THE URBAN INSTITUTE

NEW FEDERALISM
ISSUES AND OPTIONS FOR STATES

A product of "Assessing the New Federalism," an Urban Institute Program to Assess Changing Social Policies

Where Are They Now? What States' Studies of People Who Left Welfare Tell Us

by Sarah Brauner and Pamela Loprest

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), taking a major step toward moving welfare recipients off the rolls and into the workforce. Even before PRWORA, many states had been operating their welfare programs under federal waivers that allowed them to experiment with new welfare systems and place increased emphasis on work. Some of the policies put in place to increase work include emphasis on job placement rather than training, requiring recipients to work or participate in work activities, allowing recipients to keep more of their earnings, and stronger sanctions for those who fail to meet work mandates. As a result of these changes in welfare policy and stellar labor market conditions in recent years, welfare caseloads have decreased substantially. From March 1994 (the peak for welfare caseloads) to September 1998, the national caseload of Aid to Families with Dependent Children (AFDC; now called Temporary Assistance for Needy Families—TANF) decreased by 43 percent. Many states' caseloads fell even more; for example, Wisconsin's caseload decreased by 87 percent, South Carolina's by 61 percent, and Texas's by 55 percent.[1]

Given welfare policies' greater emphasis on leaving the rolls for work, interest has grown in determining how families that have left the program are faring. State and local governments, policymakers, and others want to know whether those who leave welfare ("leavers") are financially better off than when they were receiving benefits. The primary concern is whether leavers have found jobs and, if so, whether their hourly wages or hours per week are high enough to raise their families out of poverty. Policymakers and researchers would also like to know to what extent leavers are relying on other forms of federal, state, or local assistance.

Many localities have sought to answer these questions through studies of leavers' well-being. This brief summarizes findings on employment rates, characteristics of employment, and other determinants of well-being from 11 such studies conducted in Indiana, Iowa, Maryland, Michigan, Ohio (Cuyahoga County), South Carolina, Tennessee, Texas, Washington, and Wisconsin. We focus on employment because of its key role in determining welfare leavers' economic well-being. Because of the great number and variety of "leaver studies" being undertaken, we also point out issues to consider in comparing study results.

In the studies reviewed here, more than half of welfare leavers were working

Numerous studies of welfare leavers have been published, and more are being released all the time.[2] We attempted to review all publicly available studies that examine employment outcomes. Only studies that clearly described their methodology and reported survey response rates of 50 percent or higher were included.[3] While

some studies that meet these criteria may have been missed, this brief presents results from a range of reports. Table 1 gives the titles and authors of the studies reviewed in this brief.[4]

Table 1
Studies Reviewed

Author(s)	Study Title	Date of Publication
Abt Associates Inc.	*The Indiana Welfare Reform: Who Is On and Who Is Off?*	September 1997
Center on Urban Poverty and Social Change: Claudia Coulton, Marilyn Su, Neil Bania, and Edward Wang	*Work After Welfare: Employment in the 1996 Exit Cohort, Cuyahoga County*	1998
Institute for Research on Poverty, University of Wisconsin: Maria Cancian, Robert Haveman, Thomas Kaplan, and Barbara Wolfe	*Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin (Wisconsin 1)*	October 1998
Maryland Department of Human Resources; University of Maryland School of Social Work	*Life After Welfare: Second Interim Report*	March 1998
Mathematica Policy Research	*Iowa's Limited Benefit Plan: Summary Report*	May 1997
Michigan Family Independence Agency, Administration for Legislation, Budget, and Analysis	*A Study of AFDC Case Closures Due to Jobs Sanctions, April 1996 AFDC Case Closures*	May 1997
South Carolina Department of Social Services	*Survey of Former Family Independence Program Clients: Cases Closed During April through June 1997*	June 1998
Tennessee Department of Human Services; Bureau of Business and Economic Research, Center for Manpower Studies, University of Memphis	*Summary of Surveys of Welfare Recipients Employed or Sanctioned for Noncompliance*	March 1998
Texas Department of Human Services; Public Policy Research Institute, Texas A&M University	*Texas Families in Transition, The Impacts of Welfare Reform Changes in Texas: Early Findings, December 1998*	May 1998
Washington Division of Program Research and Evaluation, Economic Services Administration	*Washington's TANF Single-Parent Families Shortly After Welfare*	January 1999
Wisconsin Department of Workforce Development	*Survey of Those Leaving AFDC or W-2, January to March 1998, Preliminary Report (Wisconsin 2)*	January 1999

Comparing Study Results

All the studies discussed deal with leavers' well-being, but there are many differences among them that need to be considered when examining results. These studies are for different geographic areas, representing varying labor market conditions, urban and rural conditions, and state and local policies. The reader needs to keep all of these differences in mind when interpreting results. The results from one area (or all of the areas discussed here taken together) cannot be generalized to other geographic areas. Except for Texas, neither the largest states in the United States nor the states with the highest population of welfare recipients are represented in this review. Several geographic areas are also not represented. Our intention here is to examine studies for a number of different areas to provide a mosaic of results from around the country.

Study areas differ in the amount and type of welfare reform that had taken place before the study was conducted. For example, Cuyahoga County, Ohio (Cleveland area), obtained data before welfare reform in order to have comparison statistics once reform had begun. Wisconsin, at the forefront of welfare reform legislation, had a high degree of pre-PRWORA reform activity and may reveal information on longer-term results of welfare reform. Michigan and Texas conducted their studies specifically to determine what immediate effects welfare reform had in their respective states. The Texas Works program diverts applicants from receiving cash benefits by training them and helping them find jobs. Coverage by work requirements and sanction policies also differs across states.

Other differences in the studies are more subtle; differences in methods used can make comparisons tricky. These include differences in how the leaver population studied is defined (including the reason the person left welfare, whether he or she has remained off welfare, and the length of time since leaving welfare) and in how specific outcomes, such as employment, are measured. The brief highlights these differences to show how important it is for the reader to be vigilant in understanding exactly what is being presented. For example, variations in measures used have led to employment rate differences of as much as 20 percentage points for the same geographic area.

Table 2 shows differences across studies in the population examined, sample size, type of data used (administrative or survey), and response rates for surveys. The majority of the studies combine in their leavers population those who left welfare "voluntarily" and those who were cut off as a result of sanctions—that is, because they did not follow the rules of the program. However, both of the Tennessee studies and the Michigan study looked only at sanctioned families, and the Iowa study focused on participants in Iowa's Limited Benefit Program, where almost 80 percent of assignments are the result of sanctions. Considering only sanctioned families excludes most recipients who leave the rolls because they have found

Table 2
Description of Welfare Leaver Studies

Study	Study Population	Sample Size	Method/ Data	Survey Response Rate (%)	Includes Returners[a]
Studies Including All Reasons for Leaving					
Cuyahoga County, Ohio	Individuals who did not receive cash benefits for 2 consecutive months in 1996	N=18,570	admin.	N/A	yes
Maryland	Cases closed between October 1996 and March 1997	N=1,605	admin.	N/A	yes
Wisconsin (1)	Cases closed between July 1995 and September 1997 for at least 2 months	N=26,047	admin.	N/A	yes and no
Wisconsin (2)	Cases closed between January 1998 and March 1998	N=375	survey	69	no
Washington	Single-parent families who received benefits between April 1997 and July 1998 but not in August 1998	N=592	survey	52	no
Texas	Individuals redirected from TANF through Texas Works, or TANF cases closed in November 1997	N=1,396	survey	51	no
South Carolina	Cases closed between April 1997 and July 1997	N=391	survey	76	no
Indiana	Cases that received benefits between May 1995 and May 1996 but not in September 1997	N=847	survey	71	no
Studies Including Only Sanctioned Leavers					
Iowa	LBP[b] cases where cash benefits ceased between November 1995 and January 1996 in 19 eastern and central counties	N=137	admin. and survey	85	no
Tennessee (1)	Cases sanctioned since January 1997	N=587	survey	56	no
Tennessee (2)	Sanctioned cases that did not sign PRP[c] during certification process	N=331	survey	60	no
Michigan	Sanctioned cases that stayed off welfare for 4 months	N=126[d]	admin. and survey	85	no

admin. = administrative data
N/A = Not applicable
a. Whether the study looks only at leavers who had remained off welfare at the time of the study or includes those who returned to welfare before the study date.
b. Limited Benefit Plan—limited assistance program for able-bodied adults who do not carry out Family Investment Agreements; assignment to LBP is almost always a result of sanctions, but may be at the individual's request.
c. Personal Responsibility Plan—required along with Work Plan of entrants into Families First.
d. N=67 for information obtained from client interviews concerning money, food provision problems, utility shutoff, and type of help received.

new or better jobs, which likely results in lower estimates of employment rates. There may also be differences in employability or personal drive for independence between people who leave welfare because of sanctions and those who leave for other reasons. The sanction/nonsanction distinction is noted in table 2.

The table also notes whether the group examined included leavers who had returned to welfare by the time the data were collected. "Continuous" leavers—those who remain off welfare until the time of the survey—are more likely to be working than those who return to welfare. Therefore, studies combining both ("Includes Returners" in table 2) will likely have lower total rates of employment.

The length of time since leaving welfare also varies by study, so different studies report information for different time frames. Cuyahoga County and Wisconsin (1) report results for multiple quarters following exit, but the majority of studies gathered information for either the first 6 months or the 6 to 12 months following case closure. Indiana provides information about leavers 16 to 28 months after leaving.

Table 3
Employment Rates by Study
(Point-in-Time Estimates)

Study	Employment Rate (%)	Definition	Time since Leaving
All Leavers[a]			
Cuyahoga County	55	Earning more than $100 in first quarter following exit	1–6 months
Cuyahoga County	54	Earning more than $100 in fourth quarter following exit	9–14 months
Maryland	51	Employed in first quarter following exit	1–6 months
Wisconsin (1)	66	Earning more than $500 in first quarter following exit	1–6 months
Wisconsin (1)	69	Earning more than $500 in fourth quarter following exit	9–14 months
Continuous Leavers[b]			
Wisconsin (1)	68	Earning more than $500 in first quarter following exit	1–6 months
Wisconsin (1)	75	Earning more than $500 in fourth quarter following exit	9–14 months
Wisconsin (2)	62	Employed at time of survey	6–12 months
Washington	71	Employed at time of survey	3–4 months
Texas	55	Employed at time of survey	6 months
South Carolina	67	Employed at time of survey	9–12 months
Indiana	64	Employed at time of survey	16–28 months

a. "All leavers" studies look at anyone who left welfare, regardless of the person's welfare status at the time of the study.
b. "Continuous leavers" studies look only at those who had remained off welfare at the time of the study.

Employment

The rate of employment among leavers is an important indicator of movement toward self-sufficiency and is a basic measure in considering leavers' economic well-being. Table 3 presents "point-in-time" employment rates: a measure of the percentage of people working at a specific time (often the week before a survey). Excluding sanction-only studies, all studies report employment rates over 50 percent, with the majority between 65 percent and 80 percent. Maryland reported the lowest rate at 51 percent and Wisconsin (1) the highest at 81 percent (for continuous leavers in the fifth quarter after leaving welfare). These rates are much higher than employment rates for people currently receiving welfare benefits. The Administration for Children and Families reported that 28 percent of current TANF recipients were employed during fiscal year 1997.[5] As noted above, the methods used for calculating employment rates vary across studies, so while employment is a straightforward concept, it is difficult to make comparisons across studies.

In general, when all leavers were included in the study population, regardless of reason for leaving, slightly lower employment rates were found than when only the leavers who remained off welfare (continuous leavers) were included. Cuyahoga County and Maryland reported similar employment rates for the first quarter off welfare: 55 percent and 51 percent, respectively. Wisconsin (1) found a higher percentage of leavers (66 percent) to be employed. For continuous leavers, Wisconsin (1) found 68 percent employed in the first quarter following exit, and Washington and South Carolina reported rates of 71 percent and 67 percent, respectively. Generally, samples that include people who return to welfare show lower employment rates than do studies focusing only on leavers who remain off welfare.

Additional differences in employment rates come from how "employed" is defined in studies using administrative data and from the length of time between leaving welfare and when employment is measured. In administrative data, earnings information is generally available for a calendar quarter, and studies use different earnings thresholds to determine who was employed. Some, like Cuyahoga County, report anyone earning more than $100 in a quarter as employed for that quarter; some, like Wisconsin (1), use a

Table 4
Employment Rates by Study
(Durational Estimates)

Study	Employment Rate (%)	Definition
All Leavers[a]		
Wisconsin (1)	82	Employed during year after exit
Continuous Leavers[b]		
Wisconsin (1)	82	Employed during year after exit
Wisconsin (2)	83	Employed at some point in 6–12 months after exit
Washington	87	Employed at some point in the year before the survey date
Texas	68	Employed at some point in 6 months after exit
South Carolina	88	Employed at some point in year after end of benefits

a. "All leavers" studies look at anyone who left welfare, regardless of the person's welfare status at the time of the study.
b. "Continuous leavers" studies look only at those who had remained off welfare at the time of the study.

Table 5
Employment Rates for Sanctioned Leavers

Study	Employment Rate (%)	Definition	Time since Leaving
Iowa	53	Employed sometime within the first 2–6 months without benefits	2–6 months
Tennessee (1)	39	Employed at time of survey	1–10 months
Tennessee (2)	42	Employed at time of survey	1–10 months
Michigan	53	Employed or earning more than $400/month at time of survey	4 months

cutoff of $500; and others, such as Maryland, count people as employed if they had any reported wages in a quarter. The resulting differences can be large. For example, Wisconsin (1) found that employment rates in the first quarter after exit varied from 72 percent when counting any earnings as employed to 66 percent when a threshold of $500 of earnings in a quarter was used. This difference is larger than some of the differences across areas, indicating that many leavers had relatively low levels of earnings.

The reviewed studies measure employment at various times after leaving welfare. These employment rates could vary for a number of reasons; for example, more leavers may find work over time or more may lose jobs. In samples that exclude those who return to welfare, employment rates will probably increase simply because those least likely to work are no longer in the sample. Over a longer period of time, the impact of including those who return will be stronger since more people will have returned to welfare. Cuyahoga County and Wisconsin (1) found little or no change in employment rates comparing the first quarter with the fourth quarter after leaving. For continuous leavers, there does not seem to be any clear pattern across studies with different time-since-left-welfare measures.

Another way of measuring employment rates is the percentage of leavers who worked at any time during a given period. These are called "durational estimates" and are expected to be higher than point-in-time estimates. As table 4 shows, most studies reported fairly high durational employment rates, between 68 percent (Texas) and 88 percent (South Carolina). Four samples had employment rates above 80 percent. Increases in employment rates when moving from point-in-time to durational rates may be quite large; for example, there was a 21 percentage point increase in Wisconsin (2). Texas's employment rate of 68 percent could be lower in part because it examines only the first six months after leaving the welfare rolls, compared with the entire year following exit.

Employment rates for sanctioned leavers were generally lower than those in samples that included all leavers regardless of reason (table 5). Tennessee (1) found an employment rate of 39 percent, while Tennessee (2) reported a slightly higher rate of 42 percent. The employment rate for sanctioned people in Michigan and Iowa was higher, at 53 percent, but still lower than most of the employment rates reported for the combined sanctioned and nonsanctioned study populations. The Iowa employment rate was measured over four months and therefore may be somewhat higher than a point-in-time estimate.

Hours and Earnings

Employment rates alone do not completely describe the income status of welfare leavers. Other factors—such as hours worked, wages, income, and occupation/industry—play an important role in determining leavers' earnings (table 6). According to the studies that reported hours worked per week, over half of employed leavers work 30 or more hours, nearly full-time. Iowa found 57 percent and South Carolina 87 percent of leavers to be working 30 or more hours. Indiana reported 62 percent of leavers working 35-plus hours. The mean number of hours worked in Wisconsin (2), Washington,[6] and South Carolina

Table 6
Other Employment Information

Study Area	Hours Worked per Week	Wage/Earnings Information*
Cuyahoga County		Earning at least $3,000: first quarter: 35% fourth quarter: 42%
Maryland		Earnings: first quarter: $2,384.32
Iowa	57% working 30+ hours	Weekly: $170
Wisconsin (1) (all leavers)		Earnings: first quarter: $2,440 fourth quarter: $2,686
Wisconsin (1) (continuous leavers)		Earnings: first quarter: $2,628 fourth quarter: $2,893
Wisconsin (2)	80% working 30+ hours Mean: 36 hours	Hourly: $7.42 Hourly: $7.00
Washington	Mean: 36 hours	Hourly: $8.09
Texas	Mean: 34 hours	Hourly: $6.28
South Carolina	87% working 30+ hours Mean: 36 hours	Hourly: $6.44 Weekly: $231.84
Indiana	62% working 35+ hours	80% hourly wage $7 or less
Tennessee (1)		Hourly: $5.50

* Values are for means unless otherwise noted.

Table 7
Occupation and Industry Information

Study Area	Occupation/ Industry	Top Occupations/Industries
Maryland[a]	Industry	Wholesale/retail trade: 35%[b]; organizational services, i.e., health services: 24%; personal services: 19%
Wisconsin (2)	Industry	Services: 23%; manufacturing: 15%; retail excluding eating/drinking: 13%; retail other: 12%; health services: 12%
Texas	Type of job	Restaurant/fast food: 15%; retail/sales: 13%; clerical: 13%; nursing: 12%; janitorial: 6%
Washington	Occupation	Retail/sales: 18%; clerical/office: 16%; labor/construction: 14%; eating and drinking: 10%; health care services: 8%
South Carolina	Occupation	Services: 46%; clerical/sales: 27%; machine trades: 6%
Wisconsin (1)[a]	Occupation	40% of leavers employed in other services; retail trade; temporary agencies; hotels and lodging; restaurants; agriculture, forestry, mining

a. In first quarter after exit.
b. Includes eating and drinking establishments.

was 36. Texas reported similar findings of 34 hours per week.

In general, these studies indicate that leavers are not earning enough to raise their income far above the poverty level. In 1997, the poverty threshold for a three-person family with two dependent children was $12,931, the equivalent of full-time (35 hours per week), full-year (50 weeks a year) work at $7.39 an hour. If one adult works an average of 34 hours per week for 50 weeks at an hourly wage of $5.15 (minimum wage since October 1997), the family's yearly earnings would be only $8,755. Of course, this considers only earnings; additional sources of income, including the Earned Income Tax Credit (EITC) and child support, will increase family income. Noncash benefits such as food stamps and Medicaid are also important sources of support. On the other hand, working entails expenses that may not be incurred while on welfare, most notably child care costs.

Cuyahoga County reported that only 35 percent of leavers were earning $3,000 or more in the first quarter after exit. Wisconsin (1) and Maryland reported the mean earnings of leavers during the first quarter after exit to be approximately $2,500. Assuming quarterly earnings remained unchanged over the course of a year, the average family in the two studies had earnings of $10,000 to $12,000, less than the poverty level for a family of three. These calculations likely overestimate leavers' true yearly earnings, because many leavers do not work full-time for the entire year. For example, Washington reported that leavers worked an average of 34 weeks in the past 12 months.

Wisconsin (1) calculated how actual earnings after leaving welfare compared with the poverty level, taking into account the number of children. The study found that for leavers who did not return to welfare, a little more than a third to about half of leavers' earnings were above the poverty level, depending on the number of children.

Reports of average weekly earnings and hourly wages give similar results. Leavers in Iowa and South Carolina had average weekly earnings of $170 and $232, respectively. Even at a full year of work, these earnings ($8,500 to $11,600) fall below poverty for a family of three. South Carolina reported average hourly wages of $6.44. Wisconsin (2) and Texas reported $7.42 and $6.28, respectively. Indiana found that 80 percent of leavers earned $7 an hour or less. Washington reported the highest average hourly wages of these studies, at $8.09.

These findings on earnings must be put in the context of total income support after leaving welfare and the expenses involved with work. Future studies that follow the same cohort of leavers will tell us if these families' earnings increase as they gain work experience and skills.

Another measure of how leaver families are faring is whether their post-welfare income is higher than their income while receiving benefits. Only one of these studies, Wisconsin (1), explicitly calculates this figure. Four other studies ask welfare leavers whether they have more income since leaving welfare (not shown). Of these, only South Carolina found that a majority (66 percent) of leavers had more money after leaving welfare. Wisconsin (2) and Iowa found that close to half of leavers say they have less income after

exit—40 percent and 47 percent, respectively. South Carolina's higher percentage is probably connected to the fact that the state's benefits are lower than those of the other states. Wisconsin (1) compared a family's earnings after leaving with earnings plus AFDC before leaving and found that most leaver families had lower post-exit earnings than pre-exit earnings and cash benefits. Among families with one child, 49 percent of leavers had greater cash incomes after they left welfare. As family size grows, current economic status compares less favorably with pre-exit status. For families with three or more dependent children, only 38 percent of leavers had greater cash income after leaving.

Table 8
Nonwork Income Support (%)

Study Area	Medicaid	Food Stamps	School Lunch	WIC	Housing Assistance	Child Support	Family/ Friends
Iowa	66	64					65 (parents) 31 (other relative)
Wisconsin (1): continuous leavers, first quarter	83	49					
Wisconsin (1): continuous leavers, fifth quarter	56	31					
Wisconsin (2)	71	49	47	38	25	27	30
Washington	64 (children) 44 (adults)	45			19	35	
Texas	70	66		37	15	16	31
South Carolina	79	57	49	29	30	36	11
Indiana	53	38	46	25	9	13	
Tennessee (1)							31
Michigan							54 (family) 19 (friends)

WIC = Women, Infants, and Children Program

Type of Work

A subset of studies also report on the types of jobs leavers hold. While studies use different occupation and industry groupings, making direct comparison of specific job types difficult, a general pattern does emerge. Leavers' jobs generally seem to be concentrated in low-wage industries and occupations (table 7).

Maryland and Wisconsin (2) found that the two industries that employed the most leavers were wholesale/retail trade, including eating and drinking establishments, and services, respectively. Texas found 41 percent of leavers employed in restaurant/fast food, clerical, or retail/sales jobs. Sales and services were the most commonly reported occupations for leavers in the Washington and South Carolina studies, respectively. Wisconsin (1) found, in the first quarter after leaving welfare, 40 percent of leavers employed in the industries with the lowest median earnings for that quarter.

Other Sources of Support

Use of other government programs is one indicator of leavers' self-reliance and continued need for safety net assistance. Table 8 presents information concerning non-TANF receipt of government assistance by leavers who have not returned to welfare. Since Medicaid and food stamps receipt are virtually universal among TANF recipients, including those who return would inflate rates of receipt.

Studies report that over half of leavers' families are still covered by Medicaid. In the first year after leaving welfare, studies report Medicaid coverage between 66 percent (Iowa) and 83 percent (Wisconsin (1)). Medicaid coverage rates are expected to fall following the first year after exit in states where transitional Medicaid benefits are offered to leavers for the first 12 months following exit.[7] In Wisconsin (1), coverage had dropped by a third to 56 percent by the fifth quarter after leaving Medicaid. Indiana reported that 16 to 28 months after leaving welfare, 53 percent of leavers continued to be covered by Medicaid, a substantially lower coverage rate than that of other areas in the first year after exit.

Some leavers also continue to receive food stamps, although reported rates are typically not as high as for Medicaid. Food stamp receipt ranges from a low of 38 percent in Indiana to a high of 66 percent in Texas. As with Medicaid, rates were higher in the first year after leaving. In the first year after exit, food stamp receipt is between 45 percent and 66 percent. Wisconsin (1) found leavers to have lower receipt in the fifth quarter, falling from 49 percent to 31 percent. Indiana reported that one to two and a half years after leaving, 38 percent of leavers were receiving food stamps. It is not clear what this decline means, because there is no change in benefit rules after a year of receiving food stamps, unlike the rule changes in transitional Medicaid. It could mean that families are doing well and no longer need benefits or that families have lost connection with benefits offices or no longer think they are eligible.

Leavers also may rely on various nongovernment sources of income support. The Iowa study suggested that leavers turn toward family and friends and other less-structured methods of help in the early months without benefits, and return to government programs after being off welfare for a longer period. The results for declining use of Medicaid and food stamps do not support this theory generally. However, Iowa finds a higher percentage than other studies do of leavers in the first six months after exit relying on family or friends. Iowa found that 65 percent of leavers turned toward their parents and 31 percent to other relatives for emotional, financial, and child care support. Wisconsin (2), Texas, and Tennessee all

found that around 30 percent of leavers are relying on family for at least some support. South Carolina reported only 11 percent of leavers to be relying on family or friends. All of these studies are for periods six months or more after exiting.

Child support receipt varied across studies. In Texas, 16 percent of leavers were receiving child support; in Wisconsin (2), South Carolina, and Washington, between 27 percent and 35 percent of leavers were receiving this income.

A few studies report receipt of other forms of government assistance, such as school lunch; the Women, Infants, and Children (WIC) supplemental food program; or housing assistance. Each of these programs has its own eligibility criteria, and not all former welfare recipients are eligible. Also, benefits such as rental assistance are not entitlements, so some eligible families may not have access to this source of support.[8] Across the board, a minority of leavers receive these benefits. In Wisconsin (2), South Carolina, and Indiana, slightly less than half of leaver families report receiving benefits from the school lunch program. These areas and Texas report that around a third of leavers receive WIC. Even fewer studies report receipt of housing assistance. Wisconsin (2) and South Carolina combine rental assistance and public housing into the same category and report rates of receipt at 25 percent and 30 percent, respectively. The rates in Washington, Texas, and Indiana are less than a fifth.[9] Further research on leavers' eligibility for these programs and the extent of participation among eligible persons is necessary to understand why so many families did not receive these benefits.

Indicators of Well-Being

Several studies report additional indicators of leavers' well-being (table 9). These are all direct questions to families about their perceptions of their current situation and whether they have experienced specific economic struggles. A mixed picture emerges from their responses. As explained earlier, many families believe that they have less income than before leaving welfare. However, most families do not report having trouble providing food or paying bills. In Wisconsin (2) and South Carolina, which asked about an extensive list of attitudinal indicators, two-thirds or more say life is better now, and one-half to two-thirds say they are barely making it.

South Carolina and Wisconsin (2) also asked leavers how they felt their current situation compared with their pre-exit situation (table 9). Most leavers claim to be better off now than they were when they received cash benefits. However, both studies reported that at least 70 percent of leavers still worry about having enough money and over half claim to be "just barely getting by." At the same time, South Carolina, Wisconsin (2), and Washington found that over 50 percent of leavers felt "pretty sure" they would not need to return to welfare and/or think that life is better now.

Table 9
Well-Being Indicators (%)

Study Area	Life Is Better Now	Feel Won't Return to Welfare	Feel Barely Making It	Problems Providing Enough Food	Problems Paying Utility Bills	Problems Paying Rent
Wisconsin (2)	69	60	69	32	47	37
Washington	54			33[a]	11[b]	
South Carolina	77	59	50	17	37	29
Tennessee (1)					32	34
Michigan				27	18[b]	

a. Percentage that reported cutting meal size sometimes or often (16 percent reported skipping meals and 8 percent reported going without food for at least one day at least once).

b. Percentage that had a utility cut off, not simply those reporting difficulties paying utility bills.

Some of the surveys included questions directly related to the frequency of certain hardships (table 9). The majority of leavers do not report hardship, but a significant minority do. Approximately a third of leavers in Michigan, Wisconsin (2), and Washington reported that they had some problem providing enough food for the family; in South Carolina, 17 percent of leavers experienced this problem. Both Wisconsin (2) and South Carolina found that a larger percentage of leavers reported not having enough money for food after they left welfare than when they were receiving benefits. Three of five studies—Wisconsin (2), South Carolina, and Tennessee (1)—found that about a third or more of leavers had problems paying rent or utility bills. Smaller numbers of leavers in Washington and Michigan experienced these problems.

Conclusion

The studies reviewed here cover various geographic areas, labor market conditions, and welfare reform policies. They should not be generalized to the nation as a whole, as they represent only a subset of states. However, some general patterns emerge. A majority of welfare leavers are working. Studies that include people who left welfare for any reason, including sanction, found that shortly after leaving welfare, half to two-thirds (between 53 percent and 70 percent) of welfare leavers were employed at a point in time. Leavers who remain off welfare tend to have higher employment rates than those who return to welfare. Those who left as a result of sanctions have lower employment rates. An even greater percentage of leavers had been employed at some point since leaving. Durational employment rates over a period of six months to a year were between 70 percent and 80 percent. Most employed leavers are working a substantial number of hours per week, more than part-time. Studies that reported information on hours worked per week showed that half of those employed were working at least 30 hours per week on average.

Information on wages, earnings, and type of job reveals that leavers usually have low-wage jobs, so their earnings remain low despite high employment rates and number of hours worked. The earnings information gathered from these studies

shows that the average leaver's earnings are below the poverty level, and most leavers report having incomes that are lower than or similar to their combined earnings and benefits before exit. These studies do not often take into account other sources of income, such as child support or the EITC, which can make significant differences in net incomes. They also do not consider additional work expenses, including child care and transportation costs.

Many leavers continue to use Medicaid, food stamps, and other government programs. One-half to two-thirds of leavers continue to receive Medicaid, while about half receive food stamps. We need more information to understand why participation in these programs is much lower than the near-universal participation of persons on welfare, including the degree to which families are no longer eligible, are not aware of eligibility, or feel they no longer need these benefits.

Reports of economic struggles and perceptions of economic well-being are mixed. Despite low-wage jobs and continued use of other forms of income support, a few studies found that most families believe they are better off exiting and are confident they will not need to return to welfare. At the same time, around a third of families report problems providing enough food, paying utility bills, and paying rent. A few studies find significant reliance on family and friends as a means of additional support.

The patterns exhibited in these studies, although preliminary and supporting only tentative conclusions, provide some information on the status of welfare leavers and some questions for further study. While many leavers are working, the total picture of their economic status is unclear. We lack good estimates of leavers' total income. We do not yet understand whether low rates of participation in government programs reflect higher incomes (lack of eligibility), desire to be independent of government support, or difficulty in gaining access to benefits. We also need to know more about these families over time. Do they keep their jobs and have relatively steady incomes? Do they progress in the labor market, moving into higher-paying jobs? What is the impact on families' well-being when they are no longer able to return to welfare because of time limits?

In addition, interpretation of these results would benefit from comparison group results that would allow us to put results in context. Are these employment rates high or low when compared with rates for similarly situated families that have not received welfare? Are former welfare recipients different from other "working poor" families? In what ways? Such comparisons could help to inform policy directions, including whether to focus on policies for former recipients or policies for a broader group of low-income families.[10]

Finally, future studies can make increased efforts to connect findings to the specific policy environment in a state or locality. The large differences in policies and point of implementation in the areas conducting these studies provide an opportunity to look across states to learn how different approaches to welfare reform relate to the economic status of leavers. Continuing study is needed to truly understand the effects of welfare reform changes on these families.

Notes

1. Administration for Children and Families, Office of Family Assistance, Department of Health and Human Services.

2. Several studies that also attempt to review information on welfare leavers have recently been released: *Welfare Recipients Who Find Jobs: What Do We Know about Their Employment and Earnings?* Sharon Parrott, Center on Budget and Policy Priorities; and *Work, Earnings, and Well-Being after Welfare: What Do We Know?* Maria Cancian, Robert Haveman, Thomas Kaplan, Daniel Meyer, and Barbara Wolfe, Institute for Research on Poverty, University of Wisconsin, Madison.

3. A response rate of less than 50 percent means that more than half the people intended to be surveyed were not located or refused to answer. This high level of nonresponse could mean the reported answers are quite far off from what the actual answers would be if everyone had been contacted. For example, if working people are less likely to answer the survey, reported employment rates would be too low. It is not clear which direction bias might take. A 50 percent response rate threshold is actually quite low, but it was chosen because of the large number of studies with low response rates. Studies in Kentucky, New Mexico, and New York City were excluded because of low response rates. Rates for included studies are reported in table 2.

4. Because two separate studies for Wisconsin are included in this review, we refer to them as Wisconsin (1) and Wisconsin (2). The South Carolina Department of Social Services has conducted several additional leaver studies focusing on separate cohorts of leavers that are not included here. The Tennessee report in this review is a summary and update of several separate studies that use different samples. Two of those studies are discussed here as Tennessee (1) and Tennessee (2).

5. ACF web site, http://reddog.acf.dhhs.gov/programs/opre/particip/prrate97.htm.

6. Information on employment characteristics in Wisconsin (2) is for leavers' "best job." The Washington study reports employment characteristics for those who are currently working or worked sometime during the past 12 months. This includes people who worked while on welfare, but not once they left.

7. A number of states have extended transitional Medicaid benefits beyond 12 months.

8. Another consideration is that these data are reported by leavers in surveys, not collected from program administrative data. Benefit receipt in surveys is commonly found to be underreported.

9. Washington, Texas, and Indiana report receipt of housing assistance, public housing, and rental assistance, respectively.

10. For a nationally representative study of former welfare recipients using data from the National Survey of America's Families and comparing the results with data on other working poor families, see *Assessing the New Federalism* discussion paper, "Families Who Left Welfare: Who Are They and How Are They Doing?" The Urban Institute, forthcoming.

THE URBAN INSTITUTE
2100 M Street, N.W.
Washington, D.C. 20037

Address Service Requested

Telephone: (202) 833-7200 ■ Fax: (202) 429-0687 ■ E-Mail: paffairs@ui.urban.org ■ Web Site: http://www.urban.org

About the Authors

Sarah Brauner is a research assistant in the Urban Institute's Income and Benefits Policy Center. Her research interests include welfare reform, government transfers, and poverty. She is presently involved in research on current and former AFDC/TANF recipients and former food stamp recipients.

Pamela Loprest is a senior research associate in the Income and Benefits Policy Center. Her research focuses on barriers and supports for work among low-income families and persons with disabilities. Her recent work examines welfare reform and work policies and families recently leaving welfare.

This series is a product of Assessing the New Federalism, a multi-year project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs and their effects. In collaboration with Child Trends, the project studies child and family well-being.

The project has received funding from The Annie E. Casey Foundation, the W.K. Kellogg Foundation, The Robert Wood Johnson Foundation, The Henry J. Kaiser Family Foundation, The Ford Foundation, The John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, The David and Lucile Packard Foundation, The McKnight Foundation, The Commonwealth Fund, the Stuart Foundation, the Weingart Foundation, The Fund for New Jersey, The Lynde and Harry Bradley Foundation, the Joyce Foundation, and The Rockefeller Foundation.

This series is dedicated to the memory of Steven D. Gold, who was codirector of Assessing the New Federalism until his death in August 1996.

Publisher: The Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037

For extra copies call 202-261-5687, or visit the Urban Institute's Web site (http://www.urban.org) and click on "Assessing the New Federalism."

NEW FEDERALISM: ISSUES AND OPTIONS FOR STATES
No. A-32