

# A Study of Washington State TANF Leavers and TANF Recipients

**Findings from Administrative Data and the Telephone Survey**

*Summary Report*

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**Project Funded by the U. S. Department of Health & Human Services**



Office of Planning and Research  
Economic Services Administration  
Department of Social and Health Services  
*March 2000*

## Background

In 1997 Washington State began its implementation of TANF, starting the 5-year time limit clock in August and WorkFirst program requirements in November. In the two years between July 1997 and June 1999, Washington's TANF caseload declined by 31%. Along with welfare reform came questions about the well-being of those clients who were leaving assistance. These questions included: Are the clients who leave assistance employed? What are their wages? Do they rely on other sources of support? How many clients who leave assistance subsequently return to the caseload?

To answer some of these questions, Washington State conducted an in-depth study of TANF Leavers and their families, with grant support from the U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation. We studied clients leaving TANF as well as a comparison group of clients who remained on assistance. Some of the topics that we investigated were employment outcomes, food insecurity, medical coverage, and childcare. In order to get a well-rounded picture of former clients' well-being, we used two approaches for the study: an analysis of administrative data and a telephone survey. Administrative data allow us to look at certain characteristics of the entire TANF population over time, while survey data can provide more detailed information on a broader range of issues. By using both a survey and an administrative data study, we were able to draw on the strengths of each to enhance the overall analysis of TANF leavers.

Our research suggests:

- **Clients leaving TANF have different characteristics than those who remain on assistance.** Compared to clients on TANF, leavers are younger, better educated, have fewer limiting health conditions, and have fewer children.
- **The TANF population is changing.** In the past few years, the average age has increased slightly and women and single-parent households now comprise a larger share of the caseload.
- **Employment alone does not indicate self-sufficiency.** Almost 60% of TANF clients were employed six months after leaving assistance, the vast majority of whom earned more than minimum wage. Many leavers, however, were not yet economically self-sufficient: fewer than half of families leaving TANF had incomes above the federal poverty level and many still relied on food stamps and Medicaid.

These summary findings and the ones that follow primarily report on clients leaving TANF during the fourth quarter of 1998. These clients left assistance following full implementation of TANF. To give context to welfare reform on people leaving assistance, the study of administrative data also included analysis of two earlier groups. One group consisted of clients who left AFDC assistance (in the fourth quarter of 1996) and the second group consisted of clients who left assistance during TANF's early implementation stage (in the fourth quarter of 1997).

Complete findings are presented in separate reports: “*A Study of Washington State TANF Leavers and TANF Recipients: Welfare Reform and Findings from Administrative Data*” and “*A Study of Washington State TANF Leavers and TANF Recipients: Findings from the April – June 1999 Telephone Survey*”.

## **Discussion of Findings**

TANF leavers were more likely to be employed than their counterparts who remained on assistance. Indeed, the majority of clients who left TANF attributed their departure to increased earnings, either due to new employment, an increase in hours worked, or a pay increase. The average hourly wage was \$7.70 for those clients who left assistance, nearly a dollar higher than the wage rate for clients still on assistance. In addition to receiving higher hourly wages, leavers were more likely to be working full-time. These survey results are comparable with administrative data, which show that leavers have higher quarterly wages. This suggests that in order to leave assistance, clients may not only need to be employed, but to work more hours and have a job that pays more than minimum wage.

Leaving cash assistance does not necessarily imply self-sufficiency. Many of the leavers in our study continued to rely on other resources even after exiting TANF. For example, half of leavers reported that they had used food stamps since the time they left TANF. Similarly, many leavers relied on free school meals for their children and food banks. The administrative data support these survey findings, revealing that over one-third of leavers were still receiving food stamps even a year after going off the welfare rolls.

Clients remaining on assistance, when compared to those who left, possibly face more barriers to self-sufficiency. Leavers are more likely to be white, a U.S. citizen, speak English primarily, and have a spouse or spouse-like partner. They also tend to be better educated than the on-TANF adults and have fewer health problems that interfere with daily life activities.

Administrative data indicate that nearly one quarter of leavers returned to TANF within nine months of exit. These findings are corroborated with the survey, which shows that a number of leavers had returned to assistance between the time they left in the fourth quarter of 1998 and their interview (6 – 8 months later). Among those clients who returned to assistance, being laid off or fired was the most commonly cited reason. Among the majority of leavers who were still *off* of assistance, however, 85% felt it unlikely they would return to TANF in the next six months. Also, most TANF leavers feel that they are better off compared to when they were on assistance.

The incidence of subsidized childcare usage is increasing. Also, wages are higher for those with subsidized care, though this probably reflects client preference. Clients who are more willing or able to work are more likely to use childcare. Similarly, some clients may prefer to stay home with their children, regardless of childcare and employment options. It is common for TANF leavers to rely on other family members for childcare, according to the survey.

The incidence and amount of child support received by current and former TANF clients is increasing. Clients with child support are more likely to be employed and enjoy higher median wages than those without support. Two explanations for the employment differences come to mind. First, clients with child support are more able to work because they have increased support, financial or otherwise. This clearly has policy implications: increased child support collections may facilitate more employment, leading to increased economic independence and declining TANF enrollments. Another explanation may be that working clients are more likely to have (former) partners who work and are thus more likely to pay child support. This allows for the possibility that the relationship between child support and employment is not necessarily causal; some selectivity is involved.

It seems that many former clients are getting jobs and feel confident that they will be able to stay off cash assistance. However, for a portion of the leavers, employment is tenuous and returning to the caseload is a firm possibility. Former TANF clients, whether or not they have returned to assistance, seem to have trouble achieving self-sufficiency. Many continue to rely on other resources, such as food stamps and medical coupons.

## **Major Findings**

Some of the major findings from both the administrative data and survey results are presented in this section.

### *Employment*

- According to administrative data, 58% of leavers were employed in the second quarter of 1999 (two quarters after exit) compared to 68% during the quarter they left TANF. This is consistent with the survey findings, where 59% of leavers were employed at the time of the interview (6-8 months after exit) or had worked within the last 12 months (86%).
- Most leavers left TANF due to increased earnings through employment (61%).
- Among employed leavers, 69% reported working full-time, while only 48% of employed on-TANF clients were full-time.
- Average reported hourly wages for those in the leavers group was \$7.70, while those still on TANF earned an average of \$6.84.
- For 1998 leavers, quarterly wages averaged \$2,585 in the quarter of exit, and rose by about \$200 over the next two quarters. This is a smaller wage increase than that experienced by 1997 leavers: wages averaged \$2,609 in the fourth quarter of 1997 and rose by over \$330 two quarters later.

The earnings differences between 1997 and 1998 leavers may be explained by differences in the earning capacity of the two groups.

### *Food and Other Resources*

- 90% of 1998 leavers received food stamps during the exit quarter, compared to only 42% two quarters later. These results mirror the 1997 Leavers. This suggests that food stamp patterns have not changed appreciably with the full implementation of TANF, at least in the first few months after exit.
- The administrative data are consistent with survey data, which show that 50% of leavers had received food stamps in the previous six months.
- Around 40% of leavers cut their meal size sometimes or often because there was not enough money for food, and 14% reported experiencing hunger.

### *Family Well-Being*

- 60% of leavers indicated that they were better off since leaving welfare.
- The average total cash income for leaver families was about 10% above the federal poverty threshold for a family of three. However, only 42% of leaver families had incomes above the FPL after adjusting for family size.
- On-TANF respondents (41%) were more likely to report health conditions that limit their daily activities compared to leavers (25%).
- For On-TANF respondents, affordable health care and affordable child care are perceived as important resources necessary to leave public assistance.
- The share of TANF adults who had children with abuse or neglect referrals has increased over time. Two quarters after exit, 1.2% of 1996 leavers had referrals, compared to 1.4% of 1997 leavers and 2.0% of 1998 leavers. Referral rates are also higher for ongoing TANF recipients compared to leavers.

### *Medical Insurance*

- 98% of Leavers had Medicaid coverage during the exit quarter, while only 56% had Medicaid two quarters later<sup>1</sup>. This coincides with the survey results, which show that 53% had Medicaid at the time of the interview.
- 74% of TANF Leavers reported that they had health coverage (Medicaid or otherwise) at the time of the interview, compared to 93% of clients on TANF.
- Of those leavers who reported not having insurance, 51% claimed that it was because their medical coupons had been stopped.

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<sup>1</sup> Policy has been changed subsequently such that medical benefits are extended more liberally to clients leaving TANF.

### *Children and Childcare*

- According to the survey, TANF leaver families had 1.7 children on average, compared to 2.1 children in families on TANF.
- 20% of leavers reported subsidized childcare. Many parents relied on other family members for childcare and thus did not need a subsidy.
- 37% of leavers and 59% of clients on TANF reported that they did not have childcare arrangements. In most cases, the parents themselves were caring for the children. Among *working* parents without childcare arrangements, most (66%) had at least one child who was 12 years old or older, implying that care may not have been necessary.
- Among those with childcare subsidies, 75% of leaver respondents were very satisfied with their youngest child's care arrangement and 21% were somewhat satisfied.

### *Child Support*

- 20% of leavers appeared in administrative data as receiving child support in the second quarter after exit. The median quarterly amount of child support was \$628.
- 23% reported receiving child support in the month before the interview, although 44% reported that they were supposed to receive court-ordered child support. The median child support payment was \$242 in the month before the interview.
- Survey responses can include informal payments, whereas the administrative data results have only payments made through the Division of Child Support. This may explain why the administrative data percentage (for a quarter) is lower than the survey finding (for one month).
- The share of leavers receiving court-ordered child support has increased with time: 21% of 1998 leavers were receiving child support after exit, compared to 20% of 1997 leavers and 17% of 1996 leavers.

### *Leaving TANF and Recidivism*

- After leaving TANF in the fourth quarter of 1998, 23% returned to TANF within nine months, according to administrative data. This compares to 20% of TANF leavers who returned within nine months after leaving in the fourth quarter of 1997. These numbers are comparable to the survey, where 19% of leavers had returned to TANF by the interview.
- Of the leavers who returned to assistance, 25% mentioned being laid off or fired as the primary reason.
- Of those leavers who were still off TANF, 85% felt it unlikely they would return to TANF in the next six months.