



Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data

Final 18-Month Report

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November 30, 2001

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EXECUTIVE SUMMARY

The counties of San Mateo, Santa Clara, and Santa Cruz, California, with funding from the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE), initiated a study to provide a reliable depiction of the circumstances of families leaving or “informally diverted” from the California Work Opportunities and Responsibility to Kids program (CalWORKs), California’s version of TANF. In conjunction with other ASPE-funded projects, this study will improve our understanding of the circumstances of low-income families who are former, current, or potential welfare recipients. This report examines the circumstances of three specific groups of families in the three counties:

- **Welfare Leavers** – families leaving CalWORKs in the fourth quarter of 1998, and remaining off aid at least two consecutive months;
- **Informally Diverted** – families denied cash aid for one of a specific set of non-financial reasons¹ in the fourth quarter of 1998, and not receiving cash aid for at least two consecutive months following denial; and
- **Recipients of Housing Assistance** – families with children receiving housing assistance in January 1999.² (This group may include welfare leavers, informally diverted families, and current cash aid recipients.)

We report outcomes for these families using county and state administrative data and three waves of survey data collected approximately 6, 12, and 18 months after exit or diversion from aid.

This report has three main goals. The first is to assess the changes in circumstances of our three groups of families over the course of the three survey rounds. The second objective is

¹ This population consists of families who were recorded in the county administrative systems as being denied aid because they did not comply with the requirements of the application process, they formally withdrew their application, or they did not complete their application. Because of difficulties obtaining information on the reason for denial of cash aid in Santa Cruz County, our study population of informally diverted applicants is limited to San Mateo and Santa Clara counties.

² The study population of housing-assistance families was drawn from San Mateo and Santa Clara counties.

to use the survey data to assess the validity and usefulness of administrative data in examining the circumstances of these families. This is significant from a cost standpoint, in that administrative data are potentially much less costly to collect and analyze than information derived from survey data collection efforts. Our third goal is to develop, through the use of administrative data that are readily available to county staff at exit or diversion, profiles of those families at greatest risk of encountering problems after leaving, or being diverted from, CalWORKs. Below we highlight the most significant findings, and comment on their policy implications where appropriate.

Key Findings

Conditions are improving for the leavers and the informally diverted families. Perhaps the most important conclusion to be drawn from this report is that conditions generally improved for leavers and the informally diverted over the 18-month follow-up period. Exhibit E-1 provides a summary picture of the changes in circumstances between the first and third survey rounds, covering selected measures of income, employment, and well-being. It shows that more of these conditions improved than deteriorated over the period. In the most comprehensive measure of family income – household income relative to the poverty level – all three groups of families improved significantly, with the median moving from below the federal poverty threshold to above that benchmark. In addition, enrollment in CalWORKs (recidivism in the case of leavers) went down. In spite of these improvements, however, about 20 percent of the families were very poor (below 70 percent of the poverty line) at the time of the third interview.

Trends in the awareness and use of “transitional” assistance are positive, but indicate room for further improvement. The use of Food Stamps declined among the one-parent and informally diverted families, but there was improvement in measures related to access. For

Exhibit E-1
Changes in Selected Measures of Income, Employment, and Well-Being
First Interview to Third Interview

| Measure | Better | About the Same | Worse |
|--------------------------------------|--------|----------------|-------|
| One-Parent Leavers | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | | ✓ |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | ✓ | |
| Health Insurance – Child | | | ✓ |
| Food Insecurity | | | ✓ |
| Housing Quality | ✓ | | |
| Housing Crowding | ✓ | | |
| Excessive Rent | ✓ | | |
| Substance Abuse | ✓ | | |
| Domestic Violence | | ✓ | |
| Two-Parent Leavers | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | | ✓ |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | | ✓ |
| Health Insurance – Child | | ✓ | |
| Food Insecurity | ✓ | | |
| Housing Quality | | | ✓ |
| Housing Crowding | | | ✓ |
| Excessive Rent | | ✓ | |
| Substance Abuse | ✓ | | |
| Domestic Violence | ✓ | | |
| Informally Diverted | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | ✓ | |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | ✓ | |
| Health Insurance – Child | | | ✓ |
| Food Insecurity | | ✓ | |
| Housing Quality | | | ✓ |
| Housing Crowding | ✓ | | |
| Excessive Rent | ✓ | | |
| Substance Abuse | ✓ | | |
| Domestic Violence | ✓ | | |

example, there was a decline in the proportion of households that experienced food insecurity and which appeared to be eligible for Food Stamps but were not receiving them. Health insurance coverage declined for some of the survey groups, as reductions in Medi-Cal enrollment were only partly offset by increases in private coverage. There was a trend toward greater awareness of the Earned Income Tax Credit. Nevertheless, a significant percentage of respondents – even among households with earnings – indicated that they were not aware of the tax credit. This suggests the need for policies to facilitate the provision of information about the EITC, not only for families on CalWORKs but also for applicants who do not go on to receive cash assistance.

After 18 months, two-parent leavers were somewhat better off than one-parent leavers and the informally diverted families. Exhibit E-2 compares outcomes at the 18-month interview. While two-parent leavers were better off on most measures, they were much more likely to be living in crowded housing conditions and paying excessive rent (in relation to their incomes). On the key measure of household income relative to poverty, the differences among the three survey groups were small.

In comparing administrative data with our survey responses, we found that in some areas, administrative data do not accurately reflect outcomes. In examining the receipt of cash aid (CalWORKs) and Food Stamps, we found that administrative data are accurate initially but the degree of accuracy declines over time, probably because of changes in the composition of the household relative to the original CalWORKs assistance unit.³ We also found that administrative data accurately reflected the post-exit *trend* in median earnings among leavers and the informally

³ Our surveys were designed to collect data regarding the respondent's *household*, whereas the measures constructed from administrative data are based on the recipient's *assistance unit when they left or were informally diverted from CalWORKs*. In some cases there may be persons in a recipient's household who are outside the original assistance unit at the time of exit/diversion, as well as people who move into or out of the household after exit/diversion.

Exhibit E-2
Circumstances at 18 Months
Leavers and Informally Diverted

| | 1-Parent Leavers | 2-Parent Leavers | Informally Diverted |
|----------------------------|-----------------------------|-----------------------------|--------------------------------|
| Earned Income | \$1500 | \$1640 | \$1600 |
| Income Relative to Poverty | 112% | 115% | 111% |
| Respondent Employed | 60% | 64% | 50% |
| Household Had Earnings | 72% | 85% | 78% |
| CalWORKs Recidivism | 21% | 10% | 20% |
| Respondent Uninsured | 18% | 22% | 26% |
| Children Uninsured | 12% | 14% | 21% |
| Food Insecurity | 30% | 28% | 29% |
| Substandard Housing | 27% | 25% | 29% |
| Crowded Housing | 23% | 63% | 26% |
| Excessive Rent | 18% | 32% | 25% |
| Household Substance Abuse | 7% | 5% | 2% |
| Domestic Violence | 12% | 5% | 12% |

diverted, but are less useful to measure the *level* of earnings. We found that administrative data tend to underreport the proportion of households with earnings, probably due to certain types of earnings not being reported to the UI system, and differences in the composition of the current household and the original exiting or diverted cash aid assistance unit.

There was more substantial disagreement between administrative and survey data on Medi-Cal enrollment. Although this issue warrants further research, it appears that a small but significant number of survey respondents were unaware of their enrollment in Medi-Cal. This points to the need for more attention to policies designed to ensure that leavers are aware of their enrollment status when they remain enrolled in Medi-Cal after exit from CalWORKs.

“Profiling” identifies strong relationships between characteristics at exit or diversion and subsequent well-being outcomes. We conducted a statistical analysis that related characteristics at exit or diversion from cash aid to six specific measures of poor outcomes at the 12-month interview: CalWORKs recidivism, housing crowding, income below the poverty level, absence of household earnings, food insecurity, and the absence of health insurance coverage. For leavers, the best predictors of families that are likely to face multiple problems (at least three of the six problems) are an absence of earnings at exit and Latino/Hispanic ethnicity. For the informally diverted families, we found that applicants who were diverted by reason of not complying with application process requirements or not completing the application, as opposed to those who voluntarily withdrew their applications, were much more likely to experience at least three of the six problems. We also found that diverted applicants whose primary language is Spanish were more likely to experience at least three of the six problems, although this relationship was not statistically significant at standard confidence levels. These techniques provide information that could be used in developing preventive policies, such as targeted post-assistance (or post-employment) support services.

Leavers who received housing assistance at exit reported better housing outcomes – despite having lower incomes – than leavers who did not receive such assistance. Leavers who were receiving housing assistance when they left CalWORKs were less likely to be living in substandard housing or crowded housing conditions, compared to leavers not receiving housing assistance at exit. The housing leavers also increased their incomes significantly between the first and second interviews, largely due to a shift from part-time to full-time employment. We hypothesize that by improving housing conditions, housing assistance helped some welfare leavers to increase their work activity.

1 INTRODUCTION

Since the passage of federal welfare reform in August 1996, welfare caseloads nationwide have experienced unprecedented declines. However, welfare reform will be judged a success only if families who were previously dependent on welfare become more economically self-sufficient without harming their children's well-being. On their own, caseload trends tell us little about the circumstances of current and former welfare recipients. Therefore, developing a more complete assessment of the impact of welfare reform, and identifying strategies to help families achieve self-sufficiency, requires an accurate understanding of the circumstances of families that have left cash assistance.

Prior to the recent efforts of the U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE), we had limited information about the well-being of families affected by the replacement of Aid to Families with Dependent Children (AFDC) with the Temporary Assistance to Needy Families (TANF) program. To add to our knowledge in this area, the counties of San Mateo, Santa Clara, and Santa Cruz, California, with funding from San Mateo County and ASPE, initiated a study to provide a reliable depiction of the circumstances of families leaving or "informally diverted" from the California Work Opportunities and Responsibility to Kids program (CalWORKs), California's version of TANF. This study has three primary objectives: (1) to examine the circumstances of families who stopped receiving cash aid and families who applied for but did not receive cash aid; (2) to assess the validity and usefulness of administrative data in examining the circumstances of these "welfare leavers" and "informally diverted" applicants by comparing administrative data with outcomes derived from a survey data collection effort; and (3) to develop, through the use of administrative data that are available to county staff, profiles of those families at greatest risk of

encountering problems after leaving, or being diverted from, CalWORKs. In conjunction with other ASPE-funded projects, this study will improve our understanding of the circumstances of low-income families who are potential, current, or former welfare recipients.¹

1.1 Methodology

Study Populations. This study is focused on three groups of families in San Mateo, Santa Clara, and Santa Cruz counties:

- **Welfare Leavers** – families leaving CalWORKs in the fourth quarter of 1998, and remaining off aid at least two consecutive months;
- **Informally Diverted** – families denied cash aid² for one of a specific set of non-financial reasons³ in the fourth quarter of 1998, and not receiving cash aid for at least two consecutive months following denial; and
- **Recipients of Housing Assistance** – families with children receiving housing assistance in January 1999.⁴ (This group may include welfare leavers, informally diverted families, and current cash aid recipients.)

The specific non-financial reasons for denial of cash aid used to define the informally diverted population included: (1) failure to comply with the requirements of the application process, (2) withdrawal of the application by the applicant, and (3) failure to complete the application process. The goal in selecting administrative denial reasons was to identify categories that would be most likely to include families who were not coming on cash aid because of potential barriers, such as the additional participation requirements associated with the CalWORKs program relative to the AFDC and GAIN programs that preceded it.

Administrative Data Sources. This study used county administrative data from the Case Data System (CDS) to identify the study populations, to measure family demographic

¹ This document is the third and last in a series of three reports for this project. The first two reports are available at the following location: <http://www.sphereinstitute.org/publications.html>

² Throughout this report we will use the term “cash aid” to refer to CalWORKs.

³ Because of difficulties obtaining information on the reason for denial of cash aid in Santa Cruz County, our study population of informally diverted applicants is limited to San Mateo and Santa Clara counties.

⁴ The study population of housing-assistance families was drawn from San Mateo and Santa Clara counties.

characteristics, and, in the case of leavers and the informally diverted, to identify the administrative reason for exit from or denial of cash aid. CDS information was also used to measure post-exit and post-diversion receipt of public assistance within the three study counties. State Medi-Cal Eligibility Data System (MEDS) data were used to track receipt of public assistance elsewhere in California, outside of the three-county area. State Unemployment Insurance Base Wage File (UIBWF) data were used to track employment and earnings. In addition to information on post-exit aid use, employment, and earnings, MEDS and the UIBWF provide historical information on these outcomes that were used, along with other measures of family characteristics, to construct weights to adjust survey data for non-response.

Survey Data. A central component of our study design was the implementation of a survey of a random sample of families in our study populations. Our survey was developed in consultation with the participating counties, and contained topical modules with questions covering household composition, child well-being, child care, education and training, employment, income, food security, health insurance coverage, family well-being, and welfare experiences. The surveys were designed to take 30 to 40 minutes and were used in both CATI and PAPI interview modes. The surveys were fielded in English, Spanish, and Vietnamese.

We pre-tested the instrument with a small group of leavers from San Mateo County who were in the population but not in the sample. The pretest was done entirely over the phone using both the CATI and PAPI versions, with 4 respondents for each mode. Data obtained for these pretest sample members were not included in the analysis.

The survey respondent was almost always the mother or female caretaker of the children in the assistance unit. Some survey questions were asked about a “focal” child. The focal child was selected randomly from the children living with the respondent at the time of the first

interview, and from those children for which the respondent was "responsible". Note that the focal child did not need to be the biological or adopted child of the respondent.

Surveys were conducted in three waves over an 18-month period from April 1999 to September 2000. The survey was fielded by the Battelle Memorial Institute. Surveys were primarily administered by telephone, with a small percentage completed in-person. The interviews were conducted in English (77 percent), Spanish (14 percent), and Vietnamese (9 percent). Approximately 26 percent of the interviews were completed in the first wave (6-11 months after exit/denial), 39 percent of the interviews were completed in the second wave (12-17 months after exit/denial), and 35 percent were completed in the third wave (18-23 months after exit/denial). Averaging over all three survey waves, the mean interview time was 35 minutes.

The study included 4 main sub-populations: (1) 1-parent TANF leavers, (2) 2-parent TANF leavers, (3) TANF applicants who were denied cash aid for one of a specific set of non-financial reasons, and (4) recipients of housing assistance. Child-only cases were excluded from the leaver populations. Because of data limitations, the third and fourth sub-populations were constructed only from San Mateo and Santa Clara data. Extracts from county welfare and housing administrative data systems were used to identify the four populations.

The leaver populations consist of families who exited TANF in October, November, or December 1998, where the exit month is defined to be the first month of two consecutive months in which all members of the case become inactive. That is, the exit month is the first month off aid, not the last month on aid. We identified 2,013 families in the population of 1-parent leavers and 358 families in the population of 2-parent leavers. The informally diverted population consists of families who applied for TANF assistance in October, November, or December 1998, but were denied assistance for a specific set of non-financial reasons, and did not receive TANF

assistance for at least 2 months after this application. We identified 517 families in the population of denied applicants. The housing population consists of all families with children receiving housing assistance in San Mateo and Santa Clara counties as of January 1999. There were 6,475 families in this population.

The sampling frame for the survey consisted of all families in the full population of families in each subgroup, excluding those with a primary language other than English, Spanish, or Vietnamese. There were 1,973 cases in the 1-parent sampling frame, 319 cases in the 2-parent sampling frame, 496 cases in the denied applicant sampling frame, and 5,115 cases in the housing sampling frame. The cases in each sampling frame were sorted by primary language, exit month, and an assigned random number, and the sample was chosen by a "step" method. There were 461 cases in the 1-parent sample, 199 cases in the 2-parent sample, 105 cases in the informally diverted sample, and 175 cases in the housing sample.

Respondent weights were constructed to weight up to the full population in each subgroup. The weights were constructed using the following information: language, case head ethnicity, case head age at exit/denial, number of children in the assistance unit at exit/denial, age of youngest child in the assistance unit at exit/denial, previous cumulative time on aid at exit/denial, earnings levels in the year up to and including the exit/denial quarter, and administrative reasons for exit/denial. The weights are the normalized inverse of the fitted probability of being a respondent in the period, derived from a probit analysis.

Exhibit 1-1 describes the size of each of our study populations, the number sampled for the purposes of our survey, and the number of interviews completed in each of the three survey waves occurring approximately 6, 12, and 18 months after exit or diversion. It is important to note that the survey outcomes presented in this report are organized by interview period, rather

than interview number. For example, when we refer to “third interview” outcomes, it is shorthand for “third interview period,” with the results presented being a mix of first, second, and third interviews, all occurring approximately 18 months after exit or diversion.⁵

Exhibits 1-2 through 1-5 compare the survey respondents with the populations from which the samples were drawn, in terms of their demographic characteristics and earnings outcomes. We used information on these characteristics to construct survey weights so that the respondents more closely reflect the characteristics of the population from which they were drawn.

1.2 Outline of Report

The remainder of this report is organized as follows. Chapter 2 briefly describes the major features of welfare reform in San Mateo, Santa Clara, and Santa Cruz, and then examines recent trends in economic conditions and welfare caseload dynamics in the three counties. Chapter 3 reports changes in the circumstances of welfare leavers and informally diverted applicants over the three interview waves. In Chapter 4, we compare survey and administrative data in order to assess the usefulness of administrative data in examining the circumstances of families. In Chapter 5, we develop profiles of those families at greatest risk of encountering problems after leaving, or being diverted from, CalWORKs. Chapter 6 examines how outcomes for leavers receiving housing assistance differ from those for leavers who do not receive such assistance. Finally, Chapter 7 presents our conclusions to the report.

⁵ We note that the 12-month report organized outcomes by interview number, presenting outcomes for first interviews that occurred in the first and second survey rounds. Therefore, the results presented in the 12-month report and the results presented in this report are not directly comparable.

**Exhibit 1-1
Population, Sample, and Survey Response Counts**

| Population | Population Size | Sample Size | Period 1 Responses | Period 2 Responses | Period 3 Responses |
|-----------------------|------------------------|--------------------|---------------------------|---------------------------|---------------------------|
| San Mateo | | | | | |
| • 1-parent Leaver | 302 | 156 | 57 | 91 | 93 |
| • 2-parent Leaver | 34 | 34 | 4 | 16 | 17 |
| • Informally Diverted | 134 | 50 | 16 | 19 | 19 |
| • Housing | 1297 | 85 | 52 | 17 | - |
| Santa Clara | | | | | |
| • 1-parent Leaver | 1505 | 155 | 38 | 92 | 88 |
| • 2-parent Leaver | 276 | 120 | 21 | 69 | 69 |
| • Informally Diverted | 383 | 55 | 21 | 26 | 28 |
| • Housing | 5178 | 90 | 40 | 24 | - |
| Santa Cruz | | | | | |
| • 1-parent leaver | 206 | 150 | 50 | 93 | 87 |
| • 2-parent Leaver | 48 | 45 | 18 | 33 | 33 |
| Totals | | | | | |
| • 1-parent Leaver | 2013 | 461 | 145 (31%) | 276 (60%) | 268 (58%) |
| • 2-parent Leaver | 358 | 199 | 43 (22%) | 118 (59%) | 119 (60%) |
| • Informally Diverted | 517 | 105 | 37 (35%) | 45 (43%) | 47 (45%) |
| • Housing | 6475 | 175 | 92 (53%) | 41 (23%) | - |

**Exhibit 1-2
One-Parent Leavers: Characteristics of Population and Respondents
Frequency (%) Tabulations**

| | Population | First Period Respondents | Second Period Respondents | Third Period Respondents |
|---|-------------------|---------------------------------|----------------------------------|---------------------------------|
| Number of Children | | | | |
| • 1 | 49 | 41 | 44 | 44 |
| • 2 | 30 | 39 | 40 | 38 |
| • 3 + | 21 | 20 | 16 | 18 |
| Ethnicity | | | | |
| • African-American | 12 | 15 | 16 | 16 |
| • Latino/Hispanic | 44 | 36 | 37 | 37 |
| • Vietnamese | 9 | 1 | 4 | 4 |
| • White | 28 | 38 | 36 | 35 |
| • Other | 7 | 10 | 7 | 8 |
| Language | | | | |
| • English | 82 | 89 | 89 | 89 |
| • Spanish | 8 | 9 | 7 | 7 |
| • Vietnamese | 8 | 1 | 3 | 3 |
| • Other | 2 | 1 | 1 | 1 |
| Age of Case Head | | | | |
| • 25 or Younger | 32 | 23 | 25 | 22 |
| • 26-45 | 60 | 70 | 67 | 70 |
| • 46 or Older | 8 | 7 | 8 | 8 |
| Age of Youngest Child | | | | |
| • 2 or Younger | 35 | 30 | 37 | 31 |
| • 3-5 | 26 | 24 | 22 | 24 |
| • 6-11 | 24 | 26 | 26 | 29 |
| • 12 or Older | 15 | 20 | 15 | 16 |
| Months on Aid in Previous 5 years | | | | |
| • 0 | 0 | 0 | 1 | 1 |
| • 1 to 12 | 14 | 17 | 17 | 15 |
| • 13 to 36 | 24 | 23 | 25 | 25 |
| • 37 + | 62 | 60 | 58 | 59 |
| Percent with Earnings in Exit Quarter | 61 | 70 | 69 | 69 |
| Median Earnings in Exit Quarter (Conditional on Earnings>0) | \$3,213 | \$3,359 | \$3,684 | \$3,659 |

**Exhibit 1-3
Two-Parent Leavers: Characteristics of Population and Respondents
Frequency (%) Tabulations**

| | Population | First Period Respondents | Second Period Respondents | Third Period Respondents |
|---|-------------------|---------------------------------|----------------------------------|---------------------------------|
| Number of Children | | | | |
| • 1 | 29 | 39 | 26 | 28 |
| • 2 | 32 | 28 | 32 | 30 |
| • 3 + | 39 | 33 | 42 | 42 |
| Ethnicity | | | | |
| • African-American | 2 | 5 | 2 | 2 |
| • Latino/Hispanic | 36 | 46 | 40 | 39 |
| • Vietnamese | 28 | 16 | 27 | 26 |
| • White | 23 | 28 | 23 | 25 |
| • Other | 11 | 5 | 8 | 8 |
| Language | | | | |
| • English | 48 | 54 | 52 | 55 |
| • Spanish | 14 | 30 | 19 | 18 |
| • Vietnamese | 27 | 14 | 26 | 25 |
| • Other | 11 | 2 | 3 | 2 |
| Age of Case Head | | | | |
| • 25 or Younger | 18 | 14 | 17 | 18 |
| • 26-45 | 65 | 65 | 60 | 61 |
| • 46 or Older | 17 | 21 | 23 | 21 |
| Age of Youngest Child | | | | |
| • 2 or Younger | 37 | 37 | 36 | 36 |
| • 3-5 | 21 | 16 | 19 | 21 |
| • 6-11 | 23 | 21 | 24 | 22 |
| • 12 or Older | 19 | 26 | 21 | 21 |
| Months on Aid in Previous 5 years | | | | |
| • 0 | 0 | 0 | 0 | 0 |
| • 1 to 12 | 23 | 21 | 23 | 25 |
| • 13 to 36 | 22 | 30 | 20 | 19 |
| • 37 + | 55 | 49 | 57 | 56 |
| Percent with Earnings in Exit Quarter | 77 | 88 | 83 | 82 |
| Median Earnings in Exit Quarter (Conditional on Earnings>0) | \$4,685 | \$4,436 | \$4,021 | \$4,140 |

Exhibit 1-4
Informally Diverted: Characteristics of Population and Respondents
Frequency (%) Tabulations

| | Population | First Period Respondents | Second Period Respondents | Third Period Respondents |
|---|-------------------|---------------------------------|----------------------------------|---------------------------------|
| Number of Children | | | | |
| • 1 | 42 | 49 | 47 | 49 |
| • 2 | 33 | 35 | 40 | 38 |
| • 3 + | 25 | 16 | 13 | 13 |
| Ethnicity | | | | |
| • African-American | 10 | 14 | 17 | 14 |
| • Latino/Hispanic | 50 | 54 | 42 | 43 |
| • Vietnamese | 8 | 7 | 8 | 11 |
| • White | 18 | 11 | 22 | 24 |
| • Other | 14 | 14 | 11 | 8 |
| Language | | | | |
| • English | 70 | 74 | 74 | 67 |
| • Spanish | 20 | 20 | 19 | 24 |
| • Vietnamese | 6 | 6 | 7 | 9 |
| • Other | 4 | 0 | 0 | 0 |
| Age of Case Head | | | | |
| • 25 or Younger | 39 | 55 | 38 | 43 |
| • 26-45 | 55 | 43 | 60 | 55 |
| • 46 or Older | 6 | 2 | 2 | 2 |
| Age of Youngest Child | | | | |
| • 2 or Younger | 59 | 81 | 67 | 70 |
| • 3-5 | 16 | 6 | 4 | 4 |
| • 6-11 | 14 | 8 | 20 | 17 |
| • 12 or Older | 11 | 5 | 9 | 9 |
| Months on Aid in Previous 5 years | | | | |
| • 0 | 45 | 57 | 51 | 60 |
| • 1 to 12 | 12 | 8 | 7 | 6 |
| • 13 to 36 | 21 | 11 | 18 | 13 |
| • 37 + | 22 | 24 | 24 | 21 |
| Percent with Earnings in Exit Quarter | 60 | 65 | 60 | 62 |
| Median Earnings in Exit Quarter (Conditional on Earnings>0) | \$2,834 | \$1,272 | \$2,453 | \$2,726 |

**Exhibit 1-5
Housing Assistance: Characteristics of Population and Respondents
Frequency (%) Tabulations**

| | Population | First Period Respondents | Second Period Respondents |
|---|-------------------|---------------------------------|----------------------------------|
| Number of Children | | | |
| • 1 | 43 | 23 | 17 |
| • 2 | 25 | 33 | 29 |
| • 3 + | 32 | 44 | 54 |
| Ethnicity | | | |
| • African-American | 19 | 34 | 35 |
| • Latino/Hispanic | 38 | 35 | 42 |
| • Vietnamese | N/A | N/A | N/A |
| • White | 13 | 13 | 13 |
| • Other | 30 ⁶ | 18 ⁶ | 10 ⁶ |
| Language | | | |
| • English | 62 | 77 | 83 |
| • Spanish | 5 | 5 | 8 |
| • Vietnamese | 12 | 18 | 9 |
| • Other | 21 | 0 | 0 |
| Age of Case Head | | | |
| • 25 or Younger | 3 | 4 | 5 |
| • 26-45 | 73 | 87 | 88 |
| • 46 or Older | 24 | 9 | 7 |
| Age of Youngest Child | | | |
| • 2 or Younger | 18 | 66 | 56 |
| • 3-5 | 19 | 8 | 14 |
| • 6-11 | 36 | 16 | 20 |
| • 12 or Older | 27 | 10 | 10 |
| Months on Aid in Previous 5 years | | | |
| • 0 | 19 | 29 | 17 |
| • 1 to 12 | 6 | 5 | 7 |
| • 13 to 36 | 17 | 20 | 20 |
| • 37 + | 58 | 46 | 56 |
| Percent with Earnings in Exit Quarter | 67 | 73 | 71 |
| Median Earnings in Exit Quarter (Conditional on Earnings>0) | \$4,295 | \$4,763 | \$4,723 |

⁶ Includes Vietnamese.

2 WELFARE REFORM IN THE THREE COUNTIES

In order to provide some context for the outcomes described in the following chapters, here we briefly describe the major features of welfare reform in San Mateo, Santa Clara, and Santa Cruz, and then examine recent trends in economic conditions and welfare caseload dynamics in the three counties.

CalWORKs Implementation. The CalWORKs Program – California’s welfare reform program – was enacted in 1997 in response to federal welfare reform legislation. Prior to that time, the state provided funds for basic education and employment services for AFDC recipients under the Greater Avenues to Independence (GAIN) Program (California’s JOBS program), but – unlike CalWORKs – the program was never fully funded to include all recipients. The main features of CalWORKs are a relatively generous earned income disregard for purposes of calculating the grant; “up-front” job search; welfare-to-work activities that can include education, training, and support services; a partial-grant sanction (removal of the adult from the assistance unit) for failure to comply with program requirements; community service employment after two years on aid; and a “time limit” grant reduction (removal of the adult from the assistance unit) after five years on aid.

San Mateo County, however, began to reform its welfare program three years prior to the enactment of CalWORKs, changing its basic philosophy from “work-force development” to “labor-force attachment,” similar to the work-first approach that generally characterizes the mode of most counties under CalWORKs. In 1997, San Mateo made further changes under its Shared Undertaking to Change the Community to Enable Self-Sufficiency (SUCCESS) Program, operated as a demonstration program under a waiver from the state Department of Social Services. Generally, the program included the principal elements of CalWORKs, including

comprehensive case management and support services, but with the potential for full-grant sanctions for non-cooperation. In August 1999, as the consequence of a lawsuit challenging the state waiver authorizing the SUCCESS demonstration project, San Mateo County began to change its SUCCESS program to comply with regular CalWORKs requirements.

In organizing their CalWORKs programs, all three counties co-located their eligibility workers and case management staff in the same building or complex. San Mateo County combined the functions of eligibility determination and case management. Santa Cruz County focused on interagency coordination – for example, using interagency teams for case management. Both Santa Cruz and San Mateo co-located cash assistance program staff with mental health and/or substance abuse staff. Santa Cruz and San Mateo provided post-employment services directly by its own staff, whereas Santa Clara County referred clients to community providers.¹

Economic Conditions. All three counties experienced strong economic growth from the mid 1990s through 2000. As Exhibit 2-1 shows, Santa Cruz County had the highest unemployment rate among the counties over the period, while San Mateo had the lowest. Employment in Santa Cruz County shows a high degree of cyclical variation due to the seasonal nature of the agricultural employment in the county. The strong Bay Area economy dropped unemployment to historic lows in each of our three counties, with rates of under 2 percent in San Mateo and Santa Clara and 4 percent in Santa Cruz in late 2000.

Caseload Trends. Exhibits 2-2, 2-3, and 2-4 show that welfare caseloads in the three counties peaked in early 1995 and – with the exception of a relatively stable trend in child-only cases – have declined significantly over the last 6 years. The caseload decline was

¹ This material was drawn from the RAND statewide evaluation of CalWORKs (implementation report).

Exhibit 2-1
San Mateo, Santa Clara, and Santa Cruz County Unemployment Rates

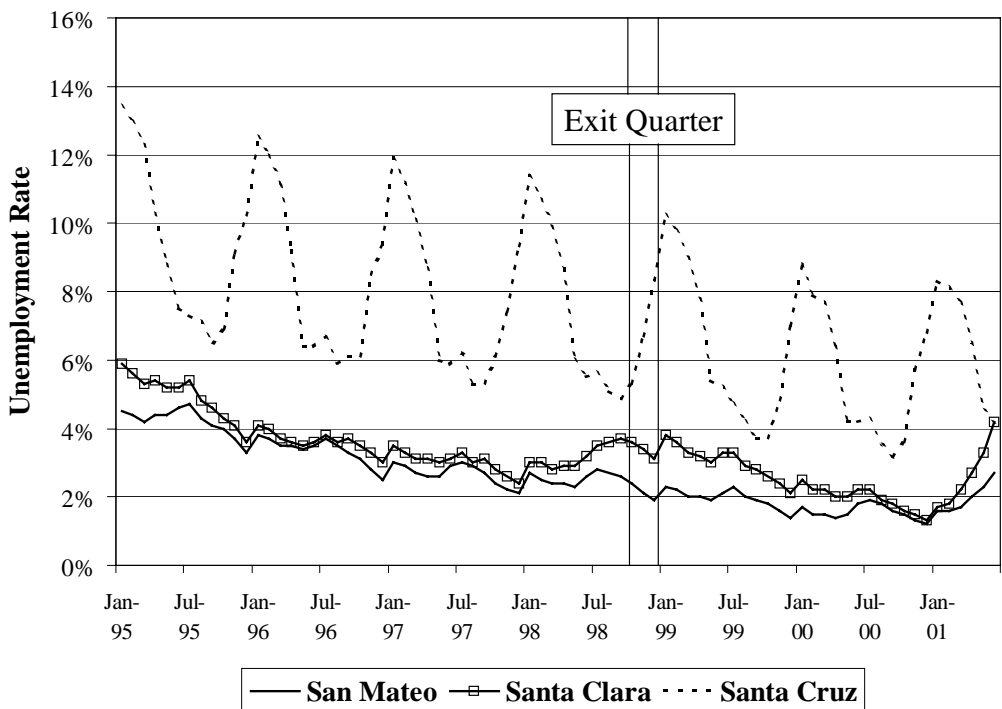


Exhibit 2-2
San Mateo County Welfare Caseload Trends by Case Type

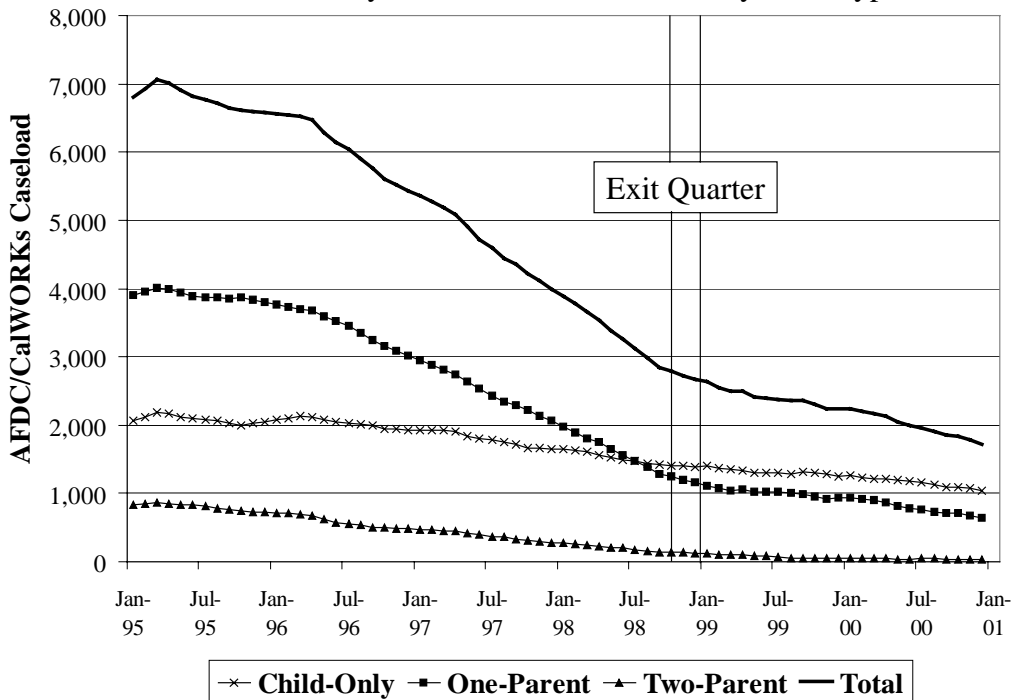


Exhibit 2-3
 Santa Clara County Welfare Caseload Trends by Case Type

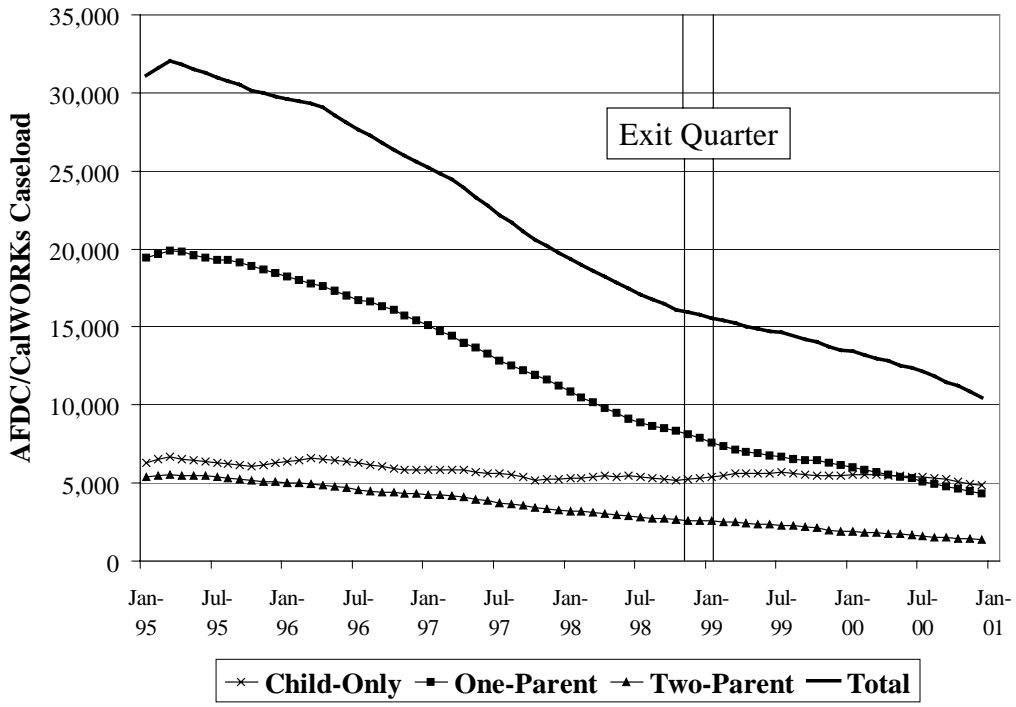
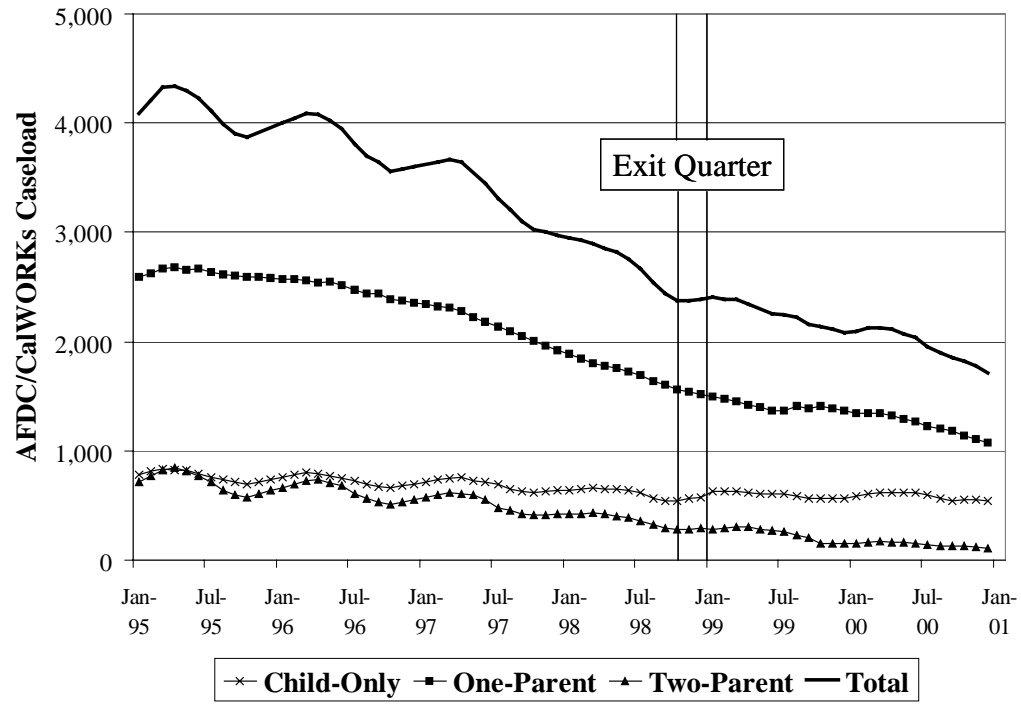


Exhibit 2-4
 Santa Cruz County Welfare Caseload Trends by Case Type



particularly large in San Mateo County, which experienced a 76 percent decline from March 1995 to December 2000 (compared to 67 percent in Santa Cruz and 60 percent in Santa Clara). It is possible that this was due, in part, to San Mateo's earlier implementation of welfare reform, as discussed above. We note that caseload reductions have been accompanied by a higher concentration of long-term recipients in the remaining caseload in all three counties.

The relatively high unemployment rate in Santa Cruz County, and its cyclical nature, appeared to affect the pattern of welfare utilization in the county. As a percentage of its adult population, caseloads in Santa Cruz were the highest among the three counties; and two-parent and child-only cases tended to fluctuate on a seasonal basis in a manner consistent with the unemployment rate. We note that the Santa Cruz leaver cohort is drawn from the trough of the seasonal cycle, and therefore is less likely to be composed of families leaving aid due to seasonal employment than a leaver cohort drawn at other times in the year.

Conclusion. Our study period is marked by a strong economy, which provided relatively favorable conditions for the families participating in this research. However, it is important to note that many of the leavers studied here had been on aid at least 36 of the previous 60 months (see Exhibits 1-2 and 1-3), and were exiting cash aid only after several years of substantial caseload declines. Therefore, one could reasonably infer that these leavers are likely to have more barriers to self-sufficiency than families who left cash aid earlier in the welfare reform period.

3 CHANGES IN CIRCUMSTANCES AFTER EXIT/DIVERSION

In this chapter we describe changes in the circumstances of welfare leavers and informally diverted applicants over the three interview waves.

3.1 Family and Household Structure

Exhibits 3-1 and 3-2 provide information about the household structure and family structure for the survey groups. We can see that a large proportion of the families in each group were in extended family or multi-family living arrangements, with the proportions generally increasing at the 18-month interview period. Not surprisingly, the majority of one-parent leavers were not living with a spouse or partner, while the majority of two-parent leavers were married in each interview period.

3.2 Use of Public Assistance

In Exhibit 3-3, we can see that CalWORKs recidivism (returns to cash aid) among the one-parent leavers went down – from a rate of 24 percent in the first interview period to 21 percent in the third period. The rate of recidivism for two-parent leavers was much lower than for one-parent leavers, and also declined – from 13 to 9 percent – between the first and third periods. By the time of the first interview period, 24 percent of the informally diverted families had gone onto CalWORKs, subsequently increasing to 37 percent and then dropping to 20 percent by the third period. We also found that a significant percentage of those families on CalWORKs at the time of the third interview period had a household member who was employed. Specifically, two-thirds of the leavers and 40 percent of the informally diverted had household earnings (Exhibit not shown).

Exhibits 3-4 and 3-5 show the trend in recidivism rates for all leavers and informally diverted families in the three counties in the study, over a 27-month period, using

| Exhibit 3-1 Household Structure Frequency (%) Tabulations | | | |
|--|-----------------|------------------|------------------|
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Not Living With Children | 4 | 4 | 1 |
| • One-Parent | 40 | 40 | 26 |
| • Two-Parent | 7 | 10 | 12 |
| • Extended Family | 43 | 35 | 47 |
| • Multi-Family | 6 | 12 | 14 |
| Two-Parent Leavers | | | |
| • Not Living With Children | 13 | 8 | 3 |
| • One-Parent | 6 | 5 | 3 |
| • Two-Parent | 36 | 49 | 52 |
| • Extended Family | 42 | 34 | 37 |
| • Multi-Family | 4 | 4 | 6 |
| All Leavers | | | |
| • Not Living With Children | 6 | 4 | 1 |
| • One-Parent | 35 | 35 | 23 |
| • Two-Parent | 12 | 16 | 18 |
| • Extended Family | 43 | 35 | 46 |
| • Multi-Family | 5 | 11 | 13 |
| Informally Diverted | | | |
| • Not Living With Children | 0 | 0 | 0 |
| • One-Parent | 23 | 32 | 19 |
| • Two-Parent | 29 | 22 | 24 |
| • Extended Family | 37 | 38 | 38 |
| • Multi-Family | 12 | 9 | 20 |

administrative data for all families in the study populations, rather than the survey data.¹ Exhibit 3-4 reports the percentage on aid *within the three study counties*, whereas Exhibit 3-5 reports the percentage of families (initially from the three counties) that subsequently went on aid in any of the other 55 counties in California. To calculate the percentage of each subgroup on cash aid in California at any particular point in time, it is necessary to sum across the two exhibits.

¹ We explore the comparability of survey and administrative data on cash aid receipt in more detail in the following chapter.

**Exhibit 3-2
Family Structure
Frequency (%) Tabulations**

| | 6 Months | 12 Months | 18 Months |
|----------------------------|----------|-----------|-----------|
| One-Parent Leavers | | | |
| • Married | 19 | 9 | 15 |
| • Partnership | 4 | 10 | 12 |
| • Other | 77 | 81 | 72 |
| Two-Parent Leavers | | | |
| • Married | 74 | 88 | 89 |
| • Partnership | 8 | 4 | 6 |
| • Other | 19 | 8 | 5 |
| All Leavers | | | |
| • Married | 27 | 21 | 27 |
| • Partnership | 4 | 9 | 11 |
| • Other | 68 | 70 | 62 |
| Informally Diverted | | | |
| • Married | 29 | 28 | 32 |
| • Partnership | 5 | 14 | 12 |
| • Other | 67 | 59 | 65 |

**Exhibit 3-3
Survey Data: Percentage of Households
Receiving CalWORKs**

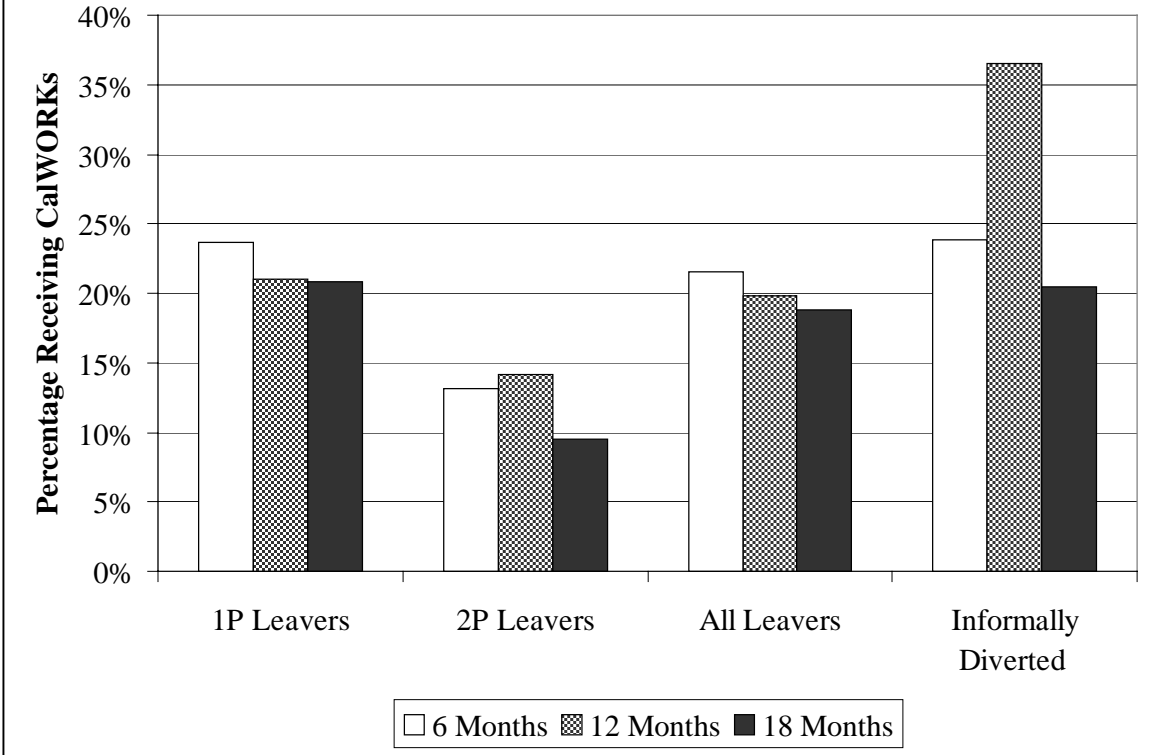


Exhibit 3-4
 Administrative Data: Percentage Receiving CalWORKs Within 3-County Area

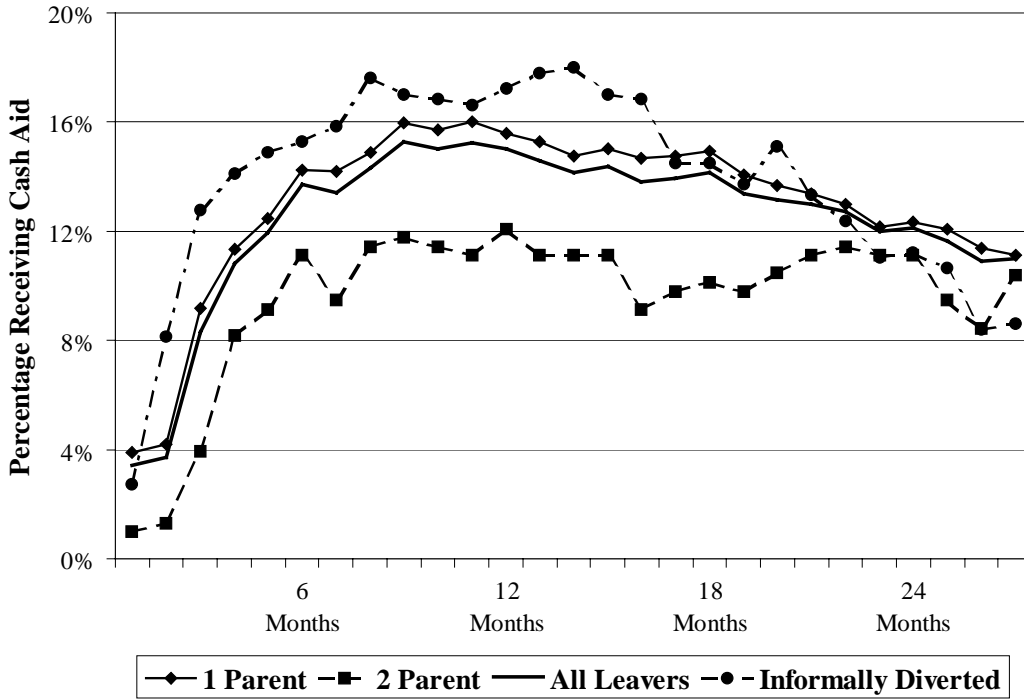
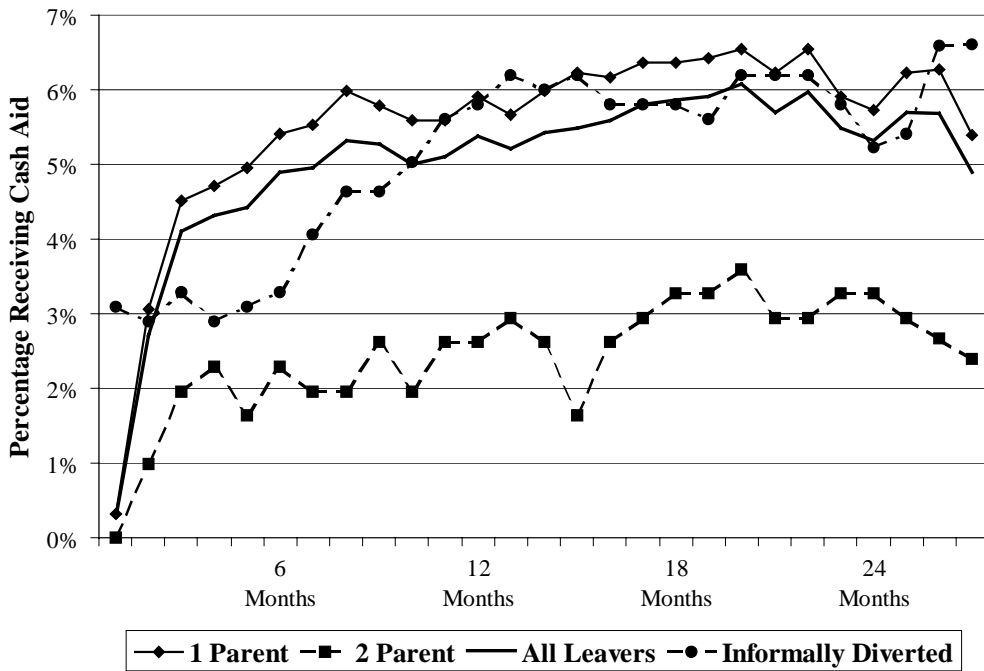


Exhibit 3-5
 Administrative Data: Percentage Receiving CalWORKs Elsewhere in California



When combining the data from these two exhibits, the patterns are generally consistent with the findings from the surveys. For example, we see that two-parent leavers have much lower recidivism rates than one-parent leavers, and that the informally diverted have a relatively high rate of cash aid receipt through the first 15 months after exit. Overall, 37 percent of one-parent leavers and the informally diverted, and 27 percent of two-parent leavers *ever* returned to cash aid in the first 18 months after exit/diversion, as measured in the administrative data (not presented in a separate exhibit).

The two figures also show an interesting difference in the pattern of subsequent aid receipt inside and outside of the three-county area. In the second half of the post-exit period, there is a gradual decline in the percentage receiving aid within the three counties, but persistence in the level of cash aid use by families receiving aid outside of the three county area. We note that the three counties in the study are characterized by a high and rapidly rising cost of living during this period, relative to the balance of the state. This may be associated with the trend toward a rising recidivism rate among the migrating leavers.

Using survey data, Exhibit 3-6 shows that the use of Food Stamps declined significantly among the one-parent leavers and the informally diverted families, whereas among the two-parent leavers the rate increased between the first and last interview. Since this exhibit includes income from Assistance as well as Non-Assistance Food Stamps, the decline for one-parent leavers is probably associated, in part, with the trend in CalWORKs recidivism.

Exhibits 3-7 and 3-8 show the Non-Assistance Food Stamps trends based on administrative data for the study populations, as in the preceding exhibits for CalWORKs recidivism. Again, we see a trend toward more use of Food Stamps, albeit a small percentage, outside of the three-county area, in contrast to a declining trend inside the three study counties.

Exhibit 3-6
Survey Data: Percentage of Households Receiving Food Stamps
(Assistance and Non-Assistance)

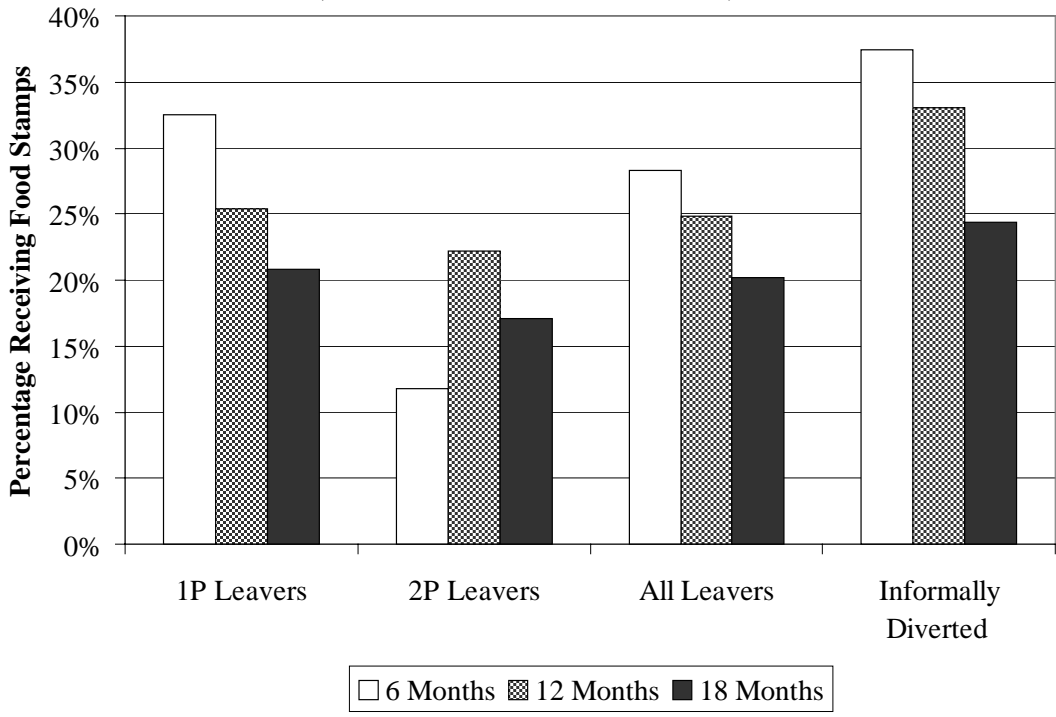
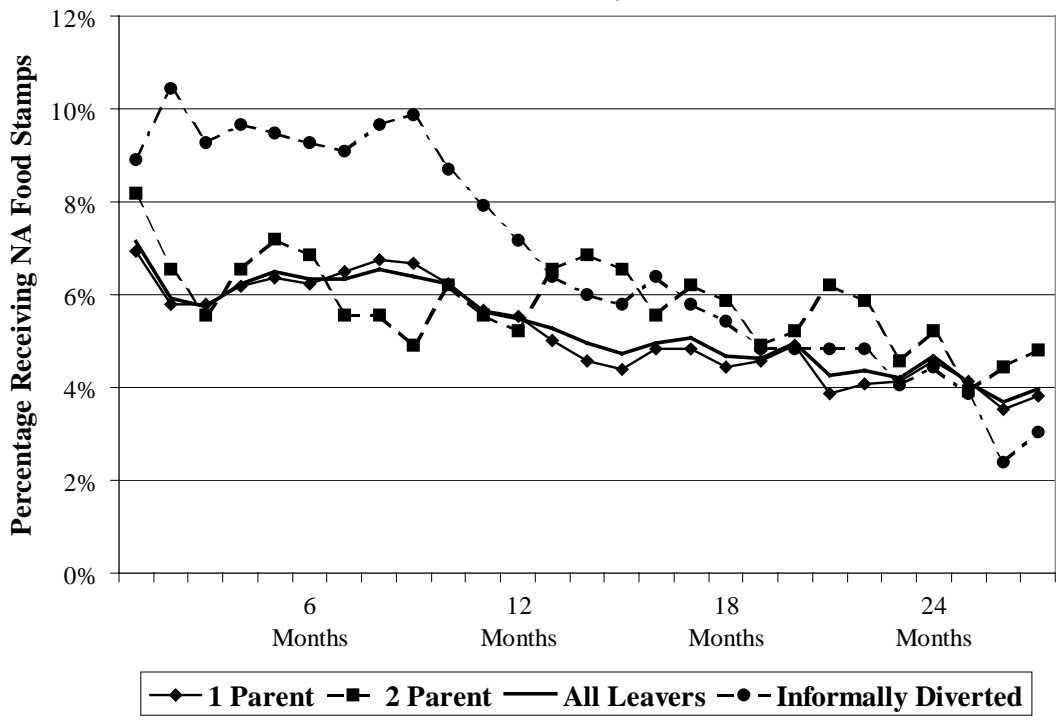


Exhibit 3-7
Administrative Data: Percentage Receiving Non-Assistance Food Stamps
Within 3-County Area



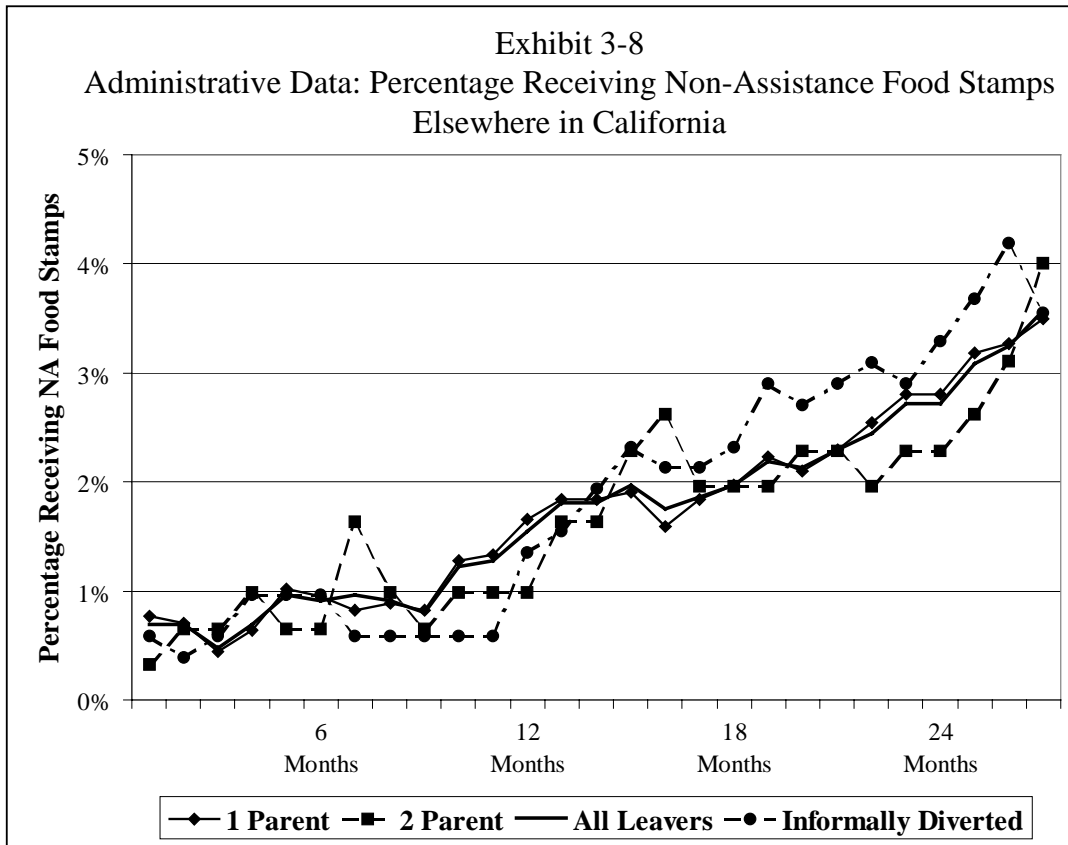
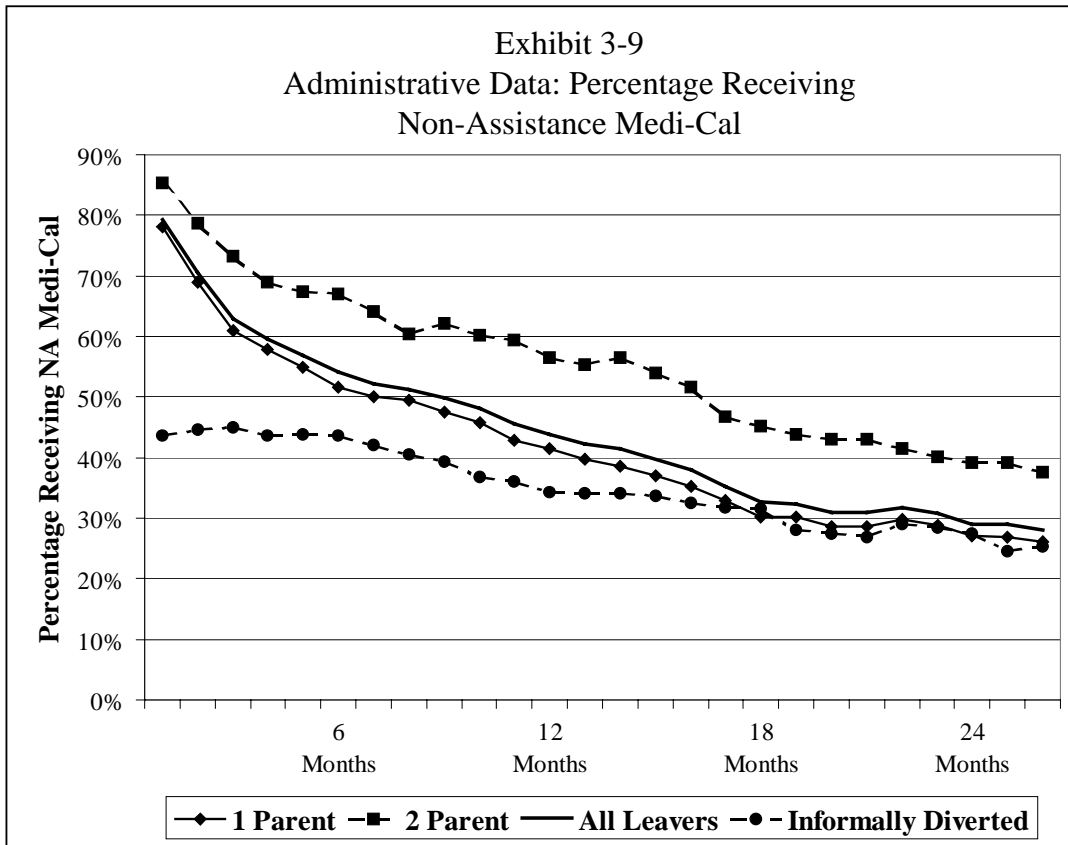


Exhibit 3-9 shows the trend in the percentage of families receiving Non-Assistance Medi-Cal benefits (both inside or outside the 3-county area). The percentage of leavers is very high initially, declining to about 30 percent 18 months after exit from aid and then leveling off.

The initial high rate is probably due primarily to the large backlog of cases in the “Edwards Hold” category, where leavers retained eligibility automatically pending redetermination of their eligibility (see our 12-Month Report for a fuller discussion of this). It is also interesting to note that a significant number of the informally diverted families were receiving Non-Assistance Medi-Cal benefits. The exhibit indicates that a large number of families diverted from CalWORKs were either in the Medi-Cal Program at the time or enrolled immediately after diversion. As we noted in our 12-Month Report, the average household income of the informally diverted families was relatively low at the time of the first interview



(just below the poverty level) and many of these families had incomes that were below the CalWORKs eligibility threshold.

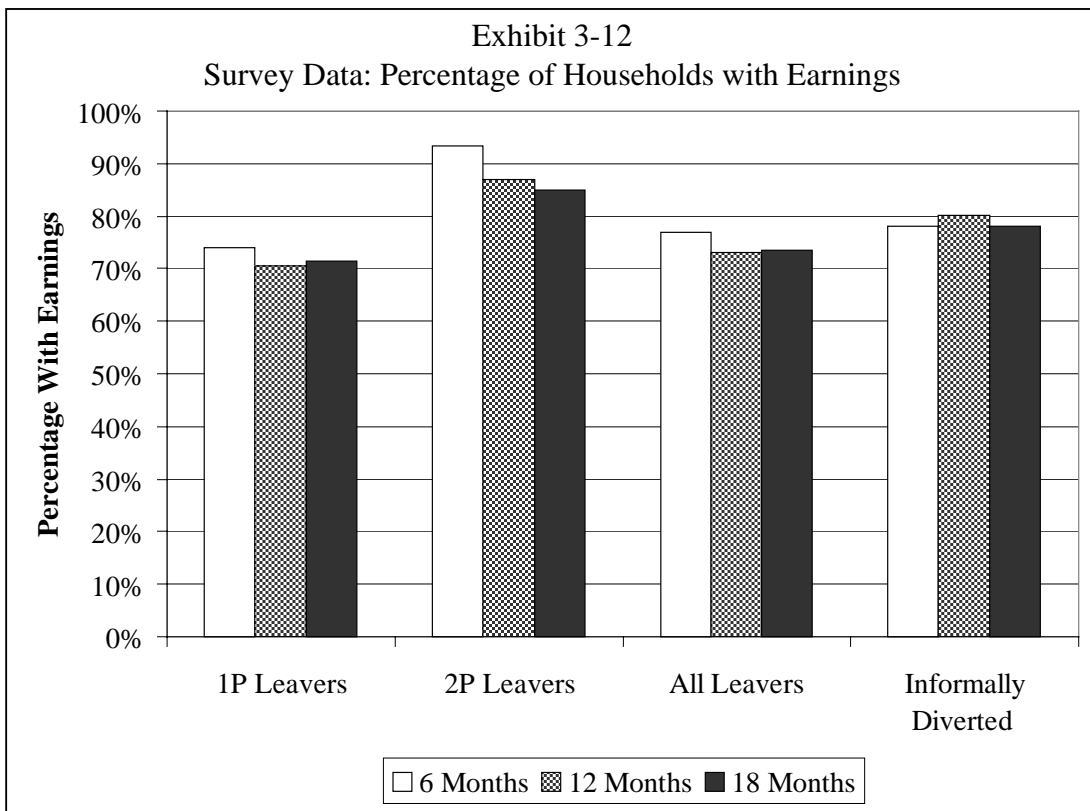
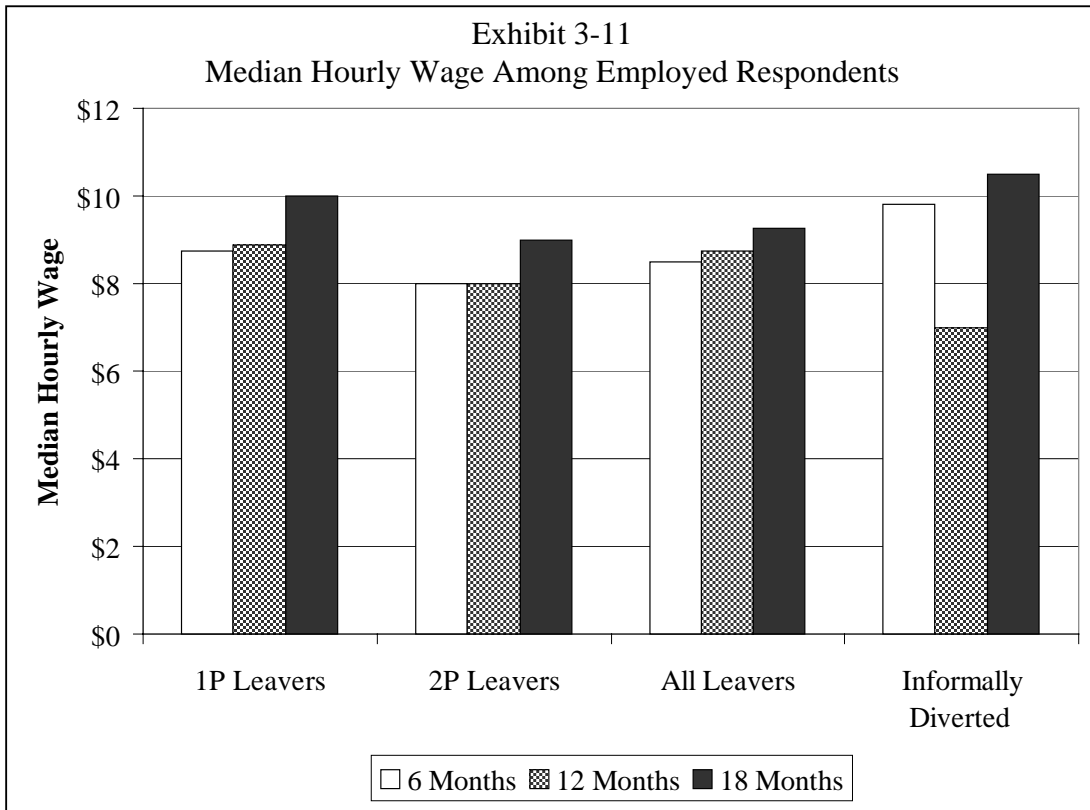
3.3 Employment and Earnings

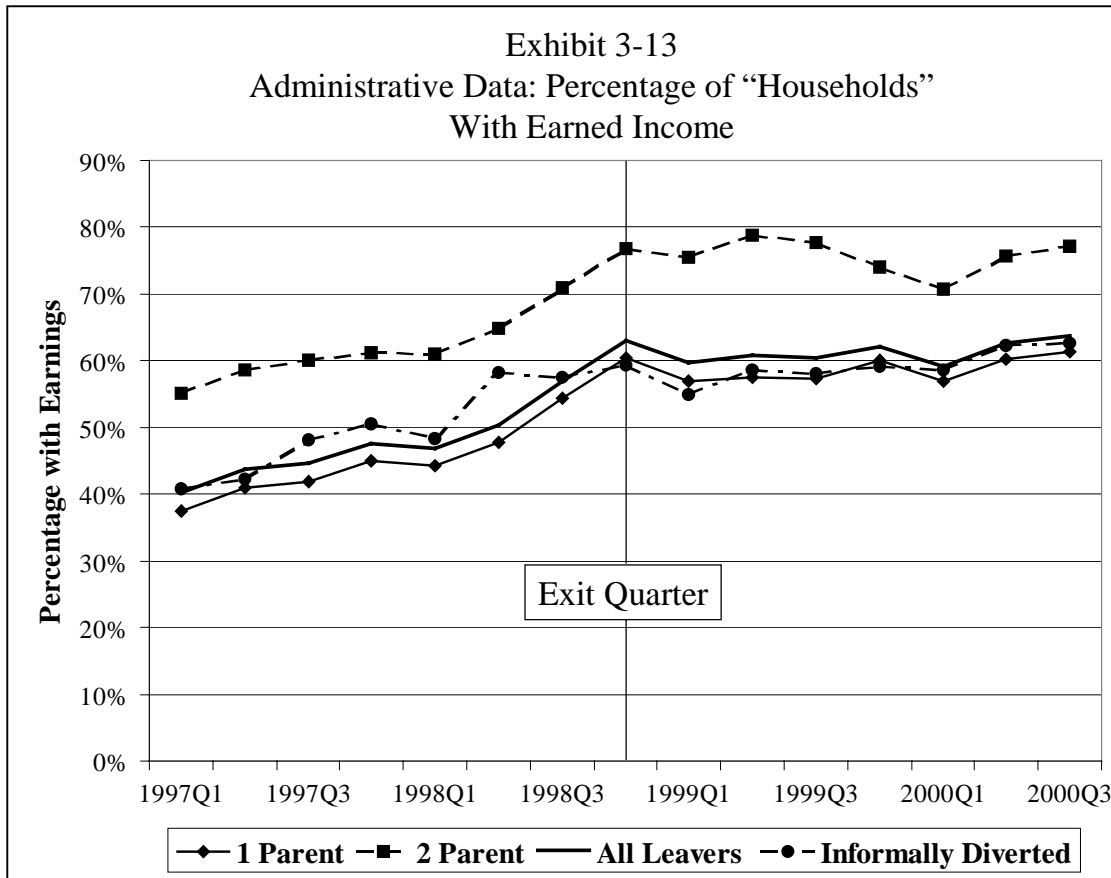
Exhibit 3-10 shows that among the one-parent leavers, there was little change in the percentage of respondents not working, but a significant movement from part-time to full-time employment. As a result, the percentage working full time increased from 41 to 52 percent. For the two-parent leavers, there were significant increases in both part-time and full-time employment, with a corresponding drop in the percentage not working (53 to 36 percent). A similar pattern exists for the informally diverted, with the percentage not working dropping from 63 to 50. We can also see, from Exhibit 3-11, that the median hourly wage increased for

| Exhibit 3-10 | | | |
|-------------------------------------|-----------------|------------------|------------------|
| Respondent Employment Status | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Not Recently Employed | 2 | 4 | 4 |
| • Recently Employed | 38 | 34 | 36 |
| • Currently PT | 19 | 12 | 8 |
| • Currently FT | 41 | 50 | 52 |
| Two-Parent Leavers | | | |
| • Not Recently Employed | 11 | 11 | 5 |
| • Recently Employed | 42 | 33 | 31 |
| • Currently PT | 10 | 14 | 15 |
| • Currently FT | 37 | 42 | 49 |
| All Leavers | | | |
| • Not Recently Employed | 3 | 5 | 4 |
| • Recently Employed | 39 | 34 | 35 |
| • Currently PT | 18 | 12 | 9 |
| • Currently FT | 40 | 49 | 52 |
| Informally Diverted | | | |
| • Not Recently Employed | 17 | 10 | 15 |
| • Recently Employed | 46 | 49 | 44 |
| • Currently PT | 5 | 9 | 7 |
| • Currently FT | 32 | 33 | 43 |

respondents in each of the study groups during this period, which is consistent with the shift toward greater full-time employment.

Exhibit 3-12 shows whether any person in the respondent's *household* had earnings in the prior month. It shows a slight reduction in the percentage of one-parent families. For two-parent families, there was a more substantial reduction, even though we saw in the preceding exhibit that there was an increase in the percentage of survey *respondents* who were working. Keeping in mind that most of the survey respondents from two-parent families were wives, this finding suggests the possibility of a trend toward reduced employment activity by the respondents' spouses or partners, partially offset by an increasing number of respondents going to work. A similar pattern may have existed among the informally diverted, where we earlier saw an

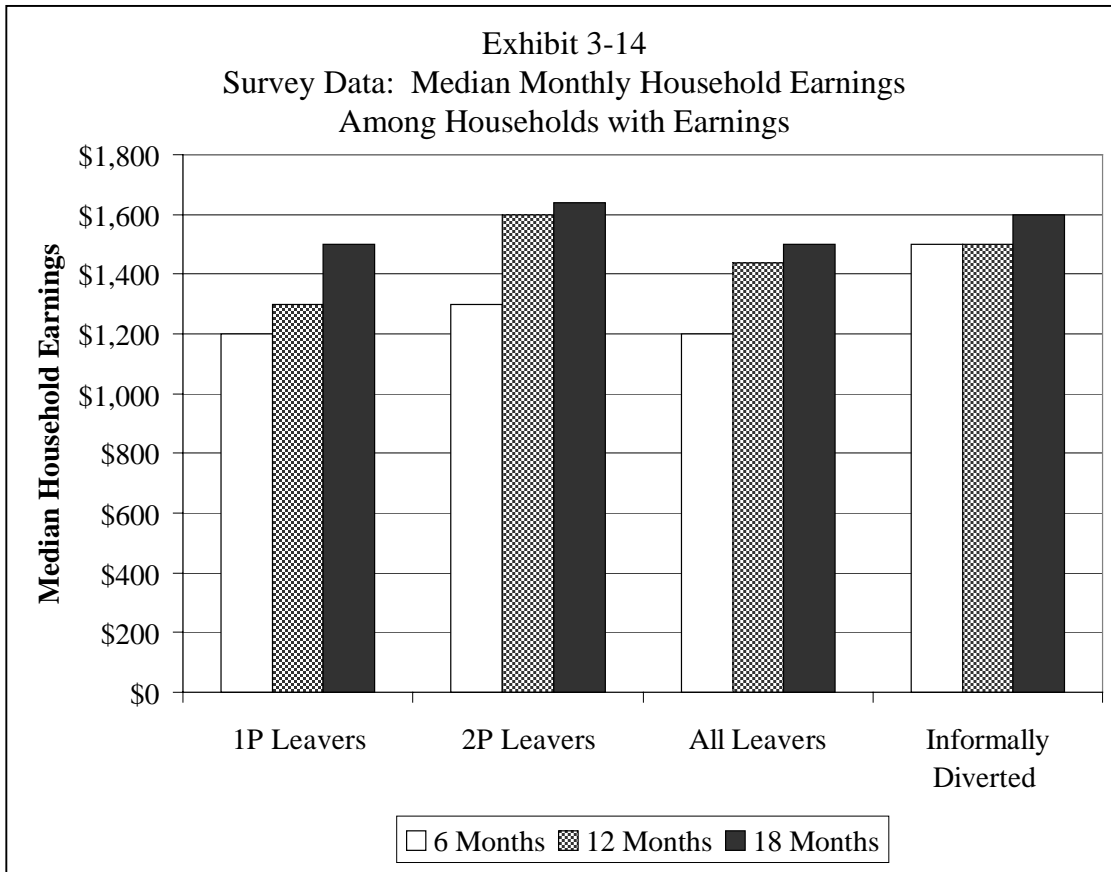




increase in the percentage of respondents working, but now see virtually no change in the percentage of households with earnings.

Exhibit 3-13 uses administrative data to show the trend in the percentage of leavers and informally diverted households² with earnings during the period before and after exit or diversion from aid, which occurred around the fourth quarter of 1998. We can see that the proportion of leavers with earnings rose steadily during the period prior to exit or diversion and then leveled off, whereas the proportion of diverted applicants grew initially but leveled off about six months prior to the time of diversion. In comparing Exhibits 3-12 and 3-13, we see that the reported proportion of households with earnings tends to be underestimated in the administrative data, although the relative ranking of sub-groups is similar across survey and

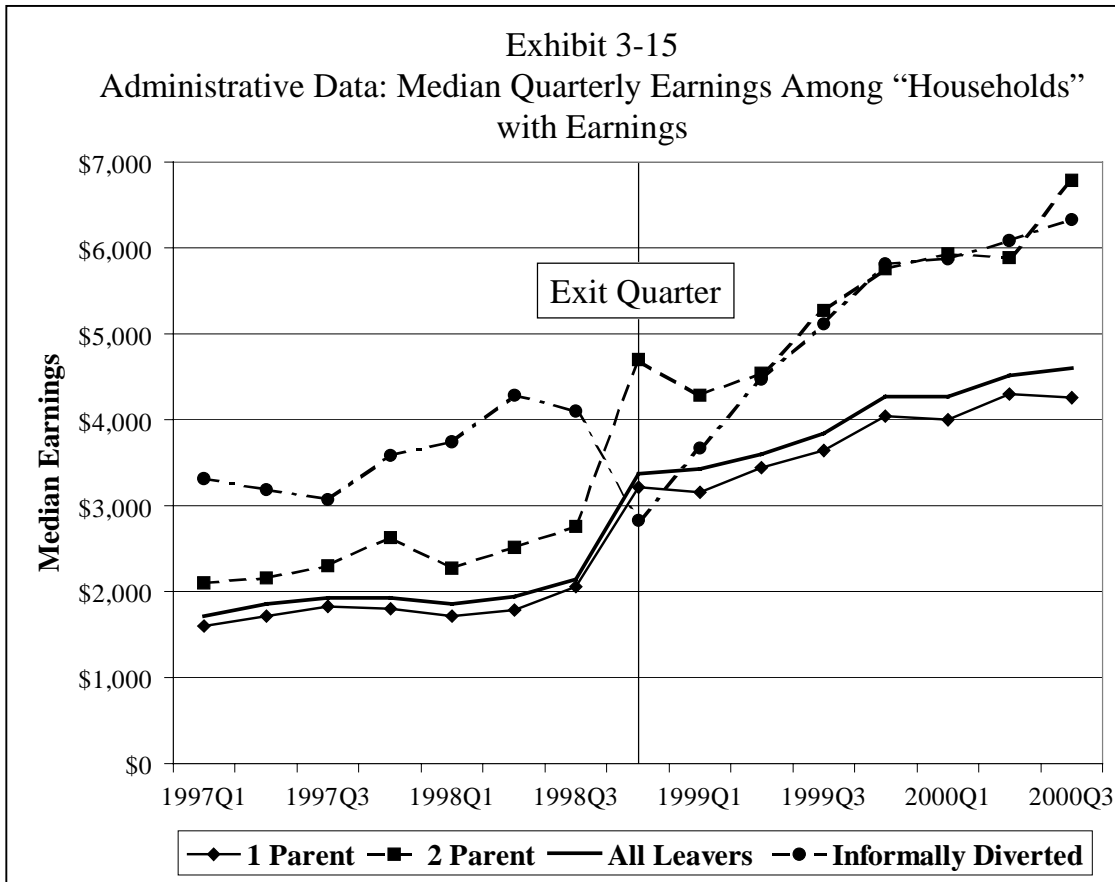
² More accurately, the exhibit measures the earnings of the adult members of the exiting or diverted assistance unit.



administrative data sources. That is, both data sources show that two-parent leavers are most likely to have earned income, while one-parent leavers and the informally diverted are almost equally likely to have earnings.

As the survey data in Exhibit 3-14 shows, the median level of earned income for those households that reported earnings increased significantly (about 25 percent) for the one- and two-parent leavers, and more modestly (about 7 percent) for the informally diverted families between the first and third interviews. As discussed above, movement from part-time to full-time employment, particularly among the one-parent leavers, probably played a role in this increase in median earned income.

Exhibit 3-15 shows the trend in median earnings before and after exit or diversion from aid, as measured in administrative data using the earnings of adults in the exiting or diverted



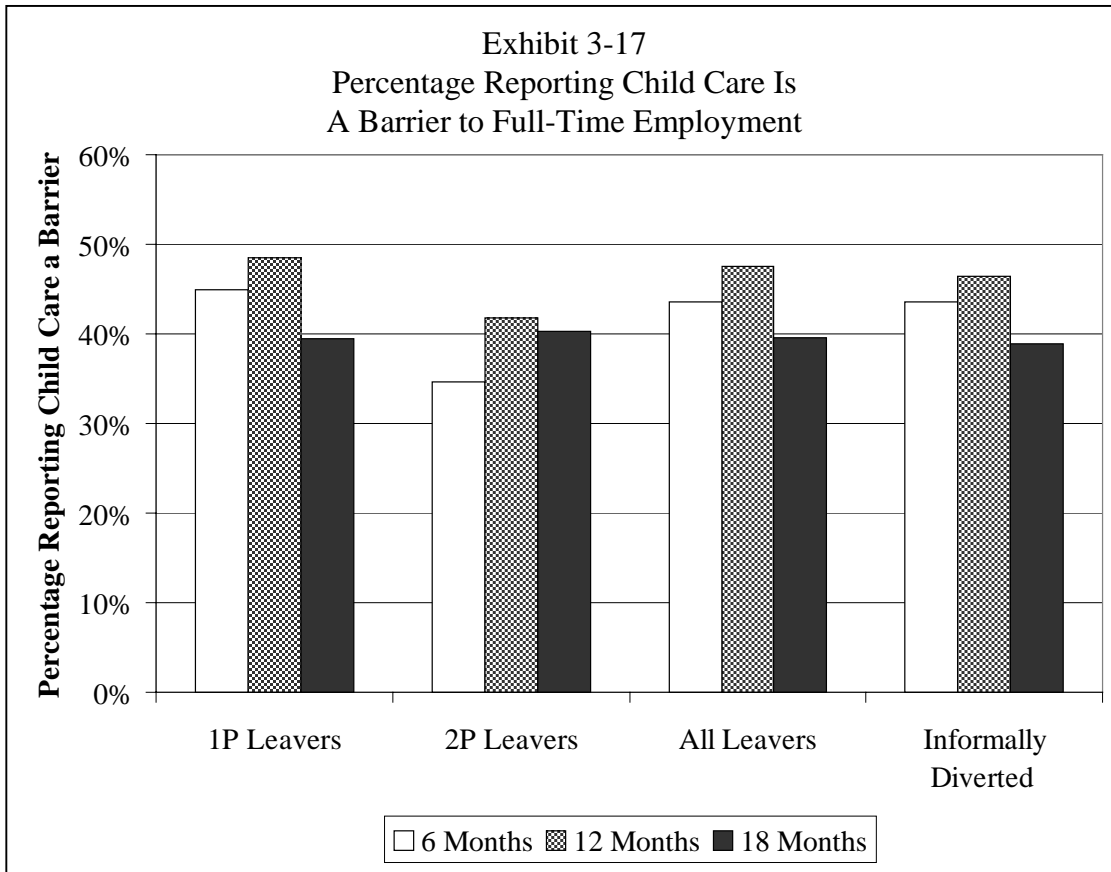
assistance unit. As we noted in our 12-Month Report, both leaver groups experienced sharp increases in earned income in the exit quarter, as might be expected. We also see a sharp decline in earnings for the informally diverted applicants in the quarter in which they applied for aid, which is probably associated with their decisions to apply. It is interesting to note, however, the immediate recovery in average earnings in the following quarter, a trend that continues in subsequent quarters at a rate of increase that generally parallels the two-parent leavers and exceeds the one-parent leavers. As we discuss in more detail in the 12-Month Report, this suggests short spells of joblessness for many diverted applicants in the fourth quarter of 1998, and the possible reason that they did not receive aid was that they found employment.

Exhibit 3-16 covers both awareness, and use, of the Earned Income Tax Credit (EITC). Among all three groups, a significant proportion of the respondents were not aware of the EITC,

| Exhibit 3-16 | | | |
|--------------------------------------|-----------------|------------------|------------------|
| Awareness and Use of the EITC | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Never Heard, Never Used | 54 | 54 | 37 |
| • Heard, Never Used | 13 | 15 | 20 |
| • Heard and Used | 33 | 31 | 43 |
| Two-Parent Leavers | | | |
| • Never Heard, Never Used | 50 | 51 | 41 |
| • Heard, Never Used | 13 | 5 | 12 |
| • Heard and Used | 38 | 45 | 47 |
| All Leavers | | | |
| • Never Heard, Never Used | 54 | 53 | 37 |
| • Heard, Never Used | 13 | 14 | 19 |
| • Heard and Used | 34 | 33 | 44 |
| Informally Diverted | | | |
| • Never Heard, Never Used | 62 | 50 | 46 |
| • Heard, Never Used | 14 | 21 | 33 |
| • Heard and Used | 25 | 29 | 21 |

but the trend was clearly toward greater awareness. The trend was also toward greater use of the tax credit for one- and two-parent leavers, but the percentage of informally diverted families using the credit dropped at the third interview. Even among those who had household earnings, however, a significant proportion of respondents (one-third of the leavers and one-half of the informally diverted) had not heard of the EITC at the time of the third interview (exhibit not shown).

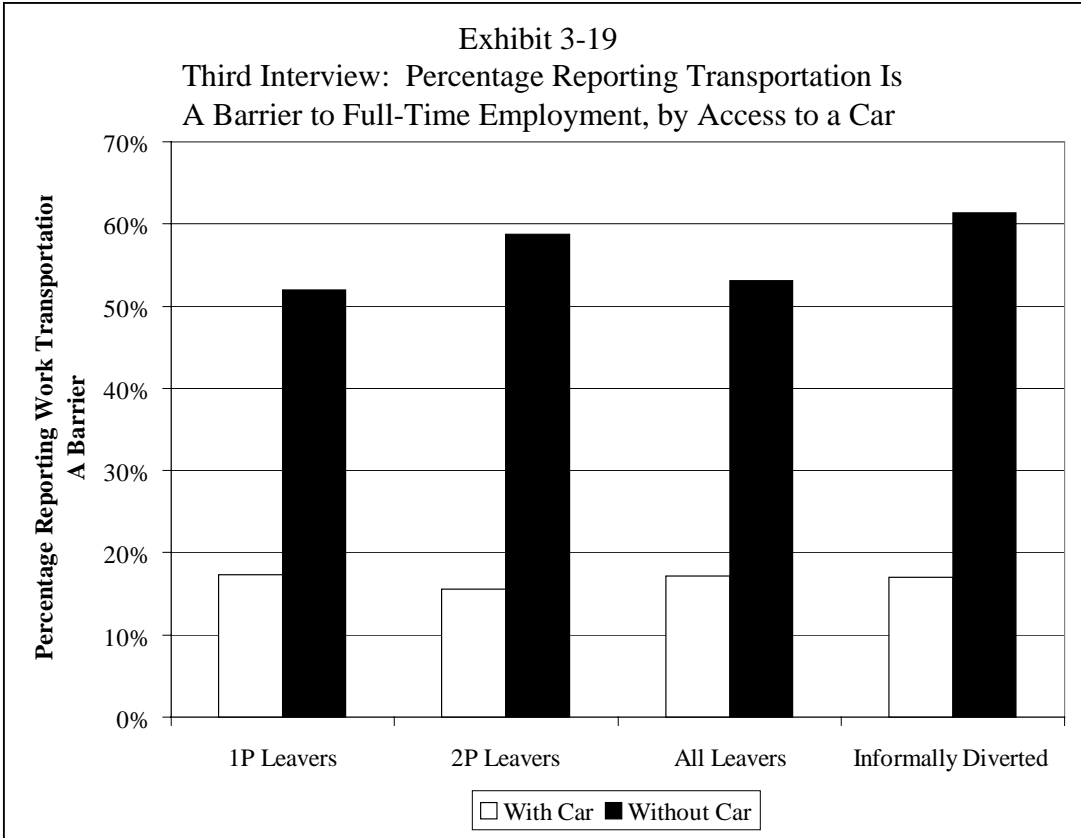
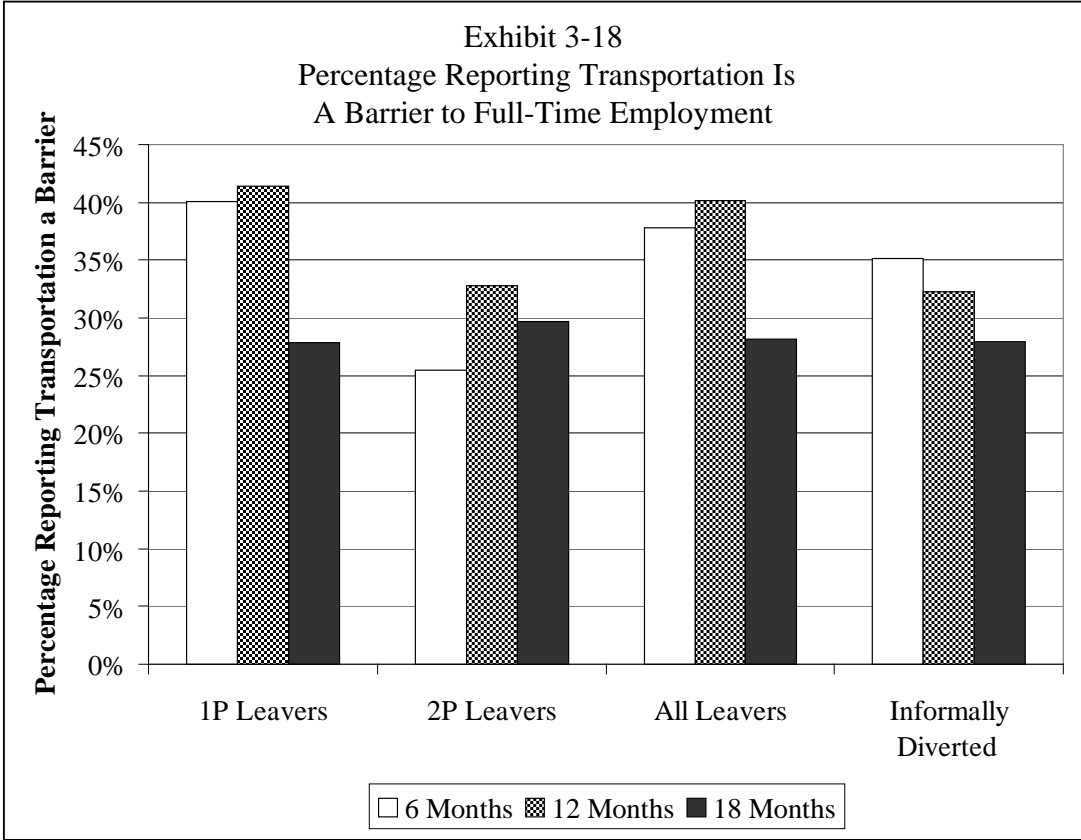
We next examine the extent to which child care, transportation, and loss of benefits are reported by respondents to be barriers to full-time employment. As shown in Exhibit 3-17, a significant number of respondents in all subgroups identified child care as a problem at all three interviews. By the time of the third interview, the situation had improved for the one-parent and informally diverted families, but not for two-parent families. Recalling that most of two-parent respondents are wives or female partners in a two-parent family structure, this finding suggests

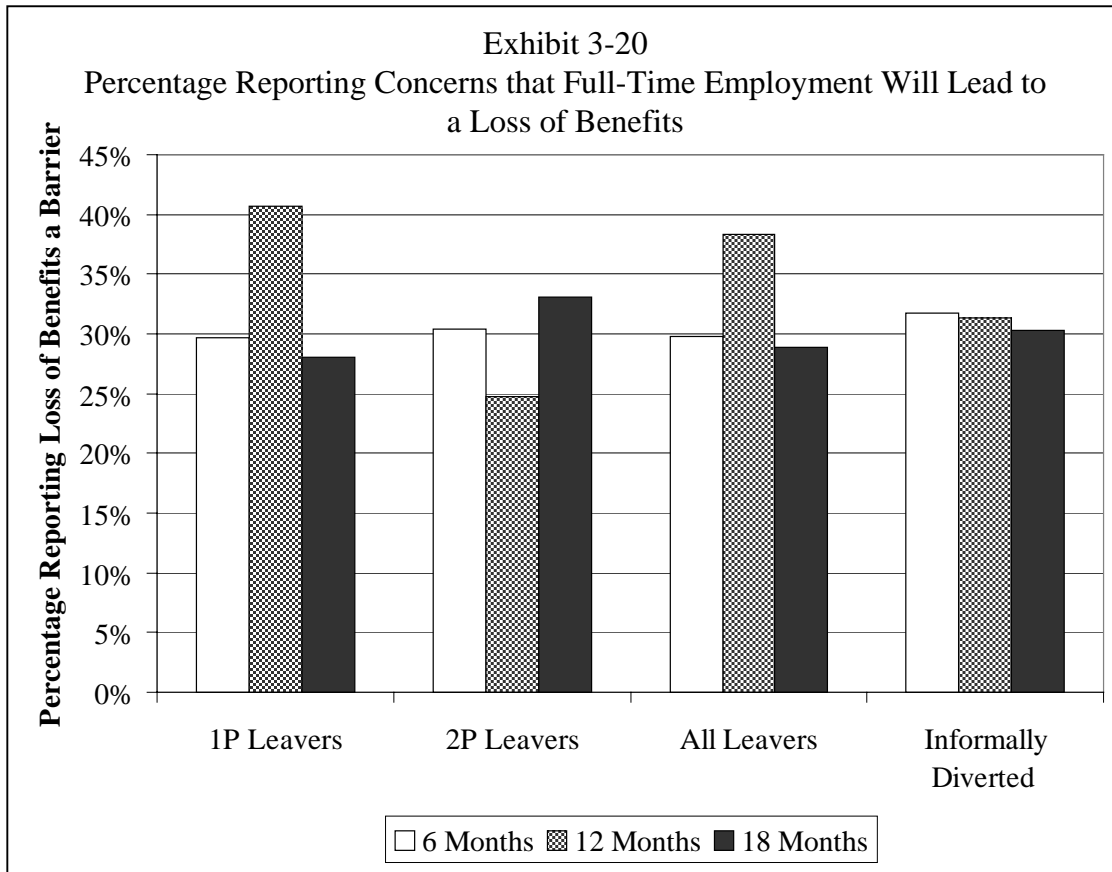


that the increased employment activity observed among two-parent respondents in Exhibit 3-10 is associated with greater stress on child care arrangements.

The trends are similar for reports of transportation problems as barriers to employment, where the situation improved from first to third interview among the one-parent and informally diverted families, but became somewhat worse for the two-parent families (Exhibit 3-18). Together with the trend in respondent employment behavior reported in Exhibit 3-10, this finding suggests that increased labor force participation by two-parent respondents tended to put additional stress on the family’s transportation resources.

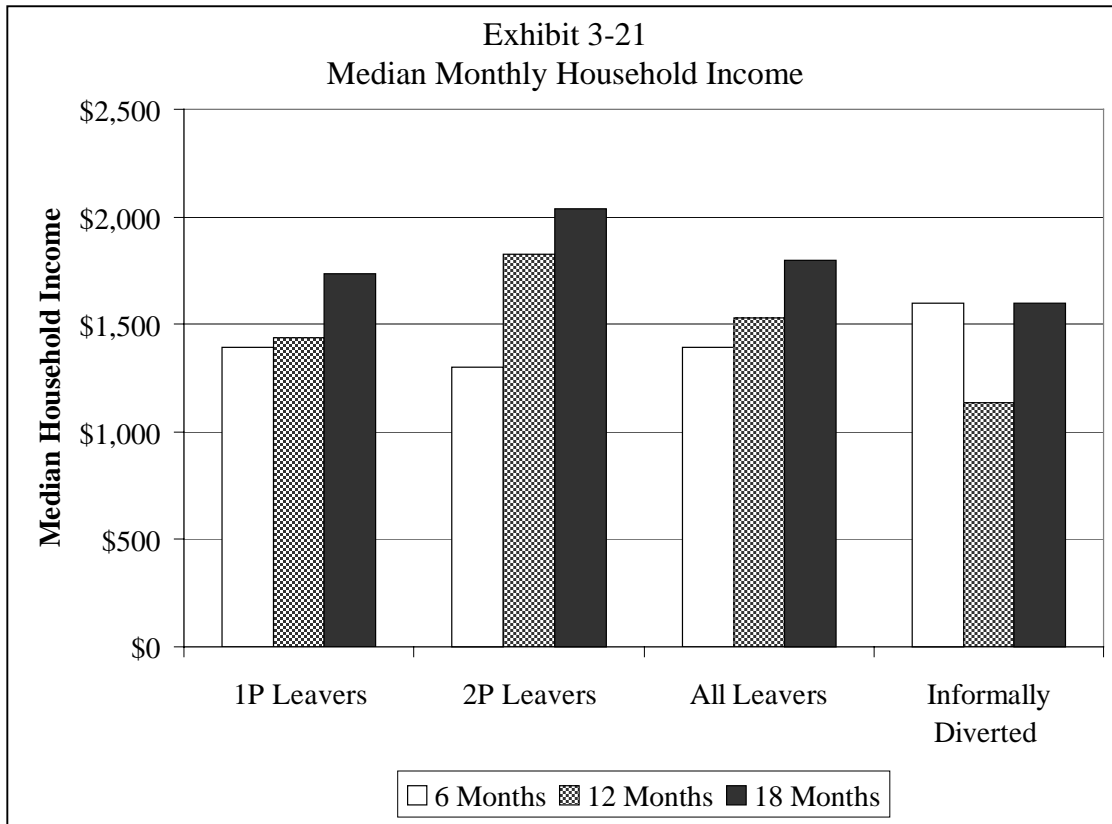
Not surprisingly, the perception of transportation as a barrier to full-time employment was highly correlated with the respondent’s access to a car she can use for regular transportation to work (Exhibit 3-19). This exhibit shows that respondents without access to a car are much





more likely to report that transportation presents a big problem for obtaining or maintaining full-time employment. We also found, as we would expect, that respondents on CalWORKs at the time of the last interview were more likely to identify transportation as a barrier to employment than were the respondents not on aid at that time (not shown in separate exhibit).

Exhibit 3-20 shows the percentage of respondents who felt that losing welfare benefits was a barrier to obtaining full-time employment. A majority of each of the survey groups indicated that this was not a problem, with no clear trend in the change from the first and third round of interviews. We note that somewhat more two-parent families felt that the loss of benefits was a problem, compared to one-parent families, even though their household incomes relative to poverty were higher and their rates of CalWORKs recidivism were lower. The



proportion of informally diverted who thought the loss of benefits was a problem was about the same as the leavers.

3.4 Income and Economic Security

Similar to the pattern for earned income, total household income increased substantially for the one- and two-parent leavers, but showed no net change for the informally diverted families (see Exhibit 3-21). Compared to the federal poverty guidelines, the median level of total household income increased from 87 percent of the poverty level to 112 percent for the one-parent leavers, and from 90 percent to 115 percent for the two-parent leavers, consistent with the changes in income (see Exhibit 3-22). There was also a significant improvement for the informally diverted families – from 89 percent to 110 percent of poverty – even though we saw a relatively small increase in median household income over the same period.

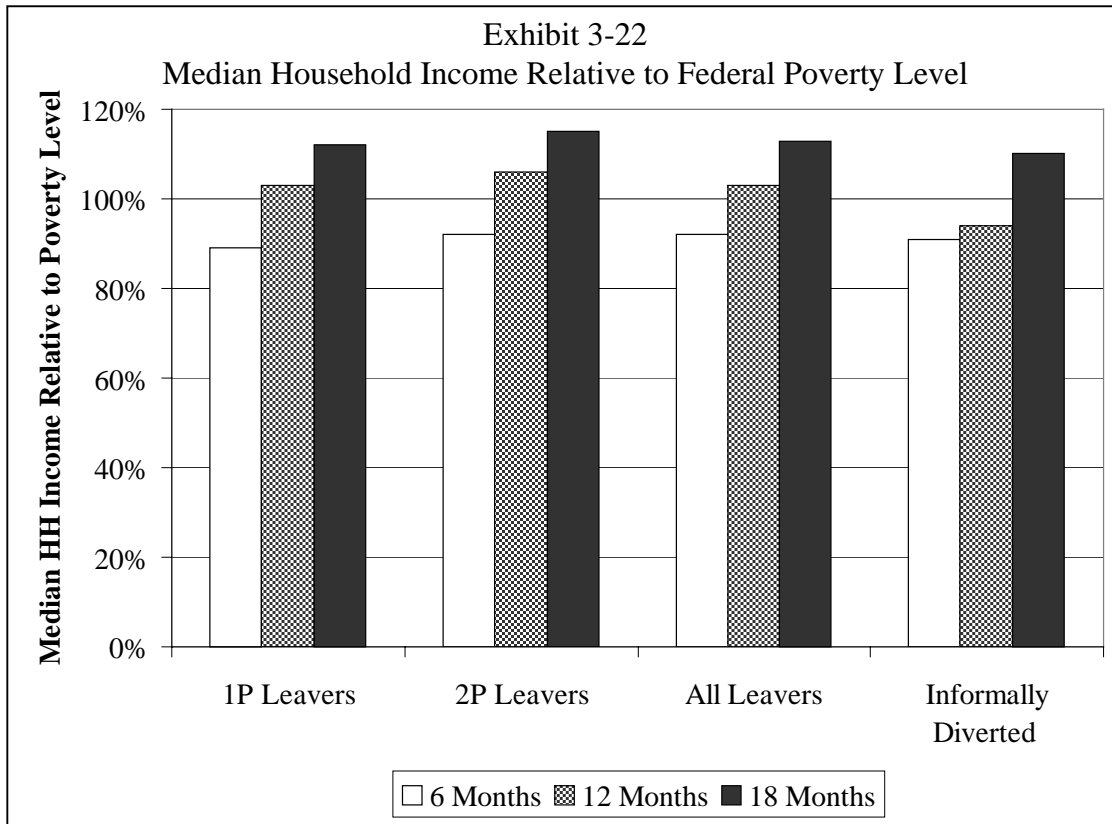


Exhibit 3-23 provides a more detailed look at the changes in median household income relative to the federal poverty level. We can see a significant shift out of the poorest group (below 70 percent of the poverty level), particularly among the one-parent and informally diverted families. It is important to note, however, that in spite of the increases in the median level of household income, 41 percent of the leaver households and 36 percent of the informally diverted households were at or below the federal poverty level by the time of the third interview, and almost 20 percent of the leavers and the informally diverted families were below 70 percent of the poverty level. We would expect that almost all of the families in this latter group would be eligible for CalWORKs, and thus we hypothesized that many of them were enrolled in the program at that time. Exhibit 3-24 confirms this, but we note that a majority of these “very poor” families remained off of aid.

| Exhibit 3-23 | | | |
|---|-----------------|------------------|------------------|
| Household Income Relative to Federal Poverty Level (FPL) | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Less Than 70% of FPL | 36 | 26 | 19 |
| • 71 to 100% | 21 | 19 | 23 |
| • 101 to 130% | 17 | 22 | 19 |
| • 131 to 185% | 13 | 17 | 19 |
| • 186 to 250% | 7 | 8 | 13 |
| • More than 250% | 5 | 8 | 8 |
| Two-Parent Leavers | | | |
| • Less Than 70% of FPL | 24 | 17 | 17 |
| • 71 to 100% | 41 | 30 | 24 |
| • 101 to 130% | 13 | 21 | 16 |
| • 131 to 185% | 11 | 20 | 24 |
| • 186 to 250% | 9 | 9 | 12 |
| • More than 250% | 2 | 4 | 6 |
| All Leavers | | | |
| • Less Than 70% of FPL | 34 | 25 | 18 |
| • 71 to 100% | 24 | 21 | 23 |
| • 101 to 130% | 17 | 22 | 19 |
| • 131 to 185% | 13 | 18 | 20 |
| • 186 to 250% | 7 | 8 | 13 |
| • More than 250% | 5 | 7 | 8 |
| Informally Diverted | | | |
| • Less Than 70% of FPL | 33 | 33 | 19 |
| • 71 to 100% | 21 | 20 | 17 |
| • 101 to 130% | 17 | 11 | 30 |
| • 131 to 185% | 14 | 18 | 13 |
| • 186 to 250% | 8 | 6 | 15 |
| • More than 250% | 7 | 13 | 6 |

In order to explore the question of why some leaver families who appeared to be eligible for CalWORKs chose to remain off of aid, while other families chose to go back on aid, we compared two groups of leaver families: those households that were not on CalWORKs at the time of the third interview but which were below the poverty line (and therefore probably eligible for CalWORKs) and those that were on CalWORKs (the recidivist families). In this

Exhibit 3-24
CalWORKS Receipt at 18 Months
By Household Income Relative to Federal Poverty Level (FPL)
Frequency (%) Tabulations

| | Receives CalWORKS |
|----------------------------|------------------------------|
| 1-Parent Leavers | |
| • Less Than 70% of FPL | 35 |
| • 71 to 100% | 18 |
| • 101 to 130% | 29 |
| • 131 to 185% | 11 |
| • 186 to 250% | 16 |
| • More than 250% | 12 |
| 2-Parent Leavers | |
| • Less Than 70% of FPL | 31 |
| • 71 to 100% | 8 |
| • 101 to 130% | 18 |
| • 131 to 185% | 0 |
| • 186 to 250% | 0 |
| • More than 250% | 0 |
| All Leavers | |
| • Less Than 70% of FPL | 34 |
| • 71 to 100% | 16 |
| • 101 to 130% | 27 |
| • 131 to 185% | 9 |
| • 186 to 250% | 13 |
| • More than 250% | 10 |
| Informally Diverted | |
| • Less Than 70% of FPL | 39 |
| • 71 to 100% | 37 |
| • 101 to 130% | 23 |
| • 131 to 185% | 0 |
| • 186 to 250% | 0 |
| • More than 250% | 0 |

comparison, we looked at various measures of earnings, barriers to employment, and family well-being. In summary, we found that the non-recidivist families had a higher percentage of households with earnings (85 percent, compared to 67 percent), higher median earnings (\$1,100 per month, compared to \$600), and were more likely to be working full time. They were also

less likely to report that child care and transportation were barriers to full-time employment and more likely to report domestic violence problems in the household (although the percentages were relatively low), with little difference in the incidence of substance abuse problems.

Thus, employment activity appears to be the key factor in explaining why many of these poor families chose to remain off of CalWORKs. In fact, it appears that many of the families, while below the poverty line, would have been ineligible – or eligible for a relatively small grant – if they reapplied for CalWORKs. Consequently, we also looked separately at the non-recidivist families below 70 percent of the poverty level, and found that the proportion with household earnings was still high (70 percent) but just slightly higher than the recidivist group, with slightly lower median earnings (\$550) than we found in the recidivist households. We did not find any consistent patterns when comparing barriers to full-time employment or measures of family well-being.

3.5 Health Insurance Coverage

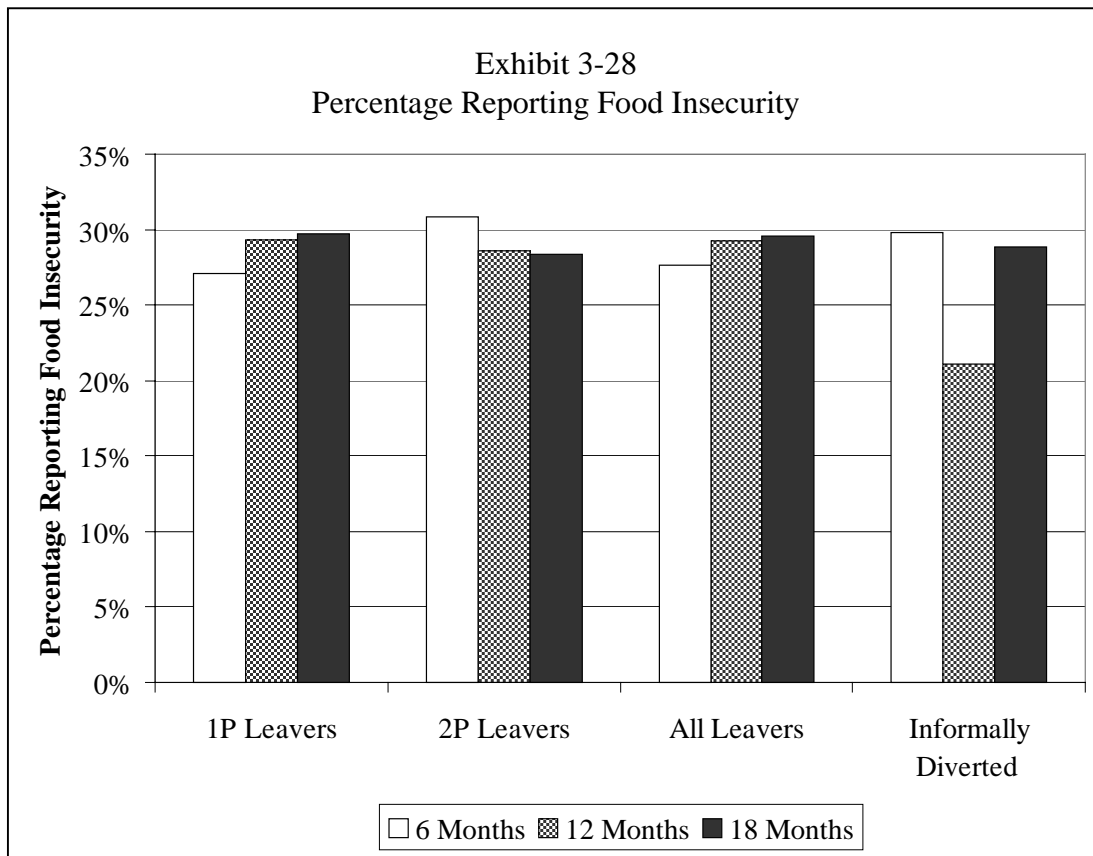
Exhibit 3-25 shows whether, *among respondents who were working*, the employer provided health insurance. In the case of one-parent leavers, there was a significant increase in the provision of such insurance, which covered both the survey respondents and their children. This may have been associated with the movement from part-time to full-time employment, as noted earlier. We also see a significant increase in employer-provided insurance among the two-parent leavers, with a decrease in the proportion offered coverage for themselves only more than offset by an increase in the proportion offered “family” coverage. The proportion of employed informally diverted respondents who were offered family coverage also increased from first to third interview.

| Exhibit 3-25 | | | |
|---|-----------------|------------------|------------------|
| Employed Respondents: Job Offers Insurance | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| 1-Parent Leavers | | | |
| • Not Offered | 60 | 60 | 40 |
| • Child Only | 0 | 2 | 0 |
| • Self Only | 9 | 6 | 9 |
| • Both | 31 | 33 | 51 |
| 2-Parent Leavers | | | |
| • Not Offered | 75 | 73 | 52 |
| • Child Only | 0 | 0 | 0 |
| • Self Only | 22 | 7 | 10 |
| • Both | 3 | 21 | 38 |
| All Leavers | | | |
| • Not Offered | 62 | 61 | 42 |
| • Child Only | 0 | 1 | 0 |
| • Self Only | 11 | 6 | 9 |
| • Both | 27 | 32 | 49 |
| Informally Diverted | | | |
| • Not Offered | 43 | 67 | 52 |
| • Child Only | 0 | 0 | 0 |
| • Self Only | 8 | 6 | 5 |
| • Both | 35 | 27 | 44 |

Exhibits 3-26 and 3-27 provide a broader picture of health insurance coverage, showing whether the survey respondent and the child, respectively, had such coverage and the type of coverage. Comparing the respondent's coverage in the first and third interviews, we see a drop for two-parent leavers, and little change for the other two groups. We also see, for all three groups, declines in Medi-Cal coverage and increases in private or other government types of coverage. This is most pronounced among the two-parent leavers, where we found a large increase in respondents offered employer-provided coverage, as noted above. We also found that among the informally diverted families, half of the respondents in very poor households (defined as having household incomes less than 70 percent of the federal poverty level) indicated

| Exhibit 3-26 | | | |
|---|-----------------|------------------|------------------|
| Percentage of Respondents with Health Insurance Coverage | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Uninsured | 17 | 22 | 18 |
| • Private/Other Government | 18 | 27 | 32 |
| • Medi-Cal | 65 | 52 | 51 |
| Two-Parent Leavers | | | |
| • Uninsured | 14 | 14 | 22 |
| • Private/Other Government | 16 | 29 | 40 |
| • Medi-Cal | 70 | 56 | 39 |
| All Leavers | | | |
| • Uninsured | 16 | 21 | 18 |
| • Private/Other Government | 18 | 27 | 33 |
| • Medi-Cal | 66 | 53 | 49 |
| Informally Diverted | | | |
| • Uninsured | 26 | 31 | 26 |
| • Private/Other Government | 38 | 34 | 42 |
| • Medi-Cal | 36 | 35 | 32 |

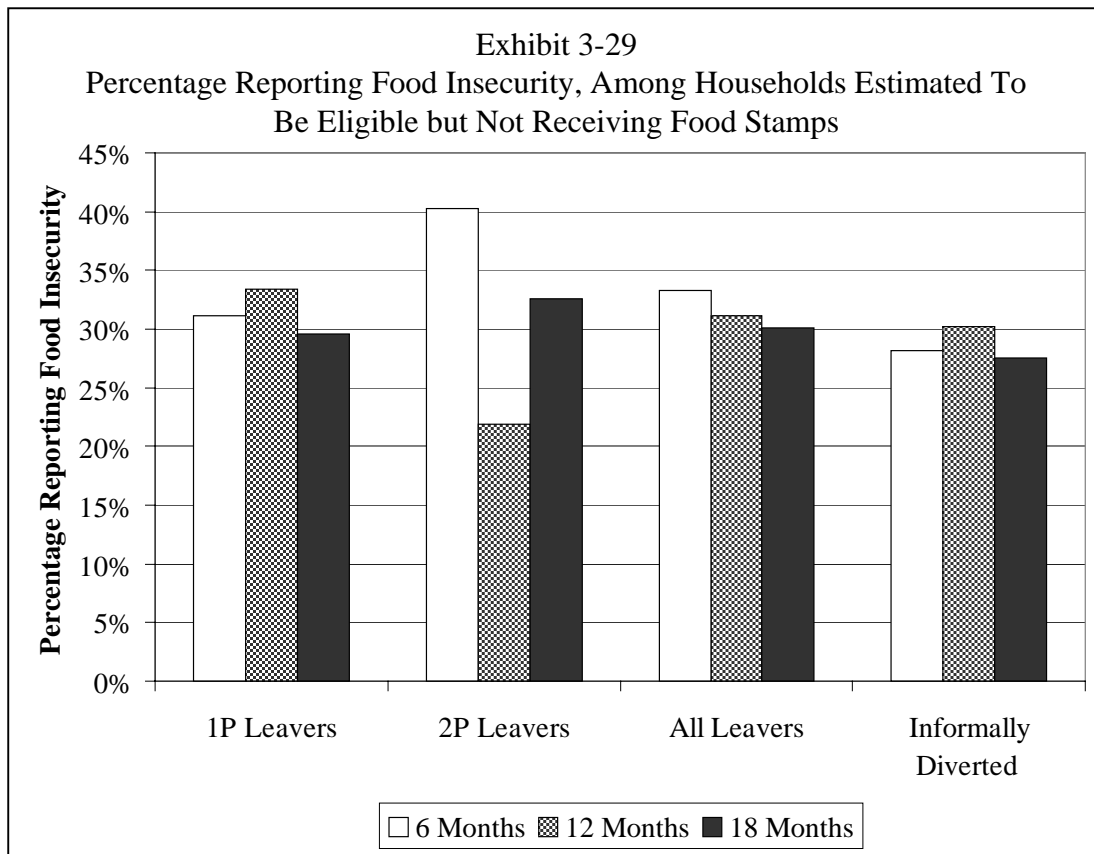
| Exhibit 3-27 | | | |
|--|-----------------|------------------|------------------|
| Percentage of Children with Health Insurance Coverage | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Uninsured | 7 | 10 | 12 |
| • Private/Other Government | 20 | 33 | 31 |
| • Medi-Cal | 73 | 57 | 57 |
| Two-Parent Leavers | | | |
| • Uninsured | 13 | 11 | 14 |
| • Private/Other Government | 21 | 26 | 34 |
| • Medi-Cal | 67 | 63 | 52 |
| All Leavers | | | |
| • Uninsured | 8 | 10 | 13 |
| • Private/Other Government | 20 | 32 | 31 |
| • Medi-Cal | 71 | 58 | 57 |
| Informally Diverted | | | |
| • Uninsured | 14 | 27 | 21 |
| • Private/Other Government | 38 | 30 | 31 |
| • Medi-Cal | 48 | 43 | 48 |



at the last interview that they did not have health insurance coverage, even though we would expect almost all of these individuals to be eligible for Medi-Cal. With respect to the child's health insurance (Exhibit 3-27), we see increases in the proportion without insurance for the one-parent and informally diverted families, and very little change for the two-parent families. Again, we see a shift from Medi-Cal to private coverage.

3.6 Food Insecurity

Exhibit 3-28 presents the proportion of respondents reporting that there is sometimes or often not enough food to eat in their household. The net change between the first and third set of interviews was relatively small for the three survey groups, with one-parent leavers somewhat worse off, two-parent leavers somewhat better off, and the informally diverted households about the same. We also combined information on family income, Food Stamps receipt, and food



insecurity to measure the proportion of households reporting food insecurity that appeared to be eligible for, but were not participating in, the Food Stamps Program. In Exhibit 3-29, we can see that the proportion of households with food insecurity that appeared to be eligible for Food Stamps but not receiving them was large but declined modestly by the third interview among the one-parent and informally diverted households and more significantly among the two-parent households. In Exhibit 3-30, we can compare the households that appeared to be eligible for Food Stamps but not receiving them with the households that *were* receiving Food Stamps as reported in the third interview, hypothesizing that we would see lower rates of food insecurity among those who received the Food Stamps. Instead, we generally found the opposite to be the case: the respondents most likely to report food insecurity were in households receiving Food Stamps benefits.

| Exhibit 3-30 | |
|--|---|
| Food Insecurity and Food Stamps Receipt | |
| Third Period Interviews | |
| Frequency (%) Tabulations | |
| | Percentage Reporting Food Insecurity |
| One-Parent Leavers | |
| • Ineligible | 28 |
| • Eligible, Not Receiving | 30 |
| • Receiving | 33 |
| Two-Parent Leavers | |
| • Ineligible | 17 |
| • Eligible, Not Receiving | 33 |
| • Receiving | 44 |
| All Leavers | |
| • Ineligible | 26 |
| • Eligible, Not Receiving | 30 |
| • Receiving | 34 |
| Informally Diverted | |
| • Ineligible | 4 |
| • Eligible, Not Receiving | 28 |
| • Receiving | 68 |

3.7 Housing Conditions

Exhibit 3-31 summarizes the survey responses related to the receipt of housing assistance, housing quality, the rent burden, and crowding. It shows that the proportion of one- and two-parent leavers receiving public housing assistance declined between the first and third interviews, whereas it stayed about the same for the informally diverted families. With respect to whether the respondent reported living in sub-standard³ housing, the situation improved somewhat among the one-parent households, but got slightly worse for the informally diverted and more noticeably worse among the two-parent families. We note that a smaller proportion of

³ Respondents were asked whether they were experiencing the following conditions: (1) a leaky roof or ceiling; (2) a toilet, hot water heater, or other plumbing that does not work; or (3) rats, mice, roaches, or other insects. Housing was considered substandard if the respondent reported one or more of these conditions.

Exhibit 3-31
Housing Outcomes
Frequency (%) Tabulations

| | 6 Months | 12 Months | 18 Months |
|-------------------------------|-----------------|------------------|------------------|
| One-Parent Leavers | | | |
| • Receives Housing Assistance | 38 | 26 | 27 |
| • Sub-Standard Housing | 30 | 23 | 27 |
| • Excessive Rent Burden | 46 | 18 | 18 |
| • Crowded Housing Conditions | 38 | 29 | 23 |
| Two-Parent Leavers | | | |
| • Receives Housing Assistance | 32 | 26 | 28 |
| • Sub-Standard Housing | 15 | 20 | 25 |
| • Excessive Rent Burden | 34 | 33 | 32 |
| • Crowded Housing Conditions | 44 | 54 | 63 |
| All Leavers | | | |
| • Receives Housing Assistance | 38 | 26 | 28 |
| • Sub-Standard Housing | 28 | 22 | 27 |
| • Excessive Rent Burden | 44 | 20 | 20 |
| • Crowded Housing Conditions | 39 | 33 | 29 |
| Informally Diverted | | | |
| • Receives Housing Assistance | 17 | 17 | 19 |
| • Sub-Standard Housing | 27 | 13 | 29 |
| • Excessive Rent Burden | 34 | 36 | 25 |
| • Crowded Housing Conditions | 44 | 36 | 26 |

those respondents receiving public housing assistance indicated at the last interview that they were living in sub-standard housing conditions, compared to those not receiving such assistance. Among the leavers, 14 percent of those receiving housing assistance reported living in sub-standard housing, compared to 30 percent of those not receiving housing assistance. Among the informally diverted respondents, the proportions were 7 percent and 33 percent, respectively.

The proportion of respondents indicating they were living in crowded⁴ housing conditions declined significantly among the one-parent and informally diverted families, even though the proportions in multiple or extended family living arrangements increased during this

⁴ Housing conditions are defined as crowded if the ratio of household members to rooms (excluding bathrooms) is greater than one.

period (see Exhibit 3-1). For the two-parent families, the proportion of respondents living in crowded housing increased significantly, whereas there was little change in the proportion living with multiple or extended families.

Exhibit 3-31 also indicates a major improvement in the proportion of one-parent households indicating that their rent is “excessive” (that is, more than 50 percent of their income). This is probably due primarily to increasing incomes, as noted above. We also see significant improvement for the informally diverted families, but little change for the two-parent leavers even though income levels increased for this group. We note that the interviews were conducted during a time when rents were increasing in the three study counties.

We will examine housing issues in more detail in Chapter 6.

3.8 Child Care and Child and Family Well-Being

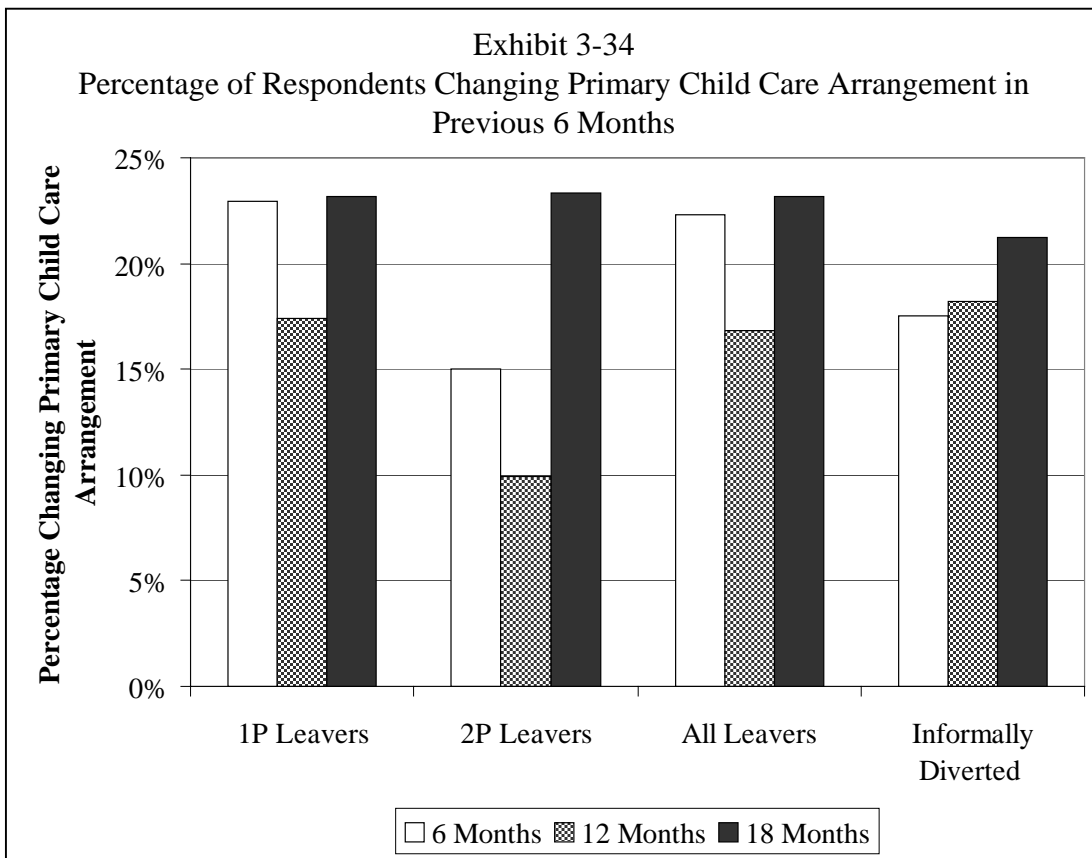
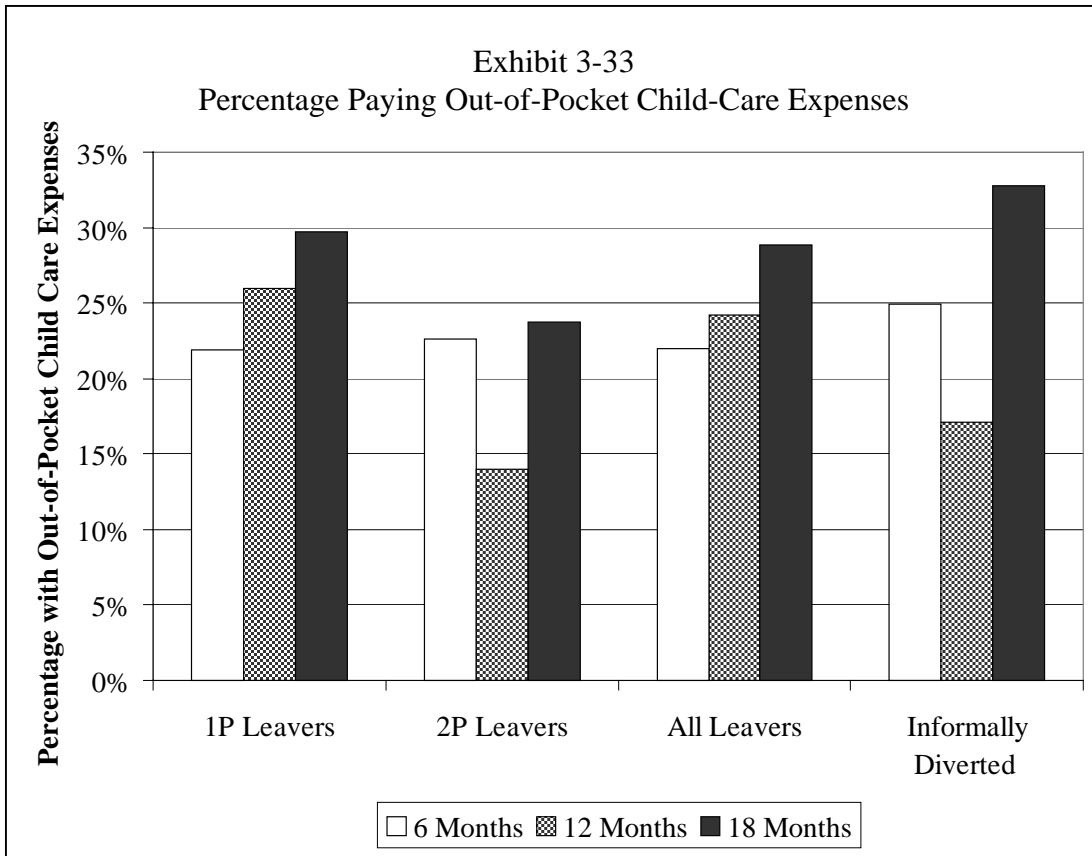
Exhibit 3-32 shows the types of child care arrangements used by the leavers and the informally diverted families. We can see major shifts in the opposite direction in the use of adult relatives by one- and two-parent families, with a significant increase by the one-parent families and an even more pronounced decrease by two-parent families. Comparing the first and third interviews in Exhibit 3-33, we also see increases in the proportion of one-parent and informally diverted families incurring out-of-pocket child care expenses, with little net change for the two-parent families. Finally, Exhibit 3-34 shows increases in the proportion of two-parent and informally diverted families that changed their primary child care arrangement within the preceding six months, with no net change in the proportion of one-parent families.

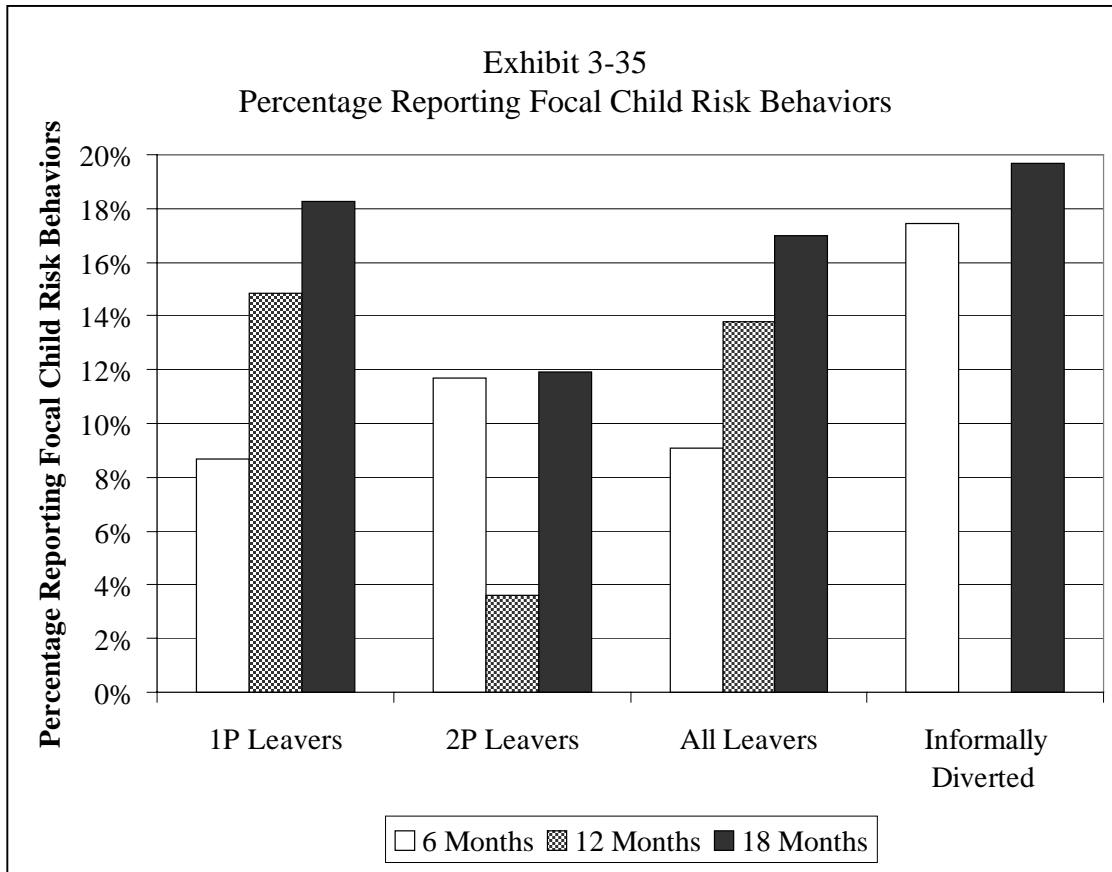
Exhibit 3-35 shows the proportion of respondents reporting that the focal child had engaged in risk behaviors in the past 6 months. Risk behaviors include being suspended or expelled from school, getting into trouble with the police, having a problem with alcohol or

| Exhibit 3-32 Primary Child Care Arrangement Frequency (%) Tabulations | | | |
|--|-----------------|------------------|------------------|
| | 6 Months | 12 Months | 18 Months |
| One-Parent Leavers | | | |
| • Head Start | 3 | 3 | 3 |
| • Formal Daycare | 26 | 18 | 20 |
| • Extended Daycare | 9 | 11 | 9 |
| • Adult Relative | 36 | 53 | 54 |
| • Family Daycare/Babysitter | 20 | 11 | 11 |
| • Non-adult Relative | 7 | 5 | 3 |
| Two-Parent Leavers | | | |
| • Head Start | 2 | 0 | 8 |
| • Formal Daycare | 0 | 22 | 19 |
| • Extended Daycare | 0 | 9 | 20 |
| • Adult Relative | 78 | 44 | 24 |
| • Family Daycare/Babysitter | 13 | 20 | 25 |
| • Non-adult Relative | 7 | 6 | 6 |
| All Leavers | | | |
| • Head Start | 3 | 3 | 3 |
| • Formal Daycare | 23 | 18 | 20 |
| • Extended Daycare | 8 | 10 | 10 |
| • Adult Relative | 40 | 52 | 52 |
| • Family Daycare/Babysitter | 19 | 12 | 12 |
| • Non-adult Relative | 7 | 5 | 4 |
| Informally Diverted | | | |
| • Head Start | 6 | 3 | 2 |
| • Formal Daycare | 7 | 18 | 26 |
| • Extended Daycare | 0 | 3 | 0 |
| • Adult Relative | 55 | 61 | 52 |
| • Family Daycare/Babysitter | 32 | 12 | 20 |
| • Non-adult Relative | 0 | 4 | 0 |

drugs, doing something illegal to get money, dropping out of school, and getting pregnant or getting someone else pregnant. The proportion reporting such behaviors increased among the one-parent families, while the change between the first and third interviews was not significant for the other groups.

With regard to substance abuse, respondents were asked (1) if people complained about their use of alcohol or drugs, or they were having problems because of their alcohol or drug use,





and (2) if any other adult in the household had a problem with alcohol or drugs. We treated an answer of “yes” to either of these questions as an indication of substance abuse within the household. As Exhibit 3-36 shows, the reports of substance abuse declined among all subgroups, particularly the two-parent and informally diverted families.

We asked respondents a series of questions related to domestic violence.⁵ Exhibit 3-37 reports the proportion of respondents indicating the presence of domestic violence in the household. The proportion of respondents reporting these problems increased slightly among the

⁵ Respondents were asked:

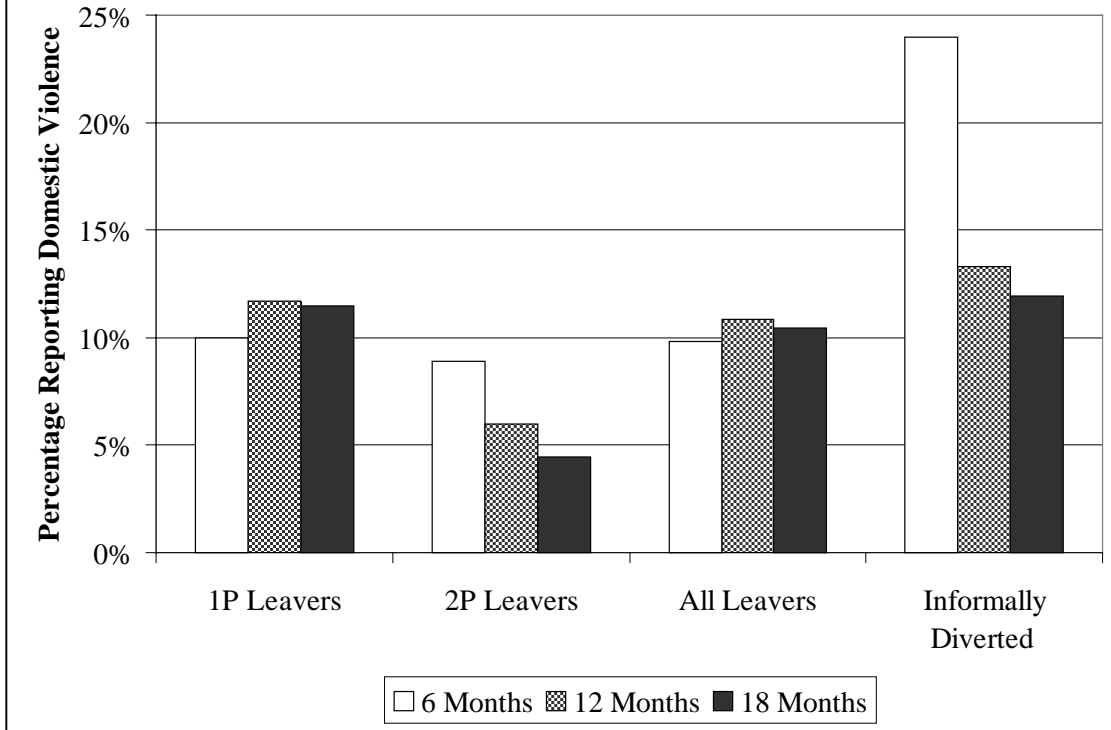
1. Has someone you are close to hit, slapped, kicked, or physically harmed you in some other way in the past 6 months?
2. Has someone close to you threatened you with physical harm in the past 6 months?
3. Has someone abused you physically, emotionally, or sexually in the past 6 months?

We considered an affirmative response to one or more of these questions to be an indication of domestic violence.

Exhibit 3-36
Household Substance Abuse
Frequency (%) Tabulations

| | 6 Months | 12 Months | 18 Months |
|----------------------------|----------|-----------|-----------|
| One-Parent Leavers | | | |
| • No | 91 | 94 | 93 |
| • Yes | 9 | 6 | 7 |
| Two-Parent Leavers | | | |
| • No | 93 | 94 | 95 |
| • Yes | 8 | 7 | 5 |
| All Leavers | | | |
| • No | 91 | 94 | 94 |
| • Yes | 9 | 6 | 6 |
| Informally Diverted | | | |
| • No | 89 | 94 | 98 |
| • Yes | 11 | 6 | 2 |

Exhibit 3-37
Percentage of Respondents Reporting Being a Victim
of Domestic Violence



one-parent families but decreased more noticeably among the two-parent and informally diverted families.

3.9 Summary

In our previous report (the 12-Month Report), we focused on the families' circumstances at exit or diversion from aid and at the first interview. Here we are focusing on the *changes* in those circumstances between the first and third interview periods. Exhibit 3-38 provides a summary picture of these changes, using selected measures of income, employment, and well-being. While the table does not capture the degree of change in these measures, it is useful as a general guide. We can see that for all three survey groups, circumstances improved in more cases than where they got worse, particularly for the one-parent and informally diverted families. In the most comprehensive measure of family income – household income relative to the poverty level – all three family groups improved significantly, with the median moving from below the federal poverty threshold to above that benchmark. We also note a significant difference between one- and two-parent families on the housing measures, where the one-parent families fared considerably better in terms of the change in circumstances.

Other noteworthy changes include the following:

- While more respondents were employed, there was no increase in the percentage of *households* that had earnings, even though the economy was generally improving during this time period.
- There was a shift from part-time to full-time work among one-parent respondents. In two-parent and informally diverted families, there was an apparent drop in employment among the respondent's spouse/partner, accompanied by an increase in respondent's employment.

Exhibit 3-38
Changes in Selected Measures of Income, Employment, and Well-Being
First Interview to Third Interview

| Measure | Better | About the Same | Worse |
|--------------------------------------|--------|----------------|-------|
| One-Parent Leavers | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | | ✓ |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | ✓ | |
| Health Insurance – Children | | | ✓ |
| Food Insecurity | | | ✓ |
| Housing Quality | ✓ | | |
| Housing Crowding | ✓ | | |
| Excessive Rent | ✓ | | |
| Substance Abuse | ✓ | | |
| Domestic Violence | | ✓ | |
| Two-Parent Leavers | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | | ✓ |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | | ✓ |
| Health Insurance – Children | | ✓ | |
| Food Insecurity | ✓ | | |
| Housing Quality | | | ✓ |
| Housing Crowding | | | ✓ |
| Excessive Rent | | ✓ | |
| Substance Abuse | ✓ | | |
| Domestic Violence | ✓ | | |
| Informally Diverted | | | |
| Earned Income | ✓ | | |
| Household Income Relative to Poverty | ✓ | | |
| Respondent Employed | ✓ | | |
| Household Had Earnings | | ✓ | |
| CalWORKs Recidivism | ✓ | | |
| Health Insurance – Respondent | | ✓ | |
| Health Insurance – Children | | | ✓ |
| Food Insecurity | | ✓ | |
| Housing Quality | | | ✓ |
| Housing Crowding | ✓ | | |
| Excessive Rent | ✓ | | |
| Substance Abuse | ✓ | | |
| Domestic Violence | ✓ | | |

- There was a significant increase in the median level of earnings among one-parent and two-parent families, and a more modest increase for the informally diverted families. For the one-parent families, this was probably due partly to the shift from part-time to full-time work. Wage increases and movement into higher paying jobs probably also contributed to the changes in earnings.
- Enrollment in CalWORKs – the recidivism rate in the case of the leavers – went down for all three groups of families.
- Health insurance coverage generally either declined or stayed the same among the survey groups, as reductions in Medi-Cal enrollment were partly offset by increases in private coverage.
- There was a trend toward greater awareness of the EITC. Nevertheless, a significant percentage of respondents – even among households with earnings – indicated at the last interview that they were not aware of the tax credit.
- The use of Food Stamps declined among the one-parent and informally diverted families, but there was improvement in measures related to access. For example, there was a decline in the proportion of households that experienced food insecurity and which appeared to be eligible for Food Stamps but were not receiving them.
- Housing conditions generally improved for one-parent leavers and, to some extent, the informally diverted families, but got worse for two-parent leavers.
- Reports of substance abuse declined significantly for all three survey groups, and reports of domestic violence declined among the two-parent and informally diverted families.

4 ASSESSING THE VALIDITY OF ADMINISTRATIVE DATA

In this chapter, we assess the degree of agreement between outcome measures derived from state and county administrative data and survey data sources. Our primary objective is to determine the validity, and therefore the usefulness, of using administrative data sources to collect information on welfare leavers and informally diverted applicants. This is significant from a cost standpoint, in that administrative data are potentially much less costly to collect and analyze than information derived from survey data collection efforts.

4.1 Methodology

In this analysis we pooled leavers and the informally diverted, and focused on two outcome areas: (1) receipt of public assistance and (2) employment and earnings. Within the public assistance area, we examine receipt of CalWORKs, Food Stamps, and Medi-Cal. We used three administrative data sources to measure outcomes. County Case Data System extracts were used to measure the receipt of CalWORKs, Food Stamps, and Medi-Cal within the three study counties, while state MEDS data was used to measure receipt of such assistance in other California counties. The state Unemployment Insurance Base Wage File was used to measure employment and earnings outcomes.

With respect to CalWORKs and Food Stamps, we compared (1) receipt of assistance by the *household* within the last month prior to the interview, as reported by survey respondents, with (2) receipt of such assistance by any member of the *exiting or diverted assistance unit*, as recorded in administrative data. We use the interview date to match the timing of survey responses to the timing of aid receipt in administrative data. With regard to Medi-Cal, we compare the current coverage of the respondent and her children, as reported in survey data, with administrative data on Medi-Cal enrollment by the respondent and all children in the exiting

assistance unit, again using the interview date to synchronize the timing of enrollment in the two data sources. With regard to employment and earnings, we compare survey information on household earned income in the month prior to the interview, with average monthly earnings recorded in the Unemployment Insurance Base Wage Files for the corresponding calendar quarter, summing earnings amounts across all adult members of the exiting assistance unit.

Before proceeding, it is important to recognize that we would not necessarily expect exact matches even if both data sources were perfectly accurate. This is because our surveys generally were designed to collect data regarding the respondent's *household*, whereas the outcome measures constructed from administrative data are based on the recipient's *assistance unit when they left or were informally diverted from CalWORKs*. In some cases, there is no difference between persons in a household and those persons who are included in the family for purposes of receiving welfare. In many cases, however, there will be persons in a recipient's household who are outside the original assistance unit. Therefore we would expect the surveys to yield average household incomes, for example, that are somewhat higher than reflected in the administrative data. Furthermore, it is likely that the composition of the respondent's current household and the original assistance unit will tend to diverge over time after exit/diversion. For our purposes, the primary objective is to assess the extent of such variation, since the household is often the more relevant point of reference from the standpoint of a family's circumstances. In other words, if such variation is large, then administrative data may not be a valid source of information for assessing family circumstances.

Finally, we note that variation between the two data sources may also stem from inaccurate answers to survey questions. For example, some respondents may not want to report that they are receiving public assistance, perhaps due to the perception of a stigma associated

with aid receipt. Consequently, we need to keep in mind that variation in the two sources does not necessarily reflect a flaw in the administrative data. For certain types of questions, we might have more confidence in the administrative data. Thus, our analysis can also serve as a check on the validity of survey data.

4.2 Receipt of Public Assistance

Receipt of Cash Aid (CalWORKs). Exhibits 4-1a through 4-1c compare survey and administrative data on the receipt of cash aid (CalWORKs) for the three interview periods, respectively. Each table presents a two-way cross-tabulation of aid receipt as measured in the two data sources, along with the overall percentage receiving CalWORKs in each data source. Exhibit 4-1a shows that in administrative data, 23 percent of the families were on aid at the time of the first interview round, compared to 21 percent according to the survey responses. Thus, we find a relatively small difference between the two sources of data with respect to the aggregate proportion of families on aid. This is important for findings related to aggregate totals, but it does not provide a complete picture. For example, the two data sources may show exactly the same proportions of families on aid in the aggregate but each data source may show a large number of families on aid who are not reported as being on aid according to the other data source (in effect, the aggregate totals mask offsetting differences at the individual, or household/assistance unit, level). In Exhibit 4-1a, we see that 3 percent of all households are recorded as receiving CalWORKs in the survey but not the administrative data, and another 5 percent are reported in administrative data as being on aid, but were reported as not being on aid in the surveys. Thus, at the individual household level, there is 92 percent agreement between the two data sources.

| Exhibit 4-1a | | | |
|---|------------------------------------|------------|--------------------------|
| Percentage Receiving CalWORKs at 6-Month Interview | | | |
| On CalWORKs in Admin Data? | On CalWORKs in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 74% | 3% | 77% |
| Yes | 5% | 18% | 23% |
| Survey Data Total: | 79% | 21% | |

| Exhibit 4-1b | | | |
|--|------------------------------------|------------|--------------------------|
| Percentage Receiving CalWORKs at 12-Month Interview | | | |
| On CalWORKs in Admin Data? | On CalWORKs in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 70% | 5% | 75% |
| Yes | 8% | 17% | 25% |
| Survey Data Total: | 78% | 22% | |

| Exhibit 4-1c | | | |
|--|------------------------------------|------------|--------------------------|
| Percentage Receiving CalWORKs at 18-Month Interview | | | |
| On CalWORKs in Admin Data? | On CalWORKs in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 70% | 5% | 75% |
| Yes | 12% | 13% | 25% |
| Survey Data Total: | 82% | 18% | |

In Exhibits 4-1b and 4-1c, we see that over time, the degree of disagreement grows larger at both the aggregate and individual (assistance unit/household) levels. The combined degree of disagreement at the individual household level increases from 8 percent in the first interview period to 17 percent in the third period. It is likely that the widening divergence between the composition of the original assistance unit (the basis for the administrative data) and the respondent's household (the basis, with respect to this particular question, for the survey) is the key factor driving this trend. The table also shows that most of the disagreement is from families reported as being on aid according to administrative data but not according to the survey. As a result, the administrative data increasingly "overcounts" receipt of cash aid relative to survey data, with the gap rising to 7 percent (25 percent vs 18 percent) at 18 months after exit.

Receipt of Food Stamps. Exhibits 4-2a through 4-2c show the comparisons for families receiving Food Stamps. In Exhibit 4-2a – the first interview period – we can see that in the aggregate, there is close agreement between the two data sources, with 32 percent receiving Food Stamps according to administrative data and 30 percent according to the surveys. This is similar to the results for receipt of cash aid. At the individual level (assistance unit/household), the degree of disagreement is somewhat larger than we found for cash aid at the first interview – 14 percent, consisting of 8 percent receiving Food Stamps according to administrative data (but not the surveys) and 6 percent receiving Food Stamps according to the surveys (but not the administrative data).

Looking at the trend over the course of the three interview stages, we again see the gap between the two data sources widening. At the aggregate level, the administrative data indicate a stable pattern, whereas the surveys indicate a significant drop in the percentage of households receiving Food Stamps. At the individual level, the degree of disagreement between the two

| Exhibit 4-2a | | | |
|--|---------------------------------------|------------|--------------------------|
| Percentage Receiving Food Stamps at 6-Month Interview | | | |
| On Food Stamps in Admin Data? | On Food Stamps in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 62% | 6% | 68% |
| Yes | 8% | 24% | 32% |
| Survey Data Total: | 70% | 30% | |

| Exhibit 4-2b | | | |
|---|---------------------------------------|------------|--------------------------|
| Percentage Receiving Food Stamps at 12-Month Interview | | | |
| On Food Stamps in Admin Data? | On Food Stamps in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 61% | 6% | 67% |
| Yes | 11% | 22% | 33% |
| Survey Data Total: | 72% | 28% | |

| Exhibit 4-2c | | | |
|---|---------------------------------------|------------|--------------------------|
| Percentage Receiving Food Stamps at 18-Month Interview | | | |
| On Food Stamps in Admin Data? | On Food Stamps in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 61% | 6% | 67% |
| Yes | 17% | 16% | 33% |
| Survey Data Total: | 78% | 22% | |

data sources increases from 14 percent in the first period to 23 percent in the third period. Again, we believe that this is likely to be caused by the widening divergence between the composition of the original assistance unit and the respondent's household.

Medi-Cal Enrollment. Exhibits 4-3a through 4-3c show the comparisons for families receiving Medi-Cal coverage (for either the respondent or the children in the household or assistance unit). Unlike the findings for cash aid and Food Stamps, we see considerable disagreement in the first survey period between the two data sources regarding Medi-Cal coverage. In the first interview period, the administrative databases indicate that 71 percent of the families had coverage for at least one person, compared to 61 percent reported in the survey. The gap, however, does not widen over time as it did for cash aid and Food Stamps. At the individual level, all three exhibits show a combined degree of disagreement of 16-21 percent, with the large majority of this due to coverage reported by administrative data and not the surveys.

Given that we found a relatively high degree of agreement at first interview between administrative and survey data sources in the measurement of cash aid and Food Stamps receipt, these findings suggest that a significant proportion of respondents are not aware that they and/or their children are currently enrolled in Medi-Cal, or believe that they have private or other government health insurance coverage. That is, if the underreporting of Medi-Cal receipt in survey data were due to deliberate misreporting (perhaps due to stigma associated with Medi-Cal receipt), then we would expect such misreporting also to have affected the measurement of cash aid and Food Stamps receipt.

| Exhibit 4-3a | | | |
|---|------------------------------------|------------|------------------------------|
| Percentage Receiving Medi-Cal at 6-Month Interview | | | |
| On Medi-Cal in Admin Data? | On Medi-Cal in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 26% | 3% | 29% |
| Yes | 13% | 58% | 71% |
| Survey Data Total: | 39% | 61% | |

| Exhibit 4-3b | | | |
|--|------------------------------------|------------|------------------------------|
| Percentage Receiving Medi-Cal at 12-Month Interview | | | |
| On Medi-Cal in Admin Data? | On Medi-Cal in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 27% | 5% | 32% |
| Yes | 16% | 52% | 68% |
| Survey Data Total: | 43% | 57% | |

| Exhibit 4-3c | | | |
|--|------------------------------------|------------|------------------------------|
| Percentage Receiving Medi-Cal at 18-Month Interview | | | |
| On Medi-Cal in Admin Data? | On Medi-Cal in Survey Data? | | Admin Data Total: |
| | No | Yes | |
| No | 37% | 5% | 42% |
| Yes | 14% | 44% | 58% |
| Survey Data Total: | 51% | 49% | |

Based on our earlier findings¹ on Medi-Cal coverage, we hypothesized that the discrepancy between the two data sources stems largely from the “Edwards Hold” phenomenon, in which Medi-Cal coverage for many leavers was automatically extended for a significant period of time, when counties were confronted with large backlogs pending redetermination of eligibility. In the study period, redetermination of eligibility was significantly delayed for a large number of cases due to difficulties encountered in implementing new Section 1931(b) Medi-Cal eligibility rules. It is possible that many of these families were not aware that their Medi-Cal coverage had been continued after they left CalWORKs, and therefore would not report coverage when interviewed. When we examined this issue, we found that a higher percentage of the Edwards cases indicated in the surveys that they were not covered by Medi-Cal, compared to the non-Edwards cases. However, the difference was not as great as we had anticipated, which indicates that discrepancy is not just associated with the “Edwards Hold” phenomenon.

We then examined the extent to which families recorded as enrolled in Medi-Cal in administrative data – but not in survey data – were reporting that they were uninsured. At the 6-month interview, we found that about 60 percent of respondents in these families reported that they and all of the children in the household were uninsured, compared to 40 percent who reported that they and/or at least one of their children had private or other government health insurance coverage. By the third interview, the proportion of these respondents reporting that they and all of the children in the household were uninsured had fallen to 33 percent, with the number reporting private or other government health insurance coverage for themselves and/or at least one of their children rising to 67 percent. Taken together, these findings suggest that a small but significant number of respondents believed that they were uninsured when they and/or

¹ Gritz, et al., *Welfare Recidivism and Use of Non-Cash Aid by Welfare Leavers in California* (March 30, 2001), The SPHERE Institute, report submitted to the U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation.

their children were enrolled in Medi-Cal. However, this problem appears to have diminished over time.

4.3 Employment and Earnings

We compare survey information on household earned income in the month prior to the interview, with average monthly earnings recorded in the Unemployment Insurance Base Wage File for the corresponding calendar quarter, summing earnings amounts across all adult members of the exiting assistance unit. Monthly earnings levels are grouped into 4 categories: 0, \$1-1000, \$1001-2000, and \$2001 or more. Exhibits 4-4a through 4-4c present the joint frequency of earnings levels recorded in the two data sources, for the three interview periods, respectively.

The exhibits indicate that the administrative data generally underreport the proportion of households with earned income, with the degree of underreporting increasing over time. For example, in the first interview period (Exhibit 4-5a), 32 percent have no earnings recorded in administrative data, compared to 23 percent in survey data. By the third interview period, only 12 percent of respondents report no household income, compared to 30 percent in administrative data. In fact, by the time of the third interview, more than three quarters of households without earnings recorded in administrative data report having earnings in the survey, with median earnings of approximately \$1,500 per month.

We can identify certain factors that probably account for the relatively high degree of disagreement between survey and administrative earnings information sources. First, not all earnings are required to be reported to the UI system, and some earnings that are required to be reported may be unreported or underreported. In addition, the composition of the current household may differ from that of the original assistance unit. These findings point to the

Exhibit 4-4a
Leavers: Comparison of Survey and Administrative Earnings Data
At 6-Month Interview

| AU Earnings from Admin Data³ | Household Earnings from Survey Data² | | | | Admin Data Total: |
|--|--|------------------|----------------------|-----------------|------------------------------|
| | \$0 | \$1-1,000 | \$1,001-2,000 | \$2,001+ | |
| \$0 | 12% | 6% | 11% | 2% | 32% |
| \$1-1,000 | 6% | 8% | 8% | 3% | 26% |
| \$1,001-2,000 | 3% | 7% | 13% | 2% | 24% |
| \$2,001+ | 2% | 2% | 9% | 6% | 19% |
| Survey Data Total: | 23% | 23% | 41% | 13% | 100% |

² Monthly household earnings reported in survey data.

³ Average monthly earnings in calendar quarter for adult members of exiting assistance unit.

Exhibit 4-4b
Leavers: Comparison of Survey and Administrative Earnings Data
At 12-Month Interview

| AU Earnings from Admin Data | Household Earnings from Survey Data | | | | Admin Data Total: |
|--|--|------------------|----------------------|-----------------|------------------------------|
| | \$0 | \$1-1,000 | \$1,001-2,000 | \$2,001+ | |
| \$0 | 9% | 8% | 8% | 5% | 30% |
| \$1-1,000 | 5% | 9% | 8% | 4% | 26% |
| \$1,001-2,000 | 2% | 7% | 15% | 3% | 27% |
| \$2,001+ | 1% | 2% | 8% | 6% | 17% |
| Survey Data Total: | 17% | 26% | 39% | 18% | 100% |

Exhibit 4-4c
Leavers: Comparison of Survey and Administrative Earnings Data
At 18-Month Interview

| AU Earnings from Admin Data | Household Earnings from Survey Data | | | | Admin Data Total: |
|--|--|------------------|----------------------|-----------------|------------------------------|
| | \$0 | \$1-1,000 | \$1,001-2,000 | \$2,001+ | |
| \$0 | 7% | 7% | 12% | 5% | 31% |
| \$1-1,000 | 3% | 6% | 8% | 8% | 25% |
| \$1,001-2,000 | 1% | 4% | 16% | 5% | 26% |
| \$2,001+ | 1% | 3% | 7% | 7% | 18% |
| Survey Data Total: | 12% | 20% | 43% | 25% | 100% |

difficulty in obtaining information from administrative data sources about other adults in the household with members of the exiting assistance unit.

4.4 Summary and Conclusions

For the most part, our surveys were designed to provide information where there is an *absence* of administrative data. Nevertheless, existing administrative databases are the most commonly used source of information on key measures such as earnings and use of public assistance, and represent a more efficient way of obtaining such information than specially designed surveys. Thus, it is important to assess the validity of administrative data in order to better understand their limitations.

We found a high degree of agreement initially between the two types of data sources in cash aid and Food Stamps receipt. Agreement declines over time, however, probably because of changes in the composition of the household relative to the original CalWORKs assistance unit. We conclude, therefore, that the usefulness of administrative data in measuring these outcomes for leavers declines over time after exit.

We also found that UI earnings data accurately reflect the trend in post-exit median earnings among leavers, but is less useful for characterizing the trend for the informally diverted, probably because of the difficulty involved in identifying the appropriate members of the diverted “assistance unit”. UI earnings data also tend to underreport the proportion of households with earnings. This is probably due to certain types of earnings not being reported to the UI system, and differences in the composition of the current household and the original assistance unit.

Finally, we found a relatively wide area of divergence of agreement between the two data sources in reporting Medi-Cal enrollment, in part because some survey respondents appear to be

unaware that they and/or their children are enrolled. The Edwards Hold phenomenon plays a small role, but a similar result obtains among other categories of Medi-Cal coverage. We conclude that counties may want to consider ways to make sure that leavers are aware of their enrollment status when they remain enrolled in Medi-Cal after exit from CalWORKs.

5 PROFILING: ARE CHARACTERISTICS AT EXIT ASSOCIATED WITH POST-EXIT MEASURES OF WELL-BEING?

In this chapter, we discuss the results of our efforts to derive a profile of leavers and informally diverted families that are most likely to have problems after exit or diversion from the CalWORKs Program. In other words, how are a family's characteristics at exit (or diversion) associated with post-exit measures of well-being? Such a profile should be useful in developing targeting strategies designed to improve post-exit outcomes. To accomplish this task, we conducted a multivariate statistical analysis that allows us to determine to what degree particular characteristics are associated with outcomes, after controlling for all other factors included in the analysis.

Using questions included in our surveys, we chose the following six outcome indicators, using the second interview as the reference point:

1. CalWORKs recidivism
2. Crowded housing
3. Income below 100 percent of the federal poverty guideline
4. Not employed (household has no earnings)
5. Food insecurity
6. No health insurance coverage for respondent or child

In choosing the characteristics at exit to relate to these outcomes, we selected measures that would be observable to county welfare department staff at the time of exit. We focus, therefore, on measures that are derived (or similar to measures that could be derived) from information in county CDS data. The specific characteristics we examined were primary language, ethnicity, age of the case head, age of the youngest child in the assistance unit, cumulative previous time on aid, number of children in the assistance unit, administrative reason for exit/diversion, and the presence of earnings at exit.

Our results for leavers are summarized in Exhibit 5-1, while results for the informally diverted are presented in Exhibit 5-2. Table entries measure the estimated effect associated with each characteristic, controlling for the other characteristics in the model.¹ A positive entry for a particular characteristic indicates that a household with that trait is more likely to experience the outcome under consideration, relative to the reference category for the characteristic group. For example, Latino/Hispanic leavers are 18 percentage points more likely to go back on aid than leavers who are non-Hispanic White (the reference category for the ethnicity characteristic), after controlling for all the other variables (see Exhibit 5-1, column 1). The exhibits also use asterisks to indicate which effects are estimated to be different from zero at standard confidence levels, with one asterisk indicating statistical significance at the 90 percent confidence level and two asterisks indicating the 95 percent confidence level.

5.1 Leavers

For leavers, our characteristics profile includes variables measuring (1) the respondent's primary language and ethnicity; (2) the number of months in the previous 5 years in which a member of the exiting assistance unit received cash aid; (3) age of the case head, the age of the youngest child, and the number of children in the exiting assistance unit; (4) the administrative reason for exit; and (5) the presence of earnings by at least one adult in the assistance unit in the quarter containing the exit month.

CalWORKs Recidivism. As stated above, Latino/Hispanic leavers were much more likely to go back on aid. It is interesting to note that using Spanish as the primary language was not found to be a statistically significant variable, suggesting that the finding on Latino/Hispanic leavers probably is not attributable to the immigrant segment of this group. We also found, not surprisingly, that leavers who had earnings when they went off aid were less likely to go back on

¹ Technically, the table reports mean probability differences from a probit analysis of each outcome.

Exhibit 5-1
Leavers: Profiling the Relationship Between Characteristics at Exit and Outcomes at Second Interview
(Mean Probability Differences)

| CHARACTERISTICS AT EXIT | OUTCOMES AT 12-MONTH INTERVIEW | | | | | | |
|---|--------------------------------|--------------------|-------------------------|---------------------|--------------------|--------------------------|------------------------|
| | CalWORKs Recidivism | Crowded Housing | Income Below Poverty | No Earned Income | Food Insecurity | Lacks Health Coverage | At Least 3 Problems |
| Primary Language: | | | | | | | |
| • Spanish | -5% | 6% | 12% | -9% | 31% ** | 12% | 4% |
| • English or Vietnamese | Ref. ¹ | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Ethnicity: | | | | | | | |
| • African-American | 3% | 5% | 15% * | 11% * | -4% | 2% | -1% |
| • Latino/Hispanic | 18% ** | 18% ** | 9% | 4% | -10% | 6% | 11% * |
| • Other (Primarily Asian) | -4% | 28% ** | 11% | -5% | -8% | 2% | 0% |
| • Non-Hispanic White | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Age of Case Head | | | | | | | |
| • 18-25 years | -6% | 0% | -3% | -3% | -6% | 7% | -8% |
| • 26-44 years | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| • 45+ years | 8% | 10% | -1% | 0% | -18% ** | -17% ** | -3% |
| Age of Youngest Child | | | | | | | |
| • 0-2 years | 3% | 8% | 8% | 3% | 4% | 0% | 6% |
| • 3-11 years | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| • 12+ years | -7% | 2% | 1% | -3% | 16% * | 3% | 3% |
| Time on Aid in Previous 5 Years: | | | | | | | |
| • 37-60 months | 2% | 5% | 4% | -6% | 1% | 11% * | 1% |
| • 13-36 months | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| • 0-12 months | 6% | 21% ** | 0% | 3% | 2% | -7% | 0% |

Exhibit 5-1 (continued)
Leavers: Profiling the Relationship Between Characteristics at Exit and Outcomes at Second Interview
(Mean Probability Differences)

| CHARACTERISTICS AT EXIT | OUTCOMES AT 12-MONTH INTERVIEW | | | | | | |
|------------------------------------|--------------------------------|--------------------|-------------------------|---------------------|--------------------|--------------------------|------------------------|
| | CalWORKs Recidivism | Crowded Housing | Income Below Poverty | No Earned Income | Food Insecurity | Lacks Health Coverage | At Least 3 Problems |
| Number of Children: | | | | | | | |
| • 1-2 | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| • 3+ | -3% | 33% ** | 13% * | 5% | 0% | 5% | 4% |
| Administrative Exit Reason: | | | | | | | |
| • Failed To Provide Info | -7% | 7% | 3% | 15% * | -20% ** | -12% | 0% |
| • Earnings | -11% * | -15% ** | -8% | 4% | -5% | -7% | -9% * |
| • Client Request/Non-coop | -14% * | -1% | 0% | 1% | -10% | 9% | -7% |
| • Other | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Earnings in Exit Quarter | -21% ** | -2% | -12% * | -13% ** | -1% | -7% | -20% ** |

¹Reference category. (Other values in the characteristic group are relative to this characteristic.)

²The “Other” category of administrative reason for exit includes those who left aid for certain identifiable reasons such as not having an eligible child in the home, or having excessive assets or unearned income. It also includes cases for which we could not identify a valid reason for exit. The “Other” category includes approximately 25 percent of all leavers.

*Statistically significant at the 10% level.

**Statistically significant at the 5% level.

Exhibit 5-2
Informally Diverted: Profiling the Relationship Between Characteristics at Denial and Outcomes at Second Interview
(Mean Probability Differences)

| CHARACTERISTICS AT EXIT | OUTCOMES AT 12-MONTH INTERVIEW | | | | | | |
|--------------------------------------|--------------------------------|-----------------|----------------------|------------------|-----------------|-----------------------|---------------------|
| | CalWORKs Receipt | Crowded Housing | Income Below Poverty | No Earned Income | Food Insecurity | Lacks Health Coverage | At Least 3 Problems |
| Primary Language: | | | | | | | |
| • Spanish | -33% * | 78% ** | 48% ** | 18% | 31% | 8% | 35% |
| • English | Ref. ¹ | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Age of Youngest Child | | | | | | | |
| • 0-2 years | 28% | 21% | -23% | 8% | -20% | -17% | -11% |
| • 3+ years | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Time on Aid: | | | | | | | |
| • No Prior Aid Receipt | -51% ** | 69% ** | 33% * | -21% | 3% | 0% | -14% |
| • Prior Aid Receipt | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Number of Children: | | | | | | | |
| • 1-2 | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| • 3+ | -4% | 78% ** | 25% | -11% | 32% | -29% | -16% |
| Administrative Denial Reason: | | | | | | | |
| • Failed To Comply | 21% | 21% | 56% ** | 51% * | 20% | -16% | 76% ** |
| • Failed To Complete App | 20% | 48% ** | 46% ** | 17% | 25% | -17% | 39% ** |
| • Withdrew Application | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. | Ref. |
| Earnings in Exit Quarter | -7% | -37% * | -14% | -4% | -17% | -33% * | -21% |

¹Reference category. (Other values in the characteristic group are relative to this characteristic.)

*Statistically significant at the 10% level.

**Statistically significant at the 5% level.

aid. Finally, we found that leavers who left the program due to excessive earnings or client request/non-cooperation were less likely to be recidivists than those who left the program because they didn't submit the required eligibility forms.

Crowded Housing. Not surprisingly, respondents with a large number of children were much more likely to indicate that they were living in crowded housing conditions at the time of the second interview. Families in the "Other" (primarily Asian) ethnic category were also much more likely to be living in crowded housing conditions, as were Latino/Hispanic families and families with 0-12 months on cash aid in the previous 5 years. Respondents who left aid due to earnings were less likely to live in crowded housing conditions, although earnings in the quarter of exit was not a statistically significant variable.

Income Below Poverty Level. Households with three or more children were more likely to be below the poverty level. African-American respondents were also more likely, although the statistical level of significance was borderline. As would be expected, households with earnings at exit were less likely to be below the poverty level at the time of the second interview. It is interesting to note that long-term recipients of aid were not significantly more likely to be in poverty.

Household With No Earnings (Employment). Households that were categorized as leaving aid because they did not submit the required eligibility information to continue in the program were more likely to have no earnings at the time of the second interview. African-American respondents were also more likely to have no household earnings, although the statistical level of significance of this variable was borderline. Again, we see the expected relationship between earnings at exit and earnings at the time of the second interview. Similar to

the finding on household income relative to poverty, we found that long-term recipients of aid were not more likely to be unemployed at the time of the second interview.

Food Insecurity. Leavers whose primary language is Spanish were much more likely to experience food insecurity at the time of the second interview. We note that this was not the case for Latino/Hispanic leavers (when controlling for all the other variables, including Spanish as the primary language). Families with older children were also more likely to experience food insecurity. Cases headed by older adults and cases that were categorized as leaving aid because they didn't provide the required information to continue eligibility were less likely to experience food insecurity. It is somewhat surprising that households with earnings when exiting from CalWORKs were not less likely to experience food insecurity, even though we saw the expected relationships with subsequent poverty and employment as discussed above.

Lack of Health Insurance Coverage. Long-term recipients were less likely to have health insurance coverage at the time of the second interview. Cases headed by older adults were more likely to have health coverage. We note that these results do not appear to be explained by recidivism (that is, leavers going back on CalWORKs, where they would be covered through Medi-Cal).

Families Experiencing At Least Three of the Six Problems. This index permits us to determine whether any characteristics are associated with encountering a broader array of problems. Not surprisingly, those leavers who had earnings when they left CalWORKs and, additionally, those who were categorized as leaving the program because of earnings were less likely to experience at least three of the problems at the time of the second interview. We also found that Latino/Hispanic families were *more* likely to experience at least three of the problems.

Specifically, they were 11 percentage points more likely to subsequently experience this array of problems than were families categorized as White, after controlling for the other variables.

5.2 Informally Diverted Families

For informally diverted families, our characteristics profile includes variables measuring (1) the respondent's primary language; (2) whether any member of the exiting assistance unit ever received cash aid in the previous 60 months; (3) age of the youngest child and the number of children in the exiting assistance unit; (4) the administrative reason for denial of the cash aid application; and (5) the presence of earnings by at least one adult in the assistance unit in the quarter containing the exit month. We note that we examined fewer characteristics of informally diverted families because of the smaller number of respondents in this subgroup.

Subsequent Enrollment in CalWORKs. As might be expected, we found that diverted applicants who had not been on aid prior to diversion were much less likely to be on aid at the time of the second interview, compared to those who had previously been on aid. Also, diverted applicants whose primary language is Spanish were less likely to subsequently enroll in CalWORKs, even though (as discussed below) these households were more likely to be in poverty. We could speculate that the language barrier played a role in discouraging these individuals from applying for aid. It is also possible that some of these applicants were undocumented immigrants (perhaps with citizen children) whose circumstances may have played a role in preventing or discouraging re-application for the program.

Crowded Housing. As expected, we found that applicants with more children were much more likely to subsequently live in crowded housing conditions and those with earnings at the time of diversion were less likely to live in such conditions. Unlike the leavers, diverted applicants whose primary language is Spanish were much more likely to live in crowded housing

at the time of the second interview. More surprising is the finding that diverted applicants who had not been on aid previously were much more likely to live in crowded housing.

Income Below Poverty Level. Diverted applicants whose primary language is Spanish, with no prior history of aid receipt, and with a relatively large number of children were much more likely to be below the poverty level at the time of the second interview. This was also the case for those who were diverted because they did not comply with the application process requirements or did not complete the application, as opposed to those who formally withdrew their applications. It is somewhat surprising that – unlike the leavers – diverted families with very young children were less likely to subsequently be living in poverty.

Household With No Earnings (Employment). In this case, only one variable was found to be statistically significant: Persons who were diverted because they did not comply with the application process requirements were more likely to have no earnings at the time of the second interview.

Food Insecurity. As was the case for the leavers, diverted applicants whose primary language is Spanish were more likely to experience food insecurity at the time of the second interview. Unlike the leavers, diverted families with a relatively high number of children were more likely to experience food insecurity. We also found that families with a very young child were less likely to subsequently experience food insecurity. We note, however, that none of these relationships were statistically significant at standard confidence levels.

Lack of Health Insurance Coverage. As might be expected, diverted applicants who had earnings at the time of their diversion were more likely to have health insurance coverage (for themselves and their children) at the time of the second interview.

Families Experiencing At Least Three of the Six Problems. First of all, we note that about one in four diverted applicants experienced at least three of the six problems at the time of the second interview. We found that applicants who were diverted by reason of not complying with application process requirements or not completing the application, as opposed to those who voluntarily withdrew their applications, were much more likely to experience at least three of the six problems. We also found that diverted applicants whose primary language is Spanish were more likely to experience at least three of the six problems, although this relationship was not statistically significant at standard confidence levels.

5.3 Conclusions

Policy makers and program administrators can use these profiles in a variety of ways, depending on their objectives. If the focus is on preventing CalWORKs recipients from returning to aid, for example, the analysis indicates that particular attention should be given leavers who do not have earnings at exit and who do not formally exit due to excessive earnings or client request.

Taking a broader perspective, the index that encompasses at least three of the six problem areas is the best indicator of families that are likely to face severe problems after leaving, or being diverted from, the CalWORKs Program. The findings suggest that the best predictors of such problems among the leavers are an absence of earnings at exit from the program (and, similarly, leaving the program for some reason other than earnings or client request) and Latino/Hispanic ethnicity. The finding related to earnings is not surprising. Of more interest is the finding on Latino/Hispanic ethnicity, as opposed to other disadvantaged minorities where we might also have expected similar findings. It is also interesting to note that many of the characteristics that we might have expected to be good predictors of encountering problems in

the future did not prove to be so. For example, while long-term recipients were more likely to subsequently encounter three or more problems, the differences were relatively small and not statistically significant.

For the informally diverted applicants, the best predictors of subsequently encountering three or more problems are being denied for not complying with the application process or not completing the application (as opposed to voluntarily withdrawing the application), and to a lesser extent having Spanish as the primary language. These findings, moreover, were more pronounced than the findings discussed above for the leavers. They also have important policy implications, suggesting the need to review the intake process to ensure that applicants are not discouraged from completing their applications and that non-English speaking persons, in particular, have the materials needed to understand the application and eligibility procedures.

6 RECEIPT OF HOUSING ASSISTANCE

In this chapter, we examine two groups of recipients of housing assistance – those families in our population of CalWORKs leavers who were receiving housing assistance in January 1999, and other members of the population of families with children that received housing assistance in San Mateo and Santa Clara counties in January 1999. We will refer to these as the “housing leaver” and “housing assistance” groups, respectively. It is important to note that the housing assistance group includes a mixture of current and former CalWORKs recipients, as well as families that have never been on CalWORKs. However, by construction there is no overlap between the housing leaver and housing assistance group. We also present outcomes for the group of leavers who were not receiving housing assistance when they left cash aid (“non-housing leavers”). The main purpose of this chapter is to assess the role that the receipt of housing assistance may play in improving post-exit outcomes for CalWORKs leavers.

6.1 Demographic Characteristics

Of the 2,371 families in our leaver population, 444 families (19 percent) were receiving housing assistance when they left CalWORKs. Exhibit 6-1 shows the principal demographic characteristics of the housing leavers, the non-housing leavers, and the housing population (which includes a mixture of families on CalWORKs, formerly on CalWORKs, and never on CalWORKs). When drawing comparisons *between the housing and non-housing leavers*, we note the following demographic differences:

- Housing leavers are more likely to belong to a minority ethnic group. However, members of the two leaver groups are equally likely to speak English.
- Housing leavers tend to have more extensive histories of aid use. Eight in ten housing leavers had been on aid at least three of the previous five years, compared to about six in ten non-housing leavers.

**Exhibit 6-1
Demographic Characteristics
Frequency (%) Tabulations**

| | Housing Leavers | Non-Housing Leavers | Housing Population |
|--|----------------------------|--------------------------------|-------------------------------|
| Number of Families in Population | 444 | 1927 | 6475 |
| Ethnicity | | | |
| • White | 18% | 29% | 13% |
| • Hispanic | 46 | 42 | 38 |
| • Black | 17 | 9 | 19 |
| • Vietnamese | 14 | 12 | N/A |
| • Other | 5 | 8 | 30 ¹ |
| Language | | | |
| • English | 76% | 77% | 62% |
| • Spanish | 8 | 9 | 5 |
| • Vietnamese | 14 | 10 | 12 |
| • Other | 2 | 4 | 21 |
| Months on Aid in Previous 5 Years | | | |
| • 0 | 0% | 0% | 19% |
| • 1-12 | 6 | 17 | 6 |
| • 13-36 | 13 | 26 | 17 |
| • 37-60 | 81 | 57 | 58 |
| Number of Children | | | |
| • 1 | 38% | 48% | 43% |
| • 2 | 30 | 30 | 25 |
| • 3+ | 32 | 22 | 32 |
| Age of Youngest Child | | | |
| • 0-2 | 26% | 37% | 18% |
| • 3-5 | 21 | 27 | 19 |
| • 6-11 | 32 | 22 | 36 |
| • 12+ | 21 | 14 | 27 |
| Age of Case Head | | | |
| • 16-21 | 9% | 14% | 1% |
| • 22-29 | 20 | 33 | 10 |
| • 30-39 | 39 | 34 | 41 |
| • 40+ | 32 | 19 | 48 |
| Highest Grade Completed | | | |
| • 0-8 | 12% | 13% | 24% |
| • 9-11 | 39 | 35 | 37 |
| • 12 | 29 | 24 | 27 |
| • 13+ | 20 | 28 | 12 |
| HS Diploma or GED | | | |
| • Yes | 68% | 63% | 49% |
| • No | 32 | 37 | 51 |

¹ Includes Vietnamese.

Exhibit 6-2
Household Structure
Frequency (%) Tabulations

| | 6 Months | 12 Months | 18 Months |
|----------------------------|----------|-----------|-----------|
| Housing Leavers | | | |
| • Not Living With Kids | 4 | 7 | 1 |
| • One-parent | 52 | 52 | 45 |
| • Two-parent | 4 | 16 | 20 |
| • Extended Family | 40 | 24 | 33 |
| • Multi-family | 0 | 1 | 1 |
| Non-Housing Leavers | | | |
| • Not Living With Kids | 6 | 3 | 1 |
| • One-parent | 27 | 30 | 16 |
| • Two-parent | 15 | 16 | 18 |
| • Extended Family | 44 | 37 | 49 |
| • Multi-family | 8 | 14 | 16 |
| Housing Assistance | | | |
| • Not Living With Kids | 7 | 9 | N/A |
| • One-parent | 52 | 48 | N/A |
| • Two-parent | 23 | 25 | N/A |
| • Extended Family | 18 | 18 | N/A |
| • Multi-family | 0 | 0 | N/A |

- Housing leavers tend to have more children in the assistance unit. Housing leavers also tend to be older, and to have older children in the assistance unit.
- Housing and non-housing leavers have comparable levels of educational attainment.

Relative to the two leaver groups, the housing assistance group is characterized by a larger proportion of families where the respondent does not speak English primarily, older household heads, and lower levels of education. While this group includes families that have never been on CalWORKs, it also includes a large number of families that have been long-term recipients of welfare.

Exhibit 6-2 reports the household structure for the three groups. Non-housing leavers are far more likely to be in extended-family or multi-family households, and far less likely to be in

single-parent households, compared to the other groups. In particular, the fraction of non-housing leavers in multi-family households doubled from 8 to 16 percent from the first to third interview period, while almost no members of the housing leaver and housing assistance groups were in such households. This finding points to the role of housing assistance in reducing the need for low-income families to “double up.” It will be important to bear in mind the differences in household structure when we examine household employment and earnings outcomes later in this chapter. Because non-housing leaver households tend to include more adults, in the absence of other factors these households will tend to include more *employed* adults.

6.2 Changes in Circumstances From First to Third Interview

The remaining exhibits in this chapter show the changes in selected measures of family circumstances at the 6-month, 12-month, and 18-month survey interviews. (We note that for the housing assistance group, an 18-month survey was not administered.)

Exhibit 6-3 shows the percentage of households in the three groups that were in the CalWORKs Program at each interview stage. At third interview, we see that 23 percent of the housing leavers and 18 percent of the non-housing leavers had returned to CalWORKs. The higher recidivism rate among the housing leavers may be related to the finding, noted above, that the housing leavers appeared to be more disadvantaged with respect to their demographic characteristics.

Exhibits 6-4 and 6-5 report employment and earnings data for the survey *respondents*. Exhibit 6-4 shows that in all groups, most respondents were either employed at the time of the interview or were recently employed. The exhibit also shows a significant increase, over the

Exhibit 6-3
Percentage of Households Receiving CalWORKs

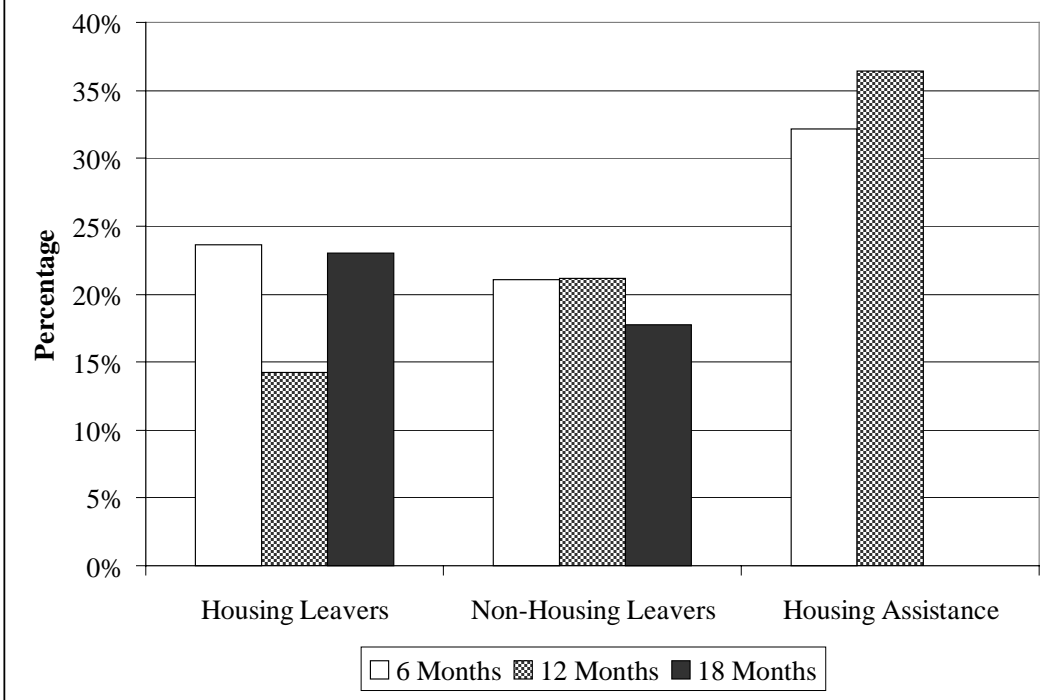
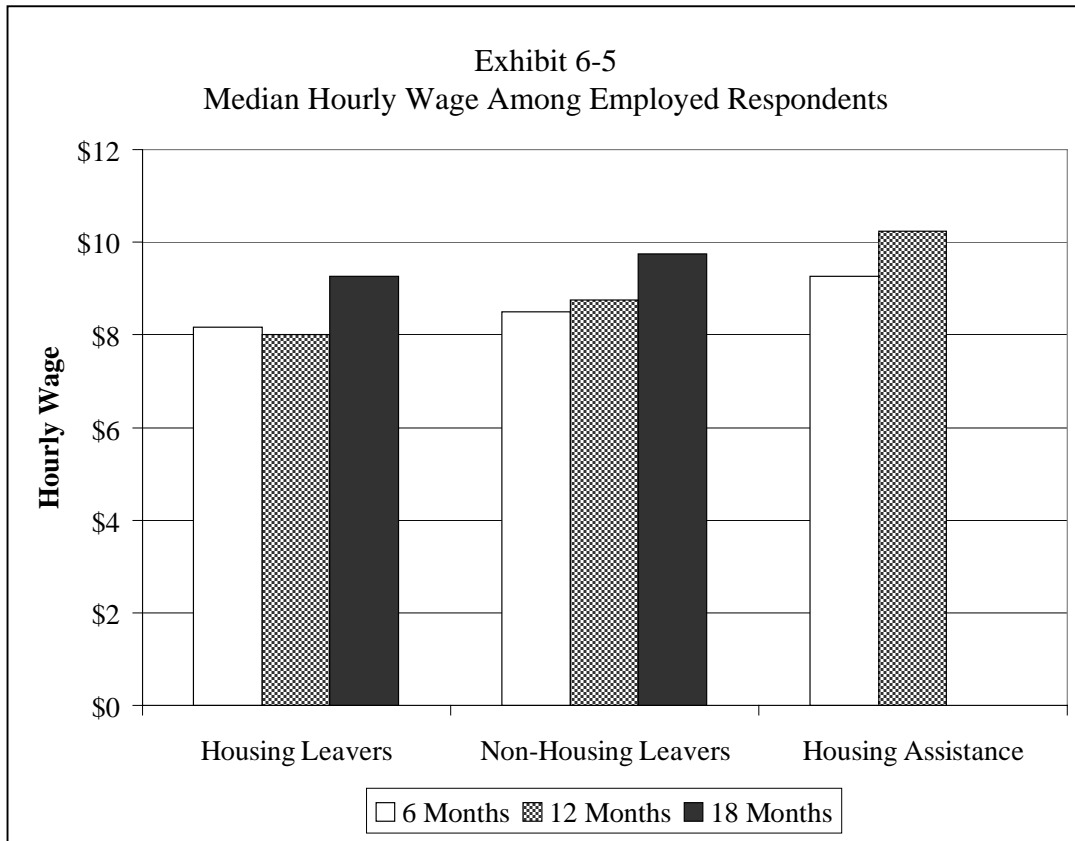


Exhibit 6-4
Respondent's Work Activity
Frequency (%) Tabulations

| | 6 Months | 12 Months | 18 Months |
|----------------------------|----------|-----------|-----------|
| Housing Leavers | | | |
| • Not Recently Employed | 3 | 6 | 8 |
| • Recently Employed | 34 | 32 | 22 |
| • Currently PT | 29 | 10 | 6 |
| • Currently FT | 34 | 52 | 64 |
| Non-Housing Leavers | | | |
| • Not Recently Employed | 3 | 5 | 3 |
| • Recently Employed | 41 | 34 | 39 |
| • Currently PT | 13 | 13 | 10 |
| • Currently FT | 43 | 48 | 48 |
| Housing Assistance | | | |
| • Not Recently Employed | 8 | 16 | N/A |
| • Recently Employed | 31 | 28 | N/A |
| • Currently PT | 7 | 2 | N/A |
| • Currently FT | 54 | 54 | N/A |



course of the interviews, in the percentage of housing leavers who were employed on a full-time basis. Exhibit 6-5 shows a trend toward higher median wages (among the employed respondents) for each of the survey groups, with wages somewhat higher for the non-housing leavers relative to the housing leavers, but lower than the housing assistance group.

Exhibit 6-6 shows the percentage of *households* with earnings. We see a high level of employment activity and an increasing trend for all three groups, particularly for the housing population. We also generally see a slightly higher proportion of non-housing leavers with earnings, relative to the leavers receiving housing assistance, which is related to the earlier finding that non-housing leavers tend to include more adults (and are therefore more likely to include an employed adult).

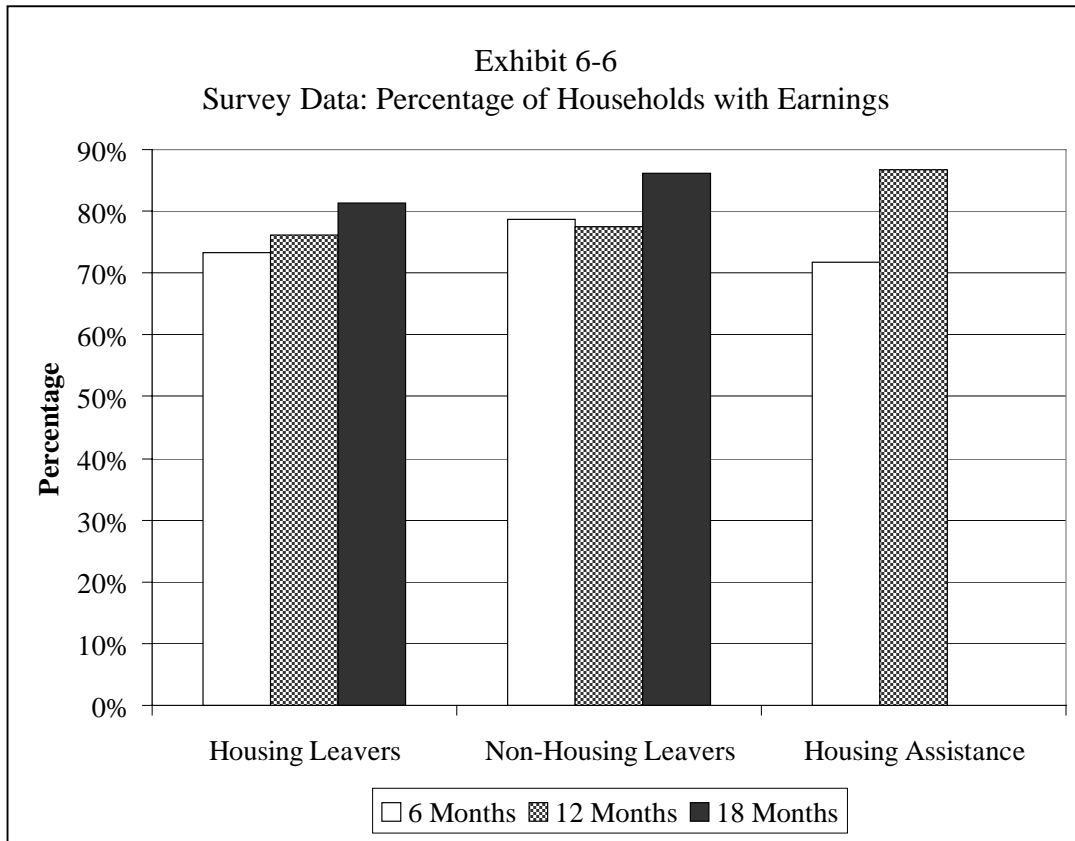


Exhibit 6-7 shows the median monthly household earnings, among those households with earnings. Housing leavers have relatively low earnings levels, which again is related to the finding that these households tend to contain fewer adults than households in the non-housing leaver group. We do see a marked increase in earnings by the housing leavers at the second and third interviews, which is probably related to our earlier finding that showed an increase in full-time employment. Earnings for the non-housing leavers also increased, but not until the third interview.

Exhibit 6-8 shifts the focus from earnings to total household income. As we would expect, the patterns are similar to what we found when examining earnings. This is also the case for household income relative to the federal poverty level, as shown in Exhibit 6-9. This is the most comprehensive measure of income, and it is clear that a large number of housing leavers had very low incomes at the first interview period. On a brighter note, we can see significant

Exhibit 6-7
Survey Data: Median Monthly Household Earnings
Among Households with Earnings

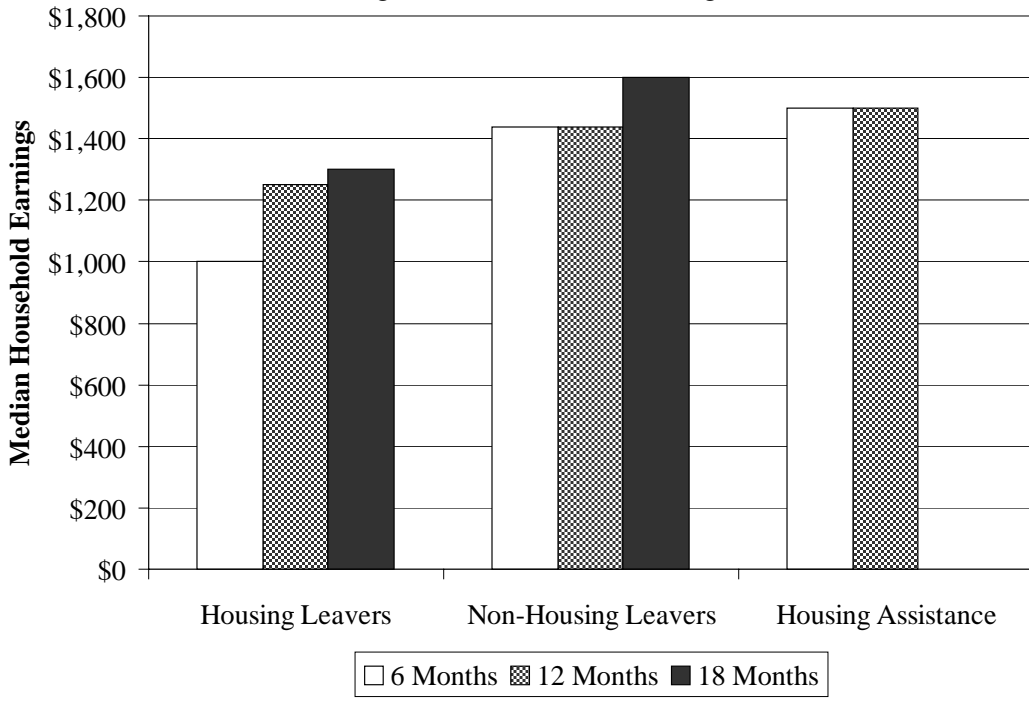
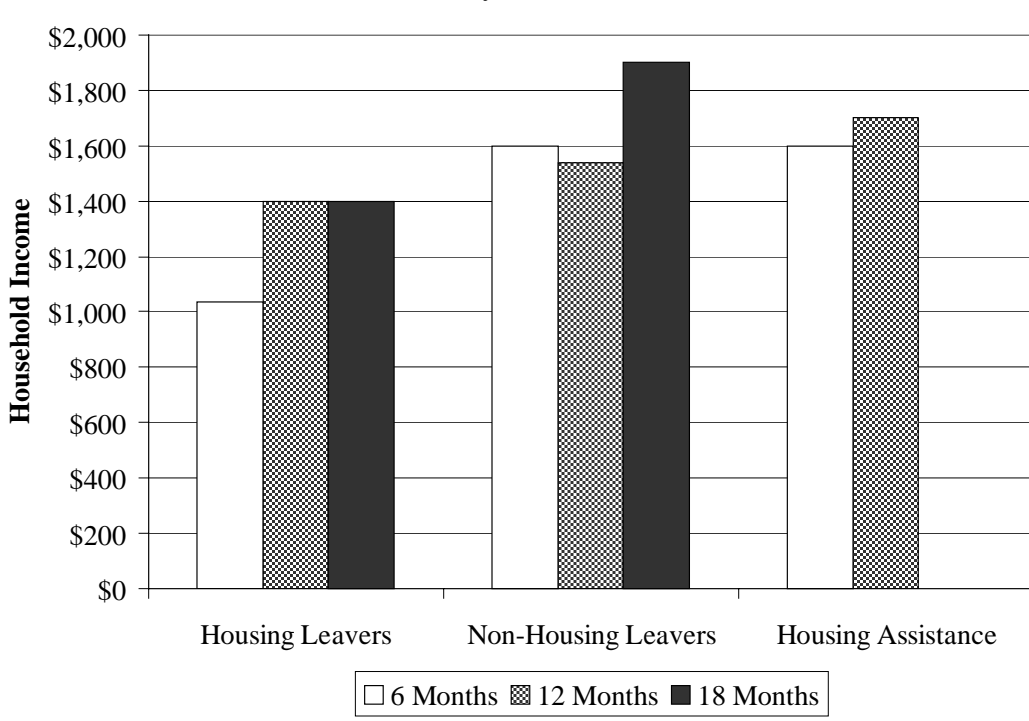
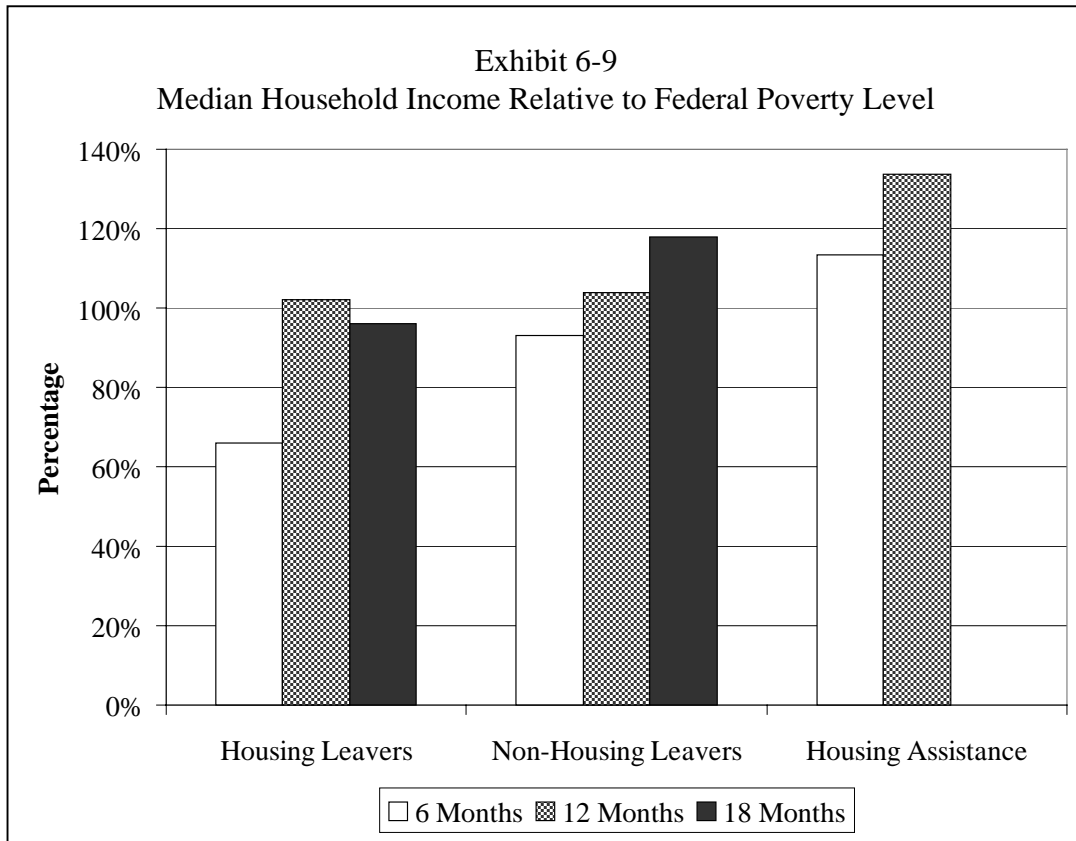


Exhibit 6-8
Median Monthly Household Income





improvement among all three survey groups, particularly among the housing leavers between the first and second interviews.

Exhibit 6-10 provides a more detailed picture of income relative to the poverty level, by showing how the households are distributed along the income scale. As suggested by the preceding exhibit, we can see the high percentage of very poor families in the housing leavers group at the 6-month interview, followed by significant improvement at the 12-month and 18-month interviews. In contrast, the housing population group began with higher incomes and, while the median increased at the 12-month interview, there was a corresponding increase in the percentage of very poor families.

Exhibit 6-11 shows the percentage of families receiving housing assistance at each interview and the trends in our three measures related to housing conditions: substandard

| Exhibit 6-10 | | | |
|---|-----------------|------------------|------------------|
| Household Income Relative to Federal Poverty Level (FPL) | | | |
| Frequency (%) Tabulations | | | |
| | 6 Months | 12 Months | 18 Months |
| Housing Leavers | | | |
| • Less Than 70% of FPL | 57 | 28 | 15 |
| • 71 to 100% | 13 | 21 | 35 |
| • 101 to 130% | 24 | 24 | 22 |
| • 131 to 185% | 6 | 17 | 13 |
| • 186 to 250% | 0 | 2 | 11 |
| • More than 250% | 0 | 8 | 4 |
| Non-Housing Leavers | | | |
| • Less Than 70% of FPL | 24 | 24 | 19 |
| • 71 to 100% | 29 | 20 | 20 |
| • 101 to 130% | 13 | 21 | 18 |
| • 131 to 185% | 16 | 18 | 21 |
| • 186 to 250% | 11 | 10 | 13 |
| • More than 250% | 7 | 7 | 9 |
| Housing Assistance | | | |
| • Less Than 70% of FPL | 13 | 20 | N/A |
| • 71 to 100% | 23 | 18 | N/A |
| • 101 to 130% | 33 | 12 | N/A |
| • 131 to 185% | 16 | 36 | N/A |
| • 186 to 250% | 8 | 5 | N/A |
| • More than 250% | 7 | 9 | N/A |

housing, crowded housing, and excessive rent burden.² Generally, the housing groups were less likely to be living in substandard housing than were the non-housing leavers. The differences were most significant between the housing and non-housing leavers, although this relationship did not hold at the 12-month interview. We can hypothesize that housing assistance (which is not included in the income totals shown in Exhibits 6-8 through 6-10) more than compensates for the lower incomes of the housing leavers, enabling these families to obtain better housing, compared to leavers who did not receive such assistance.

² Substandard housing: Housing is considered substandard if the respondent reported one or more of these conditions. (1) a leaky roof or ceiling; (2) a toilet, hot water heater, or other plumbing that does not work; or (3) rats, mice, roaches, or other insects. Crowded housing: Housing conditions are defined as crowded if the ratio of household members to rooms (excluding bathrooms) is greater than one. Excessive rent: Rent is “excessive” if it is more than 50 percent of household income.

| Exhibit 6-11 Housing Outcomes Frequency (%) Tabulations | | | |
|--|-----------------|------------------|------------------|
| | 6 Months | 12 Months | 18 Months |
| Housing Leavers | | | |
| • Receives Housing Assistance | 96 | 85 | 84 |
| • Sub-standard Housing | 13 | 25 | 14 |
| • Excessive Rent Burden | 37 | 22 | 21 |
| • Crowded Housing Conditions | 38 | 18 | 20 |
| Non-Housing Leavers | | | |
| • Receives Housing Assistance | 9 | 8 | 11 |
| • Sub-standard Housing | 34 | 22 | 30 |
| • Excessive Rent Burden | 27 | 23 | 20 |
| • Crowded Housing Conditions | 40 | 37 | 31 |
| Housing Assistance | | | |
| • Receives Housing Assistance | 91 | 92 | N/A |
| • Sub-standard Housing | 21 | 18 | N/A |
| • Excessive Rent Burden | 27 | 13 | N/A |
| • Crowded Housing Conditions | 11 | 11 | N/A |

As shown earlier in Exhibit 6-2, the non-housing leaver group had the highest proportion of families in extended- or multi-family living arrangements. This helps to explain why non-housing leavers were more likely to be living in crowded housing conditions, as Exhibit 6-11 shows. The exhibit also shows a significant reduction, between the first and second interviews, in the percentage of housing leavers living in crowded housing conditions.

At the first interview, housing leavers were the most likely to be paying rent that was excessive (that is, more than 50 percent of their household income). This was largely a reflection of their relatively low income levels. The percentage dropped significantly at the second and third interviews, however, to the point where there was little difference with the non-housing leavers. This improvement occurred despite the fact that the interviews were conducted during a time when rents were increasing significantly in the study counties.

6.3 Conclusions

The comparison between the housing and non-housing leavers is particularly instructive because it controls for prior receipt of welfare (CalWORKs). We found that the housing leavers had relatively low incomes initially (which is probably related to their eligibility for housing assistance) but managed to increase their incomes significantly between the first and second interviews. This increase appeared to be related to a shift from part-time to full-time employment. We also saw some improvement in the incidence of crowded housing and rent burdens. While there was no trend toward improvement in housing quality, the housing leavers were less likely to report living in substandard housing than were the non-housing leavers.

These better outcomes may be related to the provision of housing assistance. We found some evidence of a positive relationship between housing assistance and housing quality. This, in turn, may be indirectly related to other measures of family well-being and the ability to increase work activity. That is, by improving housing conditions, housing assistance may have helped some welfare leavers to increase their work activity.

7 CONCLUSION

Following up on our 12-Month Report, where we covered the families' circumstances at exit (or diversion) and at the first interview, this report focuses on the changes in circumstances between the first and the third interviews. In general, the overall picture is encouraging. For each of our main survey groups – one-parent and two-parent leavers and informally diverted families – circumstances in our selected measures improved more often than where they got worse. Due largely to increases in the median level of earnings, household income relative to the poverty level increased significantly, with the median moving from below the poverty level at the first interview to above that benchmark at the third interview. Enrollment in CalWORKs (recidivism in the case of the leavers) declined somewhat for each of the survey groups. Other positive trends included a decline in the incidence of reported substance abuse and, for one-parent and informally diverted families, improvement in housing conditions.

At the same time, we found some areas of concern. While recidivism declined, about 20 percent of the leavers were back on aid at the time of the third interview, and 20 percent of the informally diverted families were also on CalWORKs. Even though the median household income for each of the survey groups was above the poverty level at the time of third interview, almost 20 percent of the families were very poor (defined as below 70 percent of the poverty level). In spite of their low incomes, most of these families were not on CalWORKs at that time. Further research on the circumstances of these very poor families would be warranted.

While there was improvement in awareness of the Earned Income Tax Credit, a significant number of respondents indicated at the third interview that they were not aware of this benefit. This was the case even among households with earnings, where one-third of the leavers and one-half of the informally diverted respondents had not heard of the tax credit. This

suggests the need for policies to facilitate the provision of information about this benefit, not only for families on CalWORKs but also for applicants who are diverted from the program.

In our assessment of the usefulness of administrative data sources to collect information on welfare leavers and informally diverted applicants, we found that the accuracy of administrative data in reporting the use of cash aid and Food Stamps declines over time, probably because of changes in the composition of the household relative to the original CalWORKs assistance unit. In reviewing Medi-Cal enrollment, we found a wider area of disagreement between the types of data sources. It appeared that a small but significant number of survey respondents were unaware that they were enrolled in Medi-Cal. We also found that administrative data accurately reflected the post-exit *trend* in median earnings among leavers and the informally diverted, but are less useful to measure the *level* of earnings. We found that administrative data tend to underreport the proportion of households with earnings, probably due to certain types of earnings not being reported to the UI system, and differences in the composition of the current household and the original exiting or diverted cash aid assistance unit.

In our work on developing profiles of families likely to face problems after leaving, or being diverted from, the CalWORKs Program, we found that the best predictors (of facing severe problems) for the leavers are an absence of earnings at exit and Latino/Hispanic ethnicity. This finding would provide a basis for incorporating these characteristics into preventive policies, such as targeted post-assistance (or post-employment) support services.

For the informally diverted families, we found that applicants who were diverted by reason of not complying with application process requirements or not completing the application, as opposed to those who voluntarily withdrew their applications, were much more likely to experience at least three of the six problems. We also found that diverted applicants whose

primary language is Spanish were more likely to experience at least three of the six problems, although this relationship was not statistically significant at standard confidence levels.

Eligibility workers could use these characteristics as flags to ensure that these applicants are aware of all types of aid and services that they might need and that would be available to them.

Similarly, it is important to ensure that non-English speaking applicants, in particular, understand the CalWORKs eligibility rules and procedures so that they are not diverted from aid because of language barriers or other administrative obstacles.

Finally, some of the findings in our analysis of housing assistance suggest that the housing subsidies may have led to positive outcomes. Leavers who received housing assistance, for example, were less likely to report living in substandard housing than were the non-housing leavers. We also found that the housing leavers increased their incomes significantly between the first and second interviews, which appeared to be due to a shift from part-time to full-time employment. While it is not clear that the housing subsidies had a causal effect, we hypothesized that housing assistance leads to better housing quality which, in turn, may be related to the ability to increase work activity.