefits, child support payments, Earned Income Credit refunds, Supplemental Security Income (SSI), and other income attributed to the respondent and other adults in the household.[24]

Table 5.1 presents income information for both respondents and other adults in the household. As shown in the table, average monthly household income for the leavers is $1,466, or about $17,592 annually. The second panel in Table 5.1 shows the proportion of respondents with income in different income ranges. Four percent of the survey sample reported that they had no income in the month prior to the survey interview. Thirty-six percent were residing in households where the average monthly income was under $1,000. Fifty-six percent of household income was a result of earnings. The remaining panels of Table 5.1 present information on the average income from various sources attributable to the respondent and other adults in the household. Clearly, earnings appear to be a prominent source of income.

Table 5.2 shows the percent of respondents and other adults in the household reporting the income sources examined here. Ninety-two percent of the respondents reported having one or more sources of income, and 63 percent reported earnings in the month of the survey interview. Nearly twenty-six percent of the respondents reported receiving welfare cash assistance, 8 percent reported income from SSI, and 11 percent received child support income. Thirty-six percent of the respondents were in households where another adult generated income, and based on the information presented in the second panel of this table, the income of other adults was more likely to be comprised of earnings.

To estimate the economic self-sufficiency of leaver households, each respondent's total household income in the month prior to the interview was compared to the U.S. poverty threshold for their family size to estimate the poverty rate for leavers. The poverty threshold for a family of three in 1999 was $13,880. At the time of the follow-up survey, an estimated 54 percent of the families leaving cash assistance were living in households with incomes below the poverty threshold. Twenty-three percent were living at above 151 percent of the poverty level. These poverty calculations are based on total household income, and poverty rates would be much higher if leavers' households were solely reliant on the respondents' earnings for support. When families at different levels of poverty are compared on their sources of income, it appears that families with income below the poverty level were more likely to have returned to welfare and were relying more heavily on public assistance than work (see Figure 5.1).

Local and national studies of welfare leavers have shown that former recipients rely on a number of government programs and supports to get by. Survey respondents were asked to report whether they received the following supports: Food Stamps, Medi-Cal, Housing Assistance, child support, SSI, and food from soup kitchens or charitable agencies. At least 81 percent of the respondents indicated that they had received at least one of these since going off welfare.

[24]Income was calculated for all respondents with non-missing income information and for those who provided within-range responses to each component of income. As a result of missing or partial data, income was calculated for 222 of the 240 respondents.

Table 5.1

Income and Income Sources for Post-CalWORKs Leavers

Los Angeles County

Characteristics	Quarter 3 1998 (Post-CalWORKs Leavers)
Household Income	1,466
Distribution of total monthly household income	
$0	4.1
$1-$999	35.6
$1,000-$1,999	36.0
$2,000-$2,999	14.9
$3,000 or more	9.5
Income from earnings (%)	56.2
Average respondent income ($)	
Total Income	1,010
Earnings	684
TANF	123
Food Stamps	68
Child suppor	23
SSI payments	47
Outside famil	32
Othe	32
Average income from others in the household ($)	
Total Income	456
Earnings	360
TANF	28
Food Stamps	4
Child suppor	0
SSI payments	30
Outside famil	1
Othe	33
Sample size	222

SOURCE: Calculations using the follow-up survey.

NOTE: Only those who had a nonmissing income information and in range value of each component of income were included in this analysis (N=222 .

Table 5.2

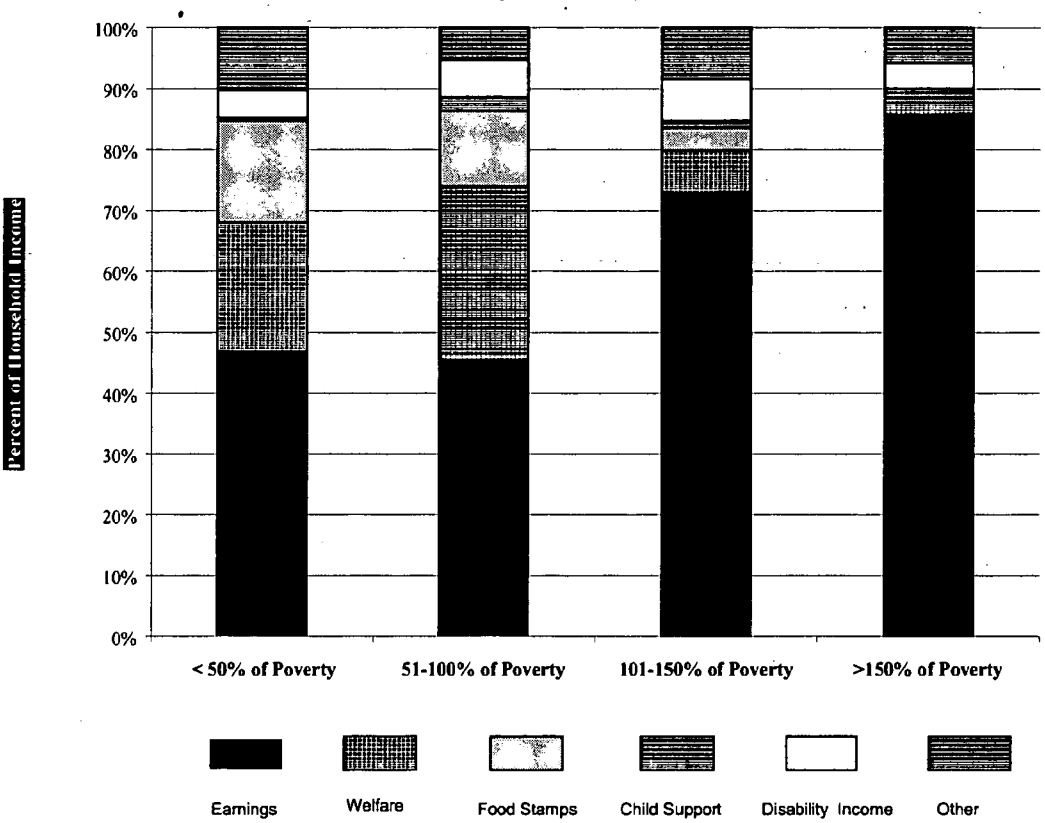
Household Members Receiving Income, by Source

Los Angeles County

Characteristics	Quarter 3 1998 (Post-CalWORKs Leavers)
Respondent (%)	
Total Income	92.3
Earnings	63.5
TANF	25.7
Food Stamps	34.2
Child suppor	10.8
SSI payments	8.1
Outside famil	8.1
Othe	8.1
Others in the household (%)	
Total Income	36.5
Earnings	24.3
TANF	6.3
Food Stamps	3.2
Child suppor	0.0
SSI payments	5.9
Outside famil	1.8
Othe	3.2
Sample size	222

SOURCE: Calculations from the follow-up survey.

Figure 5.1
Household Income Sources and Poverty at Follow-up Interview
Quarter 3 1998 Welfare Leavers
Los Angeles County



SOURCE: Calculations using the follow-up survey.

Figure 5.2 examines reliance on support services by the length of time respondents stayed off welfare during the study's follow-up period. Respondents were classified into two groups: those who remained off welfare during the first four quarters of follow-up, and those who had returned to welfare during the follow-up period. As shown in the figure, there are fairly stark differences between the two groups in their levels of reliance on the supports examined here. The group that remained off welfare (represented by the white bar) showed lower levels of use of supports examined here, with the exception of being slightly more reliant on food from soup kitchens and charity; as discussed earlier, this group was also less likely to have received Food Stamps benefits in the period covered. In comparison, respondents who returned to welfare (represented by the gray bar) appear to have relied more on both public and private supports. While there are clear differences in the use of programs that are designed by the government to support leavers' transition off welfare, this study cannot disentangle whether people are not using the programs because they are ineligible for them or because they don't want them or because they do not know them.

Figure 5.3 shows the use of support services by leavers' work status in the four quarter after exit.[25] Leavers were classified into three groups based on their post-exit work history reported in UI wage records: those who did not work in any of the four quarters of post-exit follow-up, those who worked less than four quarters, and those who worked all four quarters.[26] Not surprisingly, the group that did not work (represented by the white bar) in the follow-up period appears to have been most reliant on all the supports examined here.

Material Well-Being

Findings from a few national studies are beginning to provide some insights into the circumstances of families no longer receiving welfare. Reports based on the National Survey of America's Families (NSAF) have shown that former recipients face quite a struggle in their transition off welfare: between one-third to one-half of former recipients appear to experience serious economic struggles, as reflected in their ability to provide food and meet regular rent payments. Findings from the NSAF also indicate that former recipients tend to experience material hardships more than low-income mothers despite other similarities.[27]

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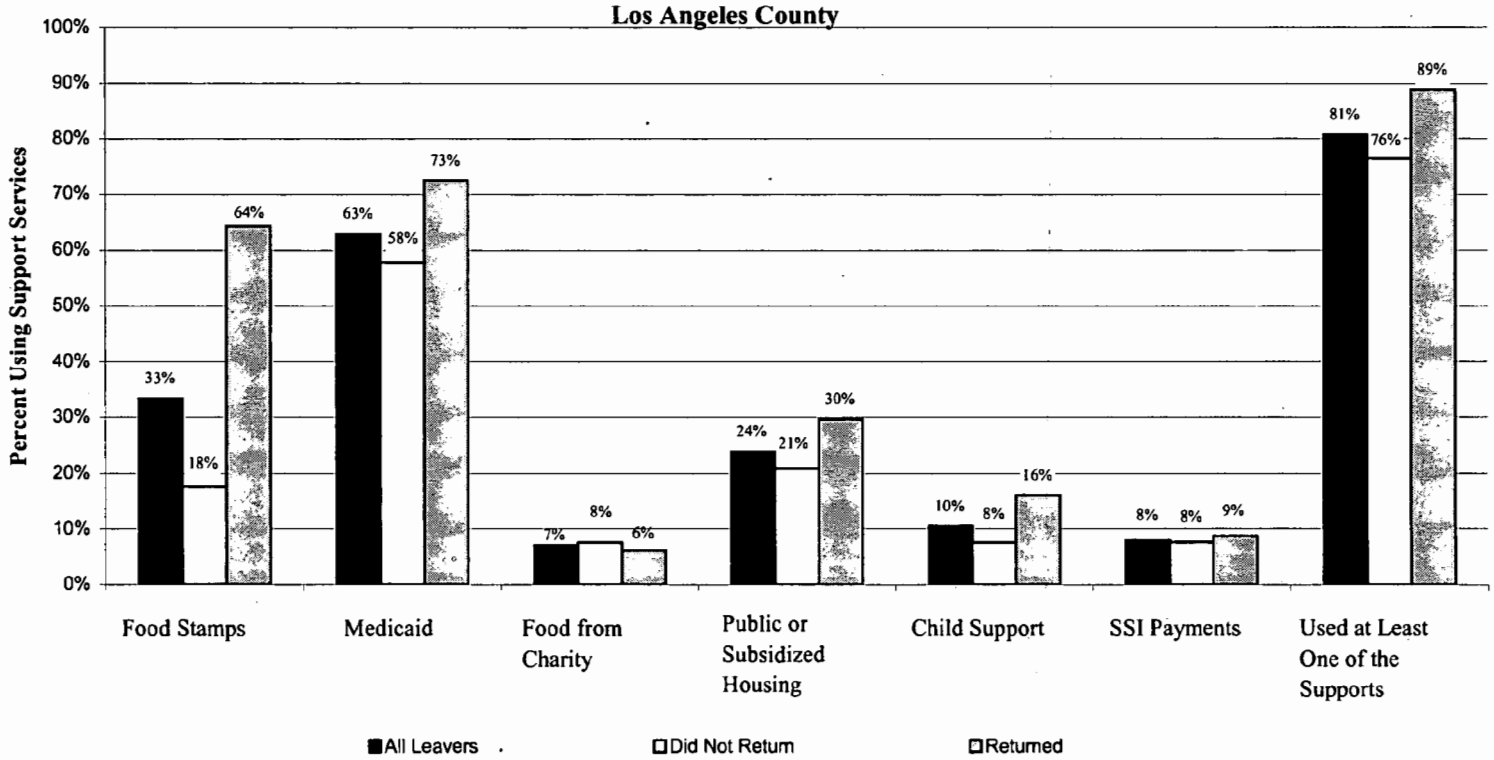
[25]As noted earlier in the section on employment barriers, the employment-based subgroups are constructed using UI-wage records. Employment is measured up to four quarters following exit; the survey interviews were conducted between 14 and 21 months after exit.

[26]Employment rates from the follow-up survey are not directly comparable to the rates produced from UI wage records. The former source measures employment status 12 to 22 months after exit; the administrative records measure employment in the four quarters post-exit.

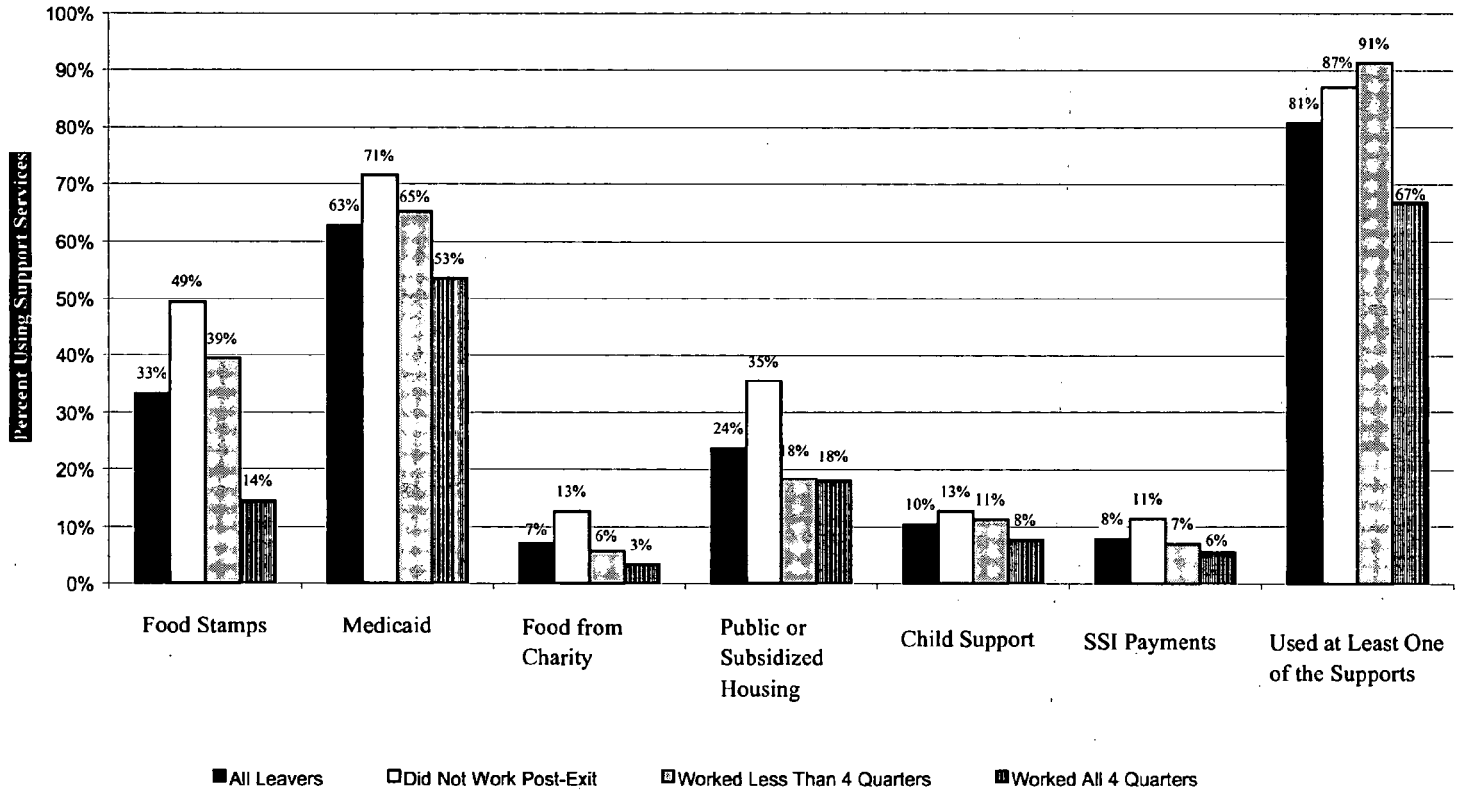
[27] Loprest, 1999.

Figure 5.2
Use of Support Services in the Follow-up Period, by Welfare Status
Quarter 3 1998 Welfare Leavers
Los Angeles County



SOURCE: Calculations using the follow-up survey.

Figure 5.3
Use of Support Services in the Follow-up Period, by Post-Exit Work Status
Quarter 3 1998 Welfare Leavers
Los Angeles County



Source: Calculations using the follow-up survey.

It is important to note, however, that while former recipients tend to experience higher levels of material hardship than low-income mothers, there's little evidence that they experience more hardship than welfare stayers. A study of former and current recipients based on the NSAF data reports that there no statistically significant differences in the health status of former and current recipients; further, these two groups did not differ with respect to their reported levels of hardship, such as food insecurity and difficulty paying bills.[28] According to the report, the main differences among these groups had to do with the number of barriers to work: current recipients were more likely to report multiple barriers to work. The NSAF study also points to an association between reported number of barriers and employment outcomes.

This section begins with a look at a range of indicators of economic struggles and hardship experienced by former recipients in the period after leaving cash assistance. The 6-item USDA food security scale is used to measure the level of food insecurity experienced by welfare leavers in the month preceding the survey interview.[29] The scale classifies respondents into three categories of food security: food secure, food insecure, and food insecure with hunger. To assess housing-related experiences of former recipients, this section also examines housing conditions, rent burden, and neighborhood quality.

The first panel in Table 5.3 shows the levels of food security for those surveyed from the 1998 (post-CalWORKs) exit cohort. Over half the sample reported being food secure in the month prior to the follow-up interview. Forty-four percent of the survey respondents were classified as being food insecure; 23 percent reported experiencing hunger, compared to 3.5 percent of the U.S households.[30] Food security also varied considerably by respondents' post-exit work and welfare statuses.

The second panel in Table 5.3 presents the extent to which former recipients experienced unmet dental or medical needs in the year preceding the follow-up interview. As shown, about 23 percent of the sample indicated that someone in their family was unable to access medical care and 26 percent indicated that they (or someone in their family) was unable to access dental care because of lack of health insurance or resources. A report from the Project on Devolution and Urban Change project on the health status of poor urban women found that women in the study who had left welfare – whether or not they were working – were significantly more likely than current recipients to have health care access problems, including lack of health insurance and lack of a regular health care provider; they were also more likely to have unmet medical needs because of financial constraints. In the case of the Los Angeles leavers, the rates of unmet medical or dental need appear lower than comparable groups in other states, partly because of the higher levels of Medi-Cal coverage among leavers.

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[28]Loprest and Zedlewski ,1999.

[29]The 6-item scale is an abridged version of the 18-item Household and Food Security Scale, which is administered by the U.S. Bureau of the Census through its Current Population Survey since 1995 to assess national food security (Carlson, Andrews, and Bickel, 1999).

[30]A 1999 USDA publication by Nord, Jemison and Bickel reports that during the period 1996 to 1998 about 10 percent of the US households were food insecure- in other words, they did not always have access to enough food to meet basic needs. The authors note that levels of food insecurity and hunger vary considerably across the nation, with states in the west and the south having rates of food insecurity significantly above the national average. Eleven percent of California households were estimated to be food insecure.

Table 5.3

Material and Economic Well-Being for Post-CalWORKs Leavers

Los Angeles County

Characteristics	Quarter 3 1998 (Post-CalWORKs Leavers)
Food security (%)	
Food Secure	55.5
Food Insecure	21.8
Food Insecure with hunge	22.7
Respondent or someone in family received food from charitable organization	7.1
Unmet medical or dental needs in past 12 months (%)	
Someone in family needed to but could not see doctor or go to hospital because did not have money or insurance	22.9
Someone in family needed to but could not go to dentis because did not have money or insurance	25.8
Housing hardships in past 12 months (%)	
Been evicted, stayed in emergency or domestic violence shelter, or been homeless	10.8
Housing problems such as leaking ceilings, broken windows, plumbing problems, water or heat problems, and rats or bugs	21.7
Gas or electricity ever shut off because could not pay bill	16.2
Excess rent burde	36.3
Debt (%)	
Household has more than $100 in deb	62.5
Amount of debt (among those with debt)	
$1-$1000	39.9
$1001-$2000	19.6
$2001 or more	40.5
Sample size	240

SOURCE: Calculations using the follow-up survey.

Although not shown, 91 percent of the sample reported that they were living in rental housing, and paid an average rent of $523 per month; close to one-fourth of sample reported that they were living in public or subsidized housing.[31] Close to half (or 49.6 percent) of the sample reported that they had moved at least once since they stopped receiving welfare in quarter 3 of 1998. Among those who moved, at least one-third moved because they wanted or needed a bigger or better place to live in. Eighteen percent reported that they moved to pay less rent, and 13 percent indicated that they moved because of disputes with the landlord, eviction, or because the landlord wanted the apartment for some other purpose.

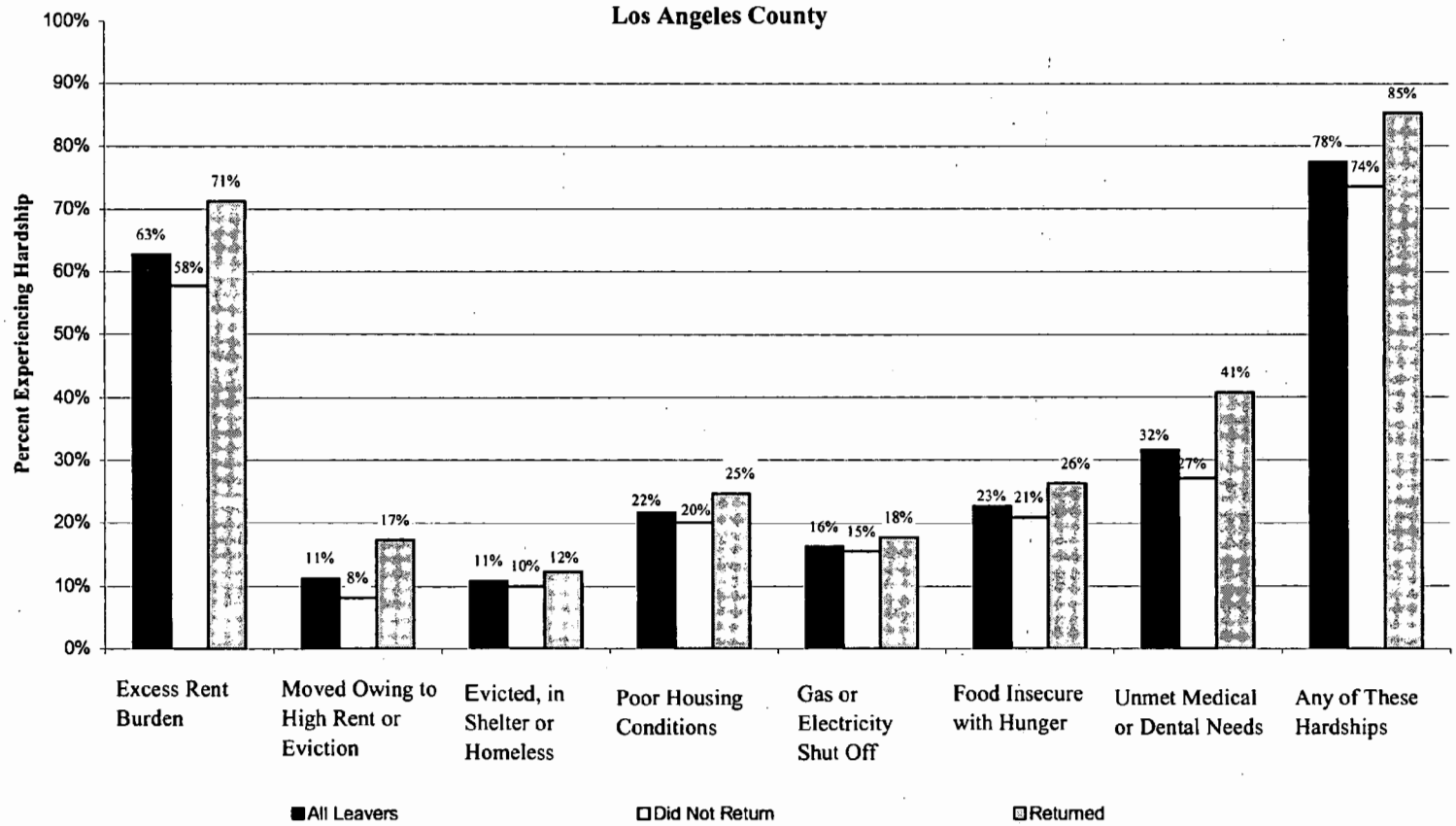
The third panel on the table presents information on selected indicators of housing hardships. As shown, about 11 percent of the respondents indicated that they had been evicted or stayed in a shelter or had been homeless in the months since they went off welfare. Survey respondents were also asked whether they had experienced problems with their housing conditions – such as leaky ceilings, broken windows, problems with plumbing, running water, heat, and rats of bugs in their place of residence. As shown in the table, approximately 22 percent of the sample reported that they had experienced at least one of the above conditions in the year prior to the survey interview. Respondents were also asked if they had their gas or electricity turned off at any point in the past twelve months because they could not afford to pay a bill. Sixteen percent of the sample indicated that their utilities had been turned off in the prior year. Thirty-six percent of the sample indicated experiencing excess rent burden, which, by federal definition implies that housing costs for rent and utilities exceeded 50 percent of a household's total income.

Figures 5.4 and 5.5 present the levels of material hardship experienced by leavers in the different post-exit work and welfare statuses. Not surprisingly, individuals who returned to welfare in the one year of follow-up were more likely to have experienced higher levels of material hardships (see Figure 5.4). Figure 5.5, which looks at materials hardships by post-exit work experience suggests that leavers with no or less stable post-exit employment were more likely to report higher levels of hardship. Those who worked steadily in the year of follow-up also showed fairly high levels of such experiences, which suggests that work per se does not translate into improved material well-being for leavers.

The incomes of former recipients limit their choices about housing they can afford and neighborhoods they live in. Welfare recipients tend to live in neighborhoods with higher levels of poverty, and this concentration in low-income neighborhoods is seen harmful because it is

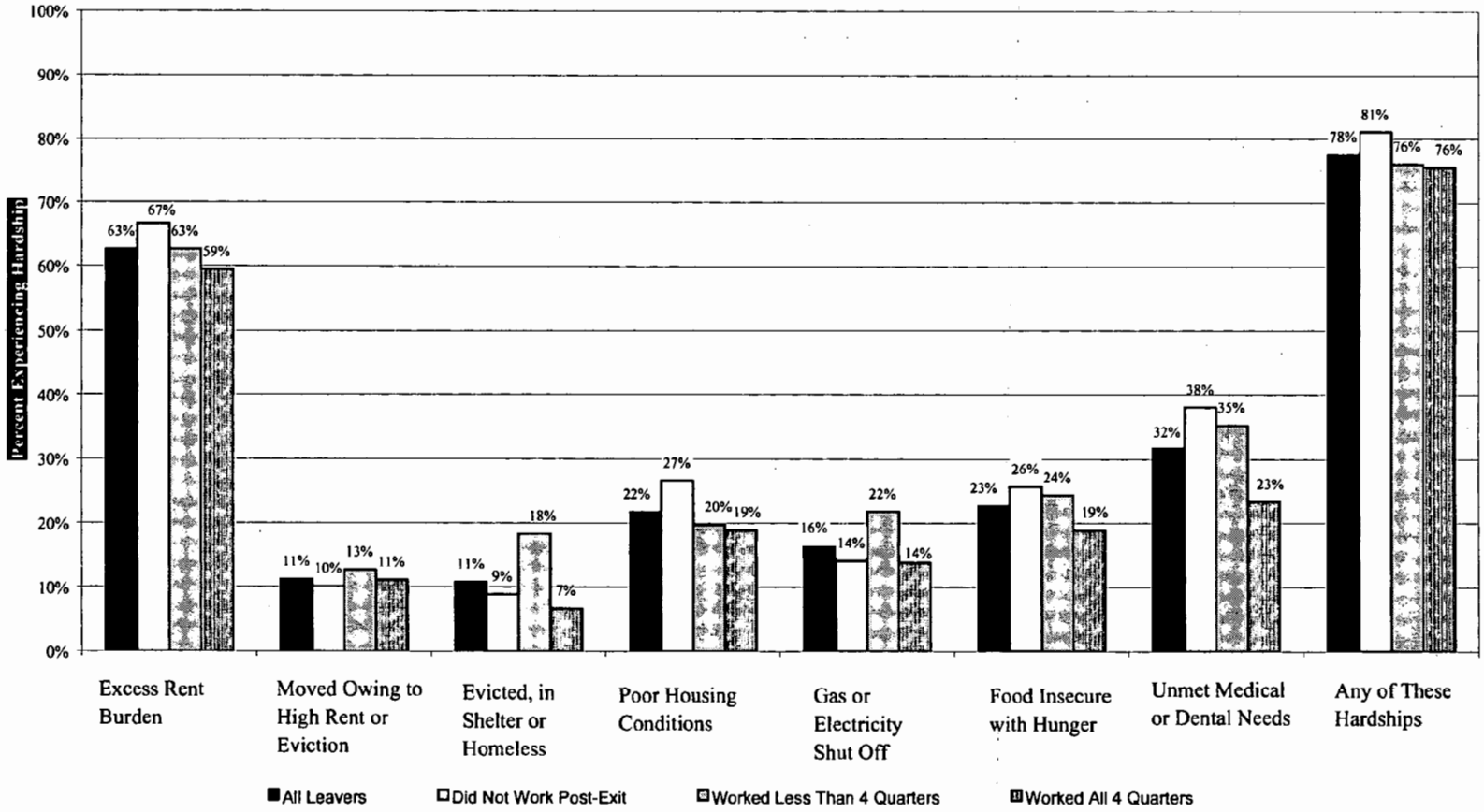
[31]See Verma and Hendra (2001) for additional information on housing and welfare leavers. Finding affordable housing can be extreme difficult for low-income families in Los Angeles County, where the fair market rent for a two-bedroom apartment was about $750 in 1999.

Figure 5.4
Hardships Experienced in the Follow-up Period, by Welfare Status
Quarter 3 1998 Welfare Leavers
Los Angeles County



SOURCE: Calculations using the follow-up survey.

Figure 5.5
Hardships Experienced in the Follow-up Period, by Post-Exit Work Status
Quarter 3 1998 Welfare Leavers, Los Angeles County



SOURCE: Calculations using the follow-up survey.

associated with high-levels of unemployment, social problems, and a negative environment for growing children. Evidence from the housing mobility studies suggests that neighborhood quality has important implications for both child and adult well-being.[32] Table 5.4 presents information on how respondents perceive their neighborhoods and what some of their concerns are with respect to where they live. In general, it appears that respondents were satisfied with their neighborhoods. Thirteen percent of the sample indicated being somewhat or very dissatisfied with their neighborhood, compared to 65 percent of the respondents who expressed satisfaction.[33]

Despite the high levels of satisfaction with their respective neighborhoods, respondents were concerned about social disorganization in their neighborhoods. Respondents were asked to rate their neighborhood on 9 problems, such as gangs, unsupervised teenagers, assaults/fights, vandalism, theft, guns, and drugs. These items were rated on a scale 1 to 3, where a score of 1 implies no problem, and a score of 3 implies big problem. One out of 3 survey respondents described their neighborhoods as having none of the above problems; about one-third of the respondents were concerned about the presence of four or more of these problems. The presence of drug activity, gangs, unsupervised teenagers, and thefts and vandalism were among the problems that appeared to be of most concern to these respondents.[34]

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[32]Leventhal and Brooks-Gunn, 2001; Jens Ludwig, Greg Duncan, and Helen Ladd, 2001.

[33]Households receiving some form of HUD-housing assistance are likely to report lower levels of satisfaction compared to their unassisted counterparts. See Verma and Hendra, 2001.

[34]There is some evidence that fears about safety keeps low-income women and children secluded in their homes (Polit, et al., 2000). It is beyond the scope of this study to examine the relationship between peoples' perceptions about their neighborhood problems and their work experiences.

Table 5.4

Perception of Neighborhood Quality for Post-CalWORKs Leavers

Los Angeles County

Characteristics	Quarter 3 1998 (Post-CalWORKs Leavers)
Neighborhood (%)	
Very satisfied	40.8
Somewhat satisfied	24.2
Notsatisfied nor dissatisfied	21.7
Somewhat dissatisfied	6.7
Very dissatisfied	6.7
Perceived neighborhood problems (%)	
Gangs	43.5
Lack of police protectio	25.8
Vandalism	34.3
Thef	34.3
Vehicle break-ins	32.1
Assaults/fights	26.9
Unsupervised teenagers	37.3
Guns	28.0
Drugs	38.3
Number of problems	2.9
None	31.3
1-3	34.8
4 or more	33.9
Sample size	240

SOURCE: Calculations from the follow-up survey.

Appendix

Survey Response Analysis

The information on sources of income, household composition, job characteristics, hardship indicators, and child and family outcomes was derived primarily from the client survey. This appendix explores the extent to which the survey respondent sample is representative of the survey sample and the full cohort of 1998 leavers.

The survey sample was drawn from the 14,987 individuals who left public assistance in quarter 3, 1998. This group is referred to as the *1998 cohort* in this section. A subset of this sample was selected to participate in the client survey. This is referred to as the *survey sample* and includes the 385 members of the 1998 cohort who were selected at random. Of this group, 240 individuals (less than 2 percent of the report sample and approximately 62 percent of the survey sample) completed the survey.[35] Sample members who completed the survey are referred to as *respondents*, while sample members who did not complete it are referred to as *non-respondents*. Thus non-respondents include the 14,747 individuals who were either not sampled, or were sampled and did not respond.

Whenever survey response rates are less than 100 percent, it is important to examine differences between those who responded and the remainder of the report sample. In a study like this one, two types of factors may confound the interpretation of the findings. First, the sample that was selected for the survey may be systematically different from the remainder of the report sample. This is referred to as "sampling bias." Second, survey respondents may be systematically different from those who did not respond to the survey. This is referred to as "response bias." In either case, caution should be used when generalizing findings from the respondent sample to the full report sample.

To summarize the results presented below, there were no systematic differences between the characteristics of the survey sample and the remainder of the 1998 cohort. This is not surprising given that the sample was randomly drawn from the 1998 cohort. However, there are some differences between the respondents and non-respondents due to *response* bias. In other words, those who responded were slightly different on some background characteristics then non-respondents. As a result, caution should be exercised when generalizing survey findings to the report sample. This is probably due to the relatively low response rate (62 percent of those attempted). However, this response rate is typical of other recent leavers studies.

Comparisons Between the Survey Sample and Report Sample

Table A.1 presents means on some background characteristics from the survey sample, and the remainder of the 1998 cohort.[36] The first two columns of Table A.1 show that there are no substantial differences between the survey sample and the remainder of the 1998 cohort. None of

[35] Of the 145 non-respondents, 83 could not be located. An additional 14 were located but the field period ended before the interview was completed (mostly due to missed appointments). 28 individuals did not complete a survey due to their refusal to do so. 14 individuals spoke neither English nor Spanish and therefore could not be interviewed due to a language barrier. Finally, 6 sample members didn't complete the survey either because they were incapacitated, incarcerated, deceased, institutionalized, or some other reason.

[36] The 1998 cohort was broken up into these non-overlapping groups in order to permit statistical tests.

Table A.1

Background Characteristics of Quarter 3 1998 Welfare Leavers, by Sampling Status

Los Angeles County

Characteristics	Survey Sample	Remainder of 1998 Exit Cohort	Difference	Percent Difference	Regression Coeffecient
White (%)	18.4	17.3	1.1	6.5	0.0024
Hispanic (%)	47.5	47.3	0.2	0.5	-0.0009
Black (%)	29.4	30.7	-1.4	-4.4	-0.0078
Age	32.7	32.3	0.5	1.4	0.0067
Received assisted Housing (%)	10.6	9.4	1.3	13.8	0.0076
Employment					
Total number of quarters employed	7.1	7.0	0.1	1.0	0.0012
Number of quarters employed in year prior to exit	1.6	1.5	0.0	2.8	0.0155
Number of quarters employed in year after exit	1.9	1.9	0.0	-0.3	-0.0068
Earnings in year before exit	1,203	1,233	-30.0	-2.4	-0.0154
Earnings in year after exit	1,849	1,854	-4.3	-0.2	0.0068
Welfare use Year Prior and Year Post Exit					
Number of pre-exit months of Food Stamps received	9.3	9.1	0.2	1.8	0.0149
Number of post-exit months Food Stamps received	3.8	3.8	0.0	-0.3	-0.0101
Number of pre-exit months Medicaid recieved	10.8	10.9	-0.1	-0.9	0.0056
Number of post-exit months of Medicaid received	10.9	10.7	0.2	1.9	0.0122
Number of pre-exit months AFDC recieved	10.1	10.3	-0.2	-1.9	-0.0262
Number of post-exit months AFDC received	1.8	1.8	0.0	0.0	0.0056
Sample Size	385	14,602			

SOURCE: Calculations from California's MEDS Files and Employment Development Department Unemployed Insurance records. County Food Stamp payment data used to calculate Food Stamp receipt.

Notes: The first set of stars indicates significance levels in a t test of differences in means across groups (none signficant). The second set of stars indicates the significance of coeffecients of a regression of response status on the tabled variables (none significant).
Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.
The F statistic on the regression was .7, P= 0.7709.

the differences in means were statistically significant. In addition to these comparisons, a regression was run that modeled sample membership on background characteristics. Not surprisingly, this regression was insignificant (F=.7) and none of the covariates had significant ability to predict sample membership. Therefore, the survey sample seems representative of the full 1998 cohort.

Comparisons Between Respondents and Non-Respondents Within the Survey Sample

Overall, 62 percent of the survey sample actually completed the client survey. This response rate is similar to that obtained in many other studies involving similar target populations. A key question for interpreting the findings from the client survey is whether the respondents are representative of the survey sample. To address this question, Table A.2 presents means on background characteristics for the respondent and non-respondent samples. Multiple regression was also used to determine the extent to which the average characteristics of the respondents were different from those of non-respondents. The standardized regression coefficients are presented in the right panel of Table A.2.

Taken together, the results presented in Table 2 show that some response bias exists. Although the survey sample is statistically comparable to the remainder of the report sample, those who responded to the survey appear to differ from those who did not, (not an unexpected finding). Table A.2 shows that survey respondents worked more and had higher earnings than non-respondents. For example, those who responded to the survey worked nearly a quarter more (in the year before and after exit) then non-respondents. Respondents earned about 16 percent more in the year after exit. The same pattern has been seen in other studies.[37] The bias seems to derive from having a record in a computerized tracking system. Those in the UI or California public assistance records were more likely to be surveyed. This is not uncommon since administrative systems usually have more updated contact information about respondents that allows them to be more easily located. Importantly, since this appears to have happened with both UI and welfare records, the sample is not particularly disadvantaged, nor advantaged when compared with the full survey sample. Further, respondents and non-respondents are similar on other demographic characteristics. The regression shows that the bias was marginally statistically significant (the F-statistic was 1.8). Overall the bias was not severe, but caution should nevertheless be exercised when generalizing these results to the report sample.

[37]See Bloom et al., 2001; Verma and Coulton, 2001

Table A.2

Background Characteristics of Quarter 3 1998 Welfare Leavers, by Response Status

Los Angeles County

Characteristics	Respondent Sample	Remainder of 1998 Exit Cohort	Difference	Percent Difference	Regression Coeffecient
White (%)	18.8	17.3	1.4	8.3	0.03721 **
Hispanic (%)	48.8	47.3	1.5	3.1	0.04294 **
Black (%)	31.3	30.7	0.6	1.9	0.03294 *
Age	31.8	32.3	-0.5	-1.7	-0.00609
Received assisted Housing (%)	12.5	9.3	3.2	33.8	0.01283
Employment					
Total number of quarters employed	8.0	7.0	1.0	14.3 **	0.00834
Number of quarters employed in year prior to exit	1.8	1.5	0.3	18.1 **	0.02005
Number of quarters employed in year after exit	2.1	1.9	0.2	13.3 **	-0.00461
Earnings in year before exit	1,391	1,229	162	13	-0.01228
Earnings in year after exit	2,145	1,849	296	16 *	0.01393
Welfare use Year Prior and Year Post Exit					
Number of pre-exit months of Food Stamps receive	9.5	9.1	0.4	4.3	0.00908
Number of post-exit months Food Stamps received	4.3	3.8	0.5	12.2	0.00745
Number of pre-exit months Medicaid recieved	11.0	10.9	0.1	0.9	0.026
Number of post-exit months of Medicaid received	11.2	10.6	0.6	5.7 **	0.01565 *
Number of pre-exit months AFDC recieved	10.3	10.3	0.0	0.0	-0.03036 *
Number of post-exit months AFDC received	1.9	1.8	0.1	5.6	0.00252
Sample Size	240	14,747			

SOURCE: Calculations from California's MEDS Files and Employment Development Department Unemployed Insurance records. County Food Stamp payment data used to calculate Food Stamp receipt.

Notes: The first set of stars indicates significance levels in a t test of differences in means across groups.
The second set of stars indicates the significance of coeffecients of a regression of response status on the tabled variables.
Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.
The F statistic on the regression was 1.82 P= 0.0232

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