

HHS Leavers Project

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Revised Interim Report

**Preliminary Outcomes for 1996 Fourth
Quarter AFDC Leavers**

**(From the “Report on the Status of Temporary Assistance to
Needy Families (TANF) Recipients” funded by the US
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Description of Methodology and Summary of Results

A. Creation of Cohort Group

The cohort used for this analysis consists of all individuals who were active AFDC/TANF caseheads (or second parents if from an AFDC-Unemployed Parent case) in Missouri during September, October and/or November of 1996 and who “left AFDC” during the fourth quarter of 1996. “Left AFDC” is defined as not appearing as an active case in the AFDC/TANF rolls in Missouri during one of the months of October, November or December 1996 and remaining off the rolls for at least the following month. A description of the process of selecting “1996 Fourth Quarter AFDC Leavers” is as follows:

Table A.1: Description of Individuals included and Excluded from 1996 Leaver Cohort by Month of Participation and Exit

AFDC status during the following relevant months					Are they included in our cohort?	Reason for not being included in our cohort group.
September 1996	October 1996	November 1996	December 1996	January 1997		
on	off	off			yes	
on		off	off		yes	
on			off	off	yes	
	on	off	off		yes	
	on		off	off	yes	
		on	off	off	yes	
off	off	off	on	off	no	didn't "leave AFDC" during fourth quarter 1996
on	off	on	off	on	no	not "off" for two consecutive months during fourth quarter 1996
on	on	on	on	off	no	didn't "leave AFDC" during fourth quarter 1996

NOTE: Blank cells indicate that the AFDC status during this month is unimportant. Whether the individual is “on” or “off” does not change the result of whether they appear in our cohort.

We include only cases in which a cash payment is received, thus, some cases which are officially AFDC/TANF cases are excluded from our cohort. This includes “Services Only” cases in which no cash payment is made but AFDC/TANF services are received, “Employment Related Closing” cases in which the case has been closed due to the casehead finding employment but still receives AFDC/TANF services and “Medicaid for Children Only” cases in which the only services received is the coverage of the children in the family by the Medicaid Health Insurance program. We also exclude “Child Only” cases in which only the child in the family is eligible for AFDC/TANF payments because of residence with some ineligible guardian other than the parent. We consider each of these cases as “not receiving AFDC/TANF” for the purposes of this study.

We use monthly administrative welfare records received from the Missouri Department of Social Services to determine monthly AFDC/TANF status. An individual is considered to be receiving AFDC/TANF for a month if she is coded as being an AFDC/TANF case (Type of Assistance (TOA) = 'C'), is additionally coded as a cash recipient in a single parent case or an unemployed parent case (subprogram (SUBPROG) = '1' or '6'), is additionally coded as on an active case (case status (CASESTA) = '2') and is additionally coded as the payee or second parent on the case (relationship indicator (RELIND) = 'P' or 'S'). If any of these conditions fails, she is determined to be not receiving AFDC/ANF that month.

This cohort will be called the “1996 Leaver Cohort.” The 1996 Leaver Cohort consists of 12,010 individuals who are coded as leaving AFDC during the fourth quarter of 1996. Of these 12,010, 11,568 are coded as single-parent cases and 442 as two-parent cases. It is this group of 12,010 that we are interested in for the purposes of this report¹ (see table A.2).

Table A.2: Types of AFDC Cases Within 1996 Leaver Cohort

Type of AFDC case	Frequency	Percent of 1996 Leaver Cohort
Single-Parent Case: case with only one parent in the household; AFDC cash recipient	11,568	96.3
AFDC-Unemployed Parent Case; two-parent AFDC case where at least one parent is not working	442	3.7
TOTAL AFDC cases in 1996 Leaver Cohort	12,010	100.00

In our next report we will report on the demographic and geographic characteristics of the 1996 Leaver Cohort in addition to reporting public assistance, employment and recidivism outcomes for demographic and geographic subgroups of the population.

At a later date we will report similar results for the Fourth Quarter 1997 Leavers. This cohort will be called the “1997 Leaver Cohort”. All results reported in this paper will refer to the 1996 Leaver Cohort.

B. Comparison of Pre- and Post-Program Employment Results

(all results are reported in Appendix I)

In this section of the report, we provide an analysis of the 1996 Leaver Cohort designed to parallel previous analyses done for the Missouri Department of Social Services (DSS). We do this in order to assure that the 1996 Leaver Cohort does not differ significantly from other cohorts examined previously by the Department of Economics and DSS and to allow DSS to compare previous research results to the results of this HHS study. Our

¹ In the April 1999 report to the US Department of Health and Human Services we reported initial figures for only 11,573 observations. Since that time we have refined the data set and determined that a more complete count of AFDC leavers is the 12,010 examined here.

initial results indicate a high degree of comparability to other studies and other cohorts previously examined.²

For this section of the report we look at and compare the employment status of the 1996 Leaver Cohort by comparing what we call “pre-program earnings and employment” to “post-program earnings and employment”. We use the period 7/1/95-6/30/96 as our definition of “pre-program” and 7/1/97-6/30/98 as “post-program.”

All the earnings and employment data used come from records provided by the Missouri Department of Labor and Industrial Relations (MO-DOLIR) and the Kansas Department of Human Resources (KS-DHR). These records include quarterly earnings for every employee working in a job within the states of Missouri and Kansas if the job is covered by the federal unemployment insurance system. Estimates from MO-DOLIR indicate that better than 95 percent of all legal employment in Missouri is covered by the UI system. Examples of jobs not covered include some religious and not-for-profit employment, federal government employment, self-employment, postal employment and military employment. Missouri and Kansas UI records provide actual total earnings for each job worked at during the quarter. No indication of an hourly wage or hours worked is given.

We find the pre-program earnings for a member of the 1996 Leaver Cohort by summing all earnings recorded for that member, from all employers and jobs, for each of the four quarters within the pre-program period. We do the same for the post-program earnings. In order to remain consistent with previous reports to DSS, for appendices I and II we inflation adjust all earnings using the Consumer Price Index for all urban consumers (Series ID CUUROOOOAO), using second quarter 1996 as our base period. No inflation adjustment is made to earnings for the results of Appendix III.

Results are presented in five tables found in Appendix I.

Table I.1: The first of these tables provides a summary of the pre-program earnings of the 1996 Leaver Cohort. Column 1 records the number of observations upon which the other results are based. In other words, our 1996 Leaver Cohort consists of 12,010 members, 7,869 of whom had UI earnings during the pre-program period. Row 1 provides the earnings statistics for the sub-group of employed cohort members and row 2 provides the earnings statistics for the entire cohort group.

For the entire cohort, we find minimum-recorded earnings for the pre-program year of \$0. This would be the recorded earnings for all cohort members found to be without UI employment during the pre-program period. The maximum recorded earnings for the pre-program year is \$56,124.58. Thus, the highest paid member of the 1996 Leaver Cohort was found to be earning UI wages of just over \$56,000 from all employers and jobs held during the pre-program year. This provides us with the lower and upper bounds on pre-

² For example, see “Evaluation of Outcomes for the AFDC/TANF and FUTURES Populations: 1993-1998 Part III; Status of Welfare Leavers Since Leaving the System: Employment, Recidivism, Use of Other Public Assistance” produced by Sharon Ryan, Jay Qu and Melinda Thielbar. Contact Sharon Ryan for copies of this report.

program earnings. Mean earnings for the pre-program year are \$3,050.77, with a standard deviation of \$4,753.71.³

We also provide earnings statistics for the subgroup of 1996 Leavers with some recorded UI employment during the pre-program period. We do this to get a better idea of earnings for those employed. As seen from column 1, of the 12,010 cohort members, 7,869 (66 percent) had some recorded UI employment during the pre-program period. The minimum UI earnings recorded for this subgroup is \$0.12. The maximum is \$56,124.58. For the employed subgroup mean earnings are \$4,656.21 with a standard deviation of \$5,197.59. This represents an increase of 53 percent over the mean recorded for the entire cohort group.

Table I.2: In table 2 we provide a summary of post-program earnings analogous to that of pre-program earnings provided in table 1. Row 2 lists mean, minimum and maximum earnings for the entire 1996 Leaver Cohort of 12,010 for the post-program period. All the inflation-adjusted figures are higher than the pre-program figures, in part because of the greater number of cohort members working and in part because of higher earnings for those who were already working. Minimum earnings for the post-program year are \$0 (for those with no UI employment), maximum earnings are \$77,875.18 and mean earnings are \$5,658.99 with a standard deviation of \$6,799.28. Mean post-program earnings are 85 percent higher than mean pre-program earnings, even after adjusting for inflation.

Row 1 lists the mean, minimum and maximum earnings for the subgroup with post-program employment. Again, providing the figures for just those with employment allows us to separate out the effect of increased rate of employment from increased rate of earnings on the change in the mean earnings for the 1996 Leaver Cohort. While we found 7,869 working in the pre-program period, we find 8,611 (72 percent) working in the post-program period. Minimum earnings are \$0.01, maximum earnings are \$77,875.18 and mean earnings are \$7,892.75 with a standard deviation of \$6,844.58. Thus, a larger percentage of our 1996 Leavers are working and those working are earning more on average than they earned prior to AFDC/TANF exit.

Table I.3: In table 3 we try to provide a more complete picture of what happens to the employment of the 1996 Leaver Cohort between the pre- and post-program periods. We do this by providing a cross-tabulation of cohort members pre-program employment status by post-program employment status. Row 1 provides counts and percentages for all cohort members found to be without employment in the pre-program period. Row 2 provides the same counts and percentages for those cohort members with pre-program employment (defined as having at least \$0.01 in UI earnings during the pre-program

³ This is consistent with results found in other analyses of the welfare and workforce development populations for DSS and the Missouri Training and Employment Council. We often find one or two individuals with what seem to be unusually high annual earnings (given our expectations of earnings for the population being examined) with the rest of the cases falling into a more expected (and much lower) annual earnings range.

period). Column 1 provides all counts and percentages for cohort members found to be without UI employment in the post-program period. Column 2 provides the same for cohort members with post-program employment of at least \$0.01 but less than or equal to what they earned in the pre-program period. Column 3 provides the same for cohort members with post-program employment that earns them more than they earned in the pre-program period. Row 3 and column 4 provide totals.

For example, we can see from row 1, column 1 that 2,042 cohort members had *neither* pre-program nor post-program UI earnings (ie. no UI employment). The “cell%” of 17.00 indicates that exactly 17 percent of the entire cohort group of 12,010 are unemployed in *both* the pre- and the post-program periods. The “row%” of 49.31 indicates that just under 50 percent of cohort members with no pre-program employment also have no post-program employment. The “col%” of 60.08 indicates that just over 60 percent of all cohort members with no post-program employment also had no pre-program employment.

To summarize this table, 4,141 cohort members (34.48 percent of the total 12,010 cohort members) have no pre-program employment. Of this group, 2,042 (49.31 percent) also have no post-program employment and 2,099 (50.69 percent) have post-program employment. By definition, all those employed in the post-program period must earn more than they did in the pre-program period. Exactly 7,869 cohort members (65.52 percent of the total) have pre-program employment. Of this group, 1,357 (17.24 percent) have no post-program employment, 1,919 (24.39 percent) have post-program employment paying no more than they earned during the pre-program period and 4,593 (58.37 percent) have post-program employment paying more than they earned in the pre-program period. Of the 12,010 cohort members, 3,399 (28.30 percent) have no post-program employment. Of this group, 2,042 (60.08 percent) also had no pre-program employment and 1,357 (39.92 percent) had pre-program employment. Of those with post-program employment, 1,919 (15.98 percent) earn no more than they did in the pre-program period. By definition, all 1,919 (100 percent) had to have pre-program earnings. Exactly 6,692 cohort members (55.72 percent) have post-program earnings that are greater than their pre-program earnings. Of this group, 2,099 (31.37 percent) had no pre-program earnings, 4,593 (68.63 percent) had pre-program earnings of at least \$0.01.

The breakdowns of this table allow us to verify that the increase in mean earnings for the entire 1996 Leaver Cohort is due to both increased employment rates as well as to increased inflation-adjusted earnings for those employed.

Table I.4: This table lists the number employed by the quarter in which they first find post-program employment. Of the 4,141 cohort members without pre-program employment, 1,574 (38.01 percent) have employment in the first quarter of the post-program period, 260 (6.28 percent) do not find employment until the second quarter, 113 (2.73 percent) do not find employment until the third quarter and 152 (3.67 percent) do not find employment until the fourth and final quarter of the post-program period. An additional 2,042 (49.31 percent) are not employed at any time within the post-program period.

Table I.5: This table provides a look at the stability of post-program employment. We follow a subgroup of 1996 Leaver Cohort members with UI earnings in the first quarter of the post-program period and follow this group for the next three quarters in order to observe how long they are able to maintain employment. From row 3 of the table, it can be seen that 7,038 cohort members had employment in the first quarter of the post-program period. Of that 7,038, 6,097 (86.63 percent) were still employed at a UI job in the second quarter of the post-program period. By the third quarter, 5,293 (75.21 percent) were still employed and by the fourth and final quarter of the post-program period, 4,831 (68.64 percent) were still employed.

We then divide the 7,038 with employment in the first quarter of the post-program period into two mutually exclusive subgroups: in row 1, those with no pre-program earnings (i.e. those just beginning their employment during the first quarter of the post-program period) and in row 2, those with at least \$0.01 in pre-program earnings (i.e. those whose employment in the first quarter of the post-program period may be a continuation of pre-program employment). The employment retention rate for those in row 2 with pre-program employment is slightly better than that of row 1 without pre-program employment. Of the 1,574 without pre-program employment who are employed in the first quarter of the post-program period, 1,334 (84.75 percent) are still working in the second quarter, 1,133 (71.78 percent) are still working in the third quarter and 1,009 (64.41 percent) are still working in the fourth and final quarter of the post-program period. This compares to the 5,464 who have pre-program earnings and are employed in the first quarter of the post-program period, 4,763 (87.17 percent) who are still employed in the second quarter, 4,160 (76.13 percent) who are still employed in the third quarter and 3,822 (69.95 percent) who are still employed in the fourth and final quarter of the post-program period.

There are several possible explanations for why those with pre-program employment have better post-program employment retention rates. It may be that employers are more willing to hire and retain those workers in the group with pre-program employment. They may make more reliable employees, already having learned the importance of showing up to work on time, dressing and grooming appropriately, and dealing politely and respectfully with customers and coworkers. It may also be that this group is more likely to stay with employment. This group might be more motivated to work and less likely to quit a job. They might also be more likely to stay with employment because they have already sorted through initial undesirable jobs to find a job they find desirable enough to remain in. Those without pre-program employment may be more likely to have employment in less desirable jobs because they have not yet had a chance to sort through the less desirable job offers. In this case, given time, they should also exhibit more stable employment retention.

C. Examination of the Relevance of Including Bordering States in Employment Follow Up

(see Appendix II)

Although we find a large percentage of our 1996 Leaver Cohort working for at least a short time in the pre-program period (66 percent) and in the post-program period (72 percent), we can't be sure that the rate of working is not higher. We know we fail to identify any employment that occurs in Missouri jobs not covered by the Unemployment Insurance system (such as self-employment, informal employment, military and some private not-for-profit and religious employment), although reports from MO-DOLIR lead us to believe these numbers to be small.

An additional source of error in our employment numbers can result, however, from cohort members who find employment outside of the state of Missouri. Individuals may move to another state in search of employment, particularly bordering states which don't require a move to such an unfamiliar area or so far from family. Without access to employment records from these other states, we would incorrectly count that individual as unemployed since we would locate no record of employment for her in Missouri when in fact, she may be employed in another state.

For Missouri, an even greater possibility is that cohort members may remain in Missouri but find employment in bordering states. This is because Missouri's two major metropolitan areas (St. Louis and Kansas City) and greatest concentrations of population (and welfare cases) lie directly on the borders of the state. In fact, each of these metropolitan areas sprawl over into the bordering states, making it likely that at least some of our cohort members may move to, or at least commute to, employment in the neighboring state. In the Kansas City area, in particular, this is probable since the majority of new employment is being established in the Kansas state portion of the Kansas City area (Johnson County, Kansas).

If this is the case, then we can improve the accuracy of our employment numbers by including employment records from Kansas and Illinois in our employment data set. Since we use Unemployment Insurance earnings records from Missouri to examine Missouri employment, we would wish to include unemployment insurance earnings records from the other states as well. To date, we have finalized an agreement with Kansas and are receiving quarterly earnings records. We include these records in our data set for the purpose of examining employment outcomes for members of the 1996 and 1997 Leaver Cohorts. We are in the final stages of working out a data sharing agreement with Illinois, and plan to include those records as well when they become available.

In order to show the importance of considering Kansas employment in employment outcomes for Missouri AFDC/TANF leavers, we report annual and quarterly post-program employment figures for cohort members working in the two states. From table II.1 it can be seen that of our 12,010 cohort members 8,611 or 71.7% are found employed (at least for a short time within the post-program period) in either Missouri or Kansas. When we ignore Kansas employment and consider only Missouri earnings records we count 8,425 cohort members as having some kind of employment (70.1 percent of the

total), an error of 186 cohort members (1.5 percent) counted as unemployed when in fact they were employed in Kansas. However, the total number of jobs missed is greater because we find that some of these cohort members have employment in both Missouri and Kansas. The actual number of cohort members for whom we undercount post-program employment is closer to 595 (5.0 percent), because 409 work in both states during the post-program period. This might be two jobs held at once or movement from one job in one state to a second job in the other state. (See table II.3 for the quarterly numbers.)

Not surprisingly, for the statewide numbers, the omission of these 595 jobs does not make a large difference in the calculation of percent employed, average annual earnings or percent with higher second period earnings. The calculation of percent employed in the pre-program period increases by less than a percentage point (64.58% vs. 65.52%) with the inclusion of the Kansas employment. Mean annual pre-program earnings increases by \$118 (\$2,932.58 vs. \$3,050.77); percent employed in the post-program period increases by one and one-half percentage points (70.15% vs. 71.70%); mean annual post-program earnings increases by \$244 (\$5414.55 vs. \$5658.99); and the percent with higher second period earnings increases by just under one and one-half percentage points (54.31% vs. 55.72%). (See table II.5 and figures II.1 and II.2).

Inclusion of Kansas earnings data becomes more significant when we consider the effect on regional analysis. Because the majority of those cohort members found working in Kansas will also come from the Kansas area, they will comprise a larger percentage of the total population being examined when we concentrate our analysis on the Kansas City area. From table II.2 it can be seen that of the 2,368 cohort members residing in the Kansas City area, 1,828 (77.2 percent) are found working in Missouri or Kansas during the post-program period. If we ignore Kansas employment we find only 1,719 (72.6 percent) working, an error of 109 cohort members (4.6 percent) incorrectly counted as unemployed. In fact, we find that 423 cohort members from the Kansas City area work in Kansas during the post-program period. This is nearly 18 percent (17.9 percent) of the Kansas City cohort found to be employed in Kansas. Of this 423, 314 (13.3 percent of the total 2,368 Kansas City cohort) work in both Missouri and Kansas during the post-program period. (See table II.4 or quarterly numbers.)

The effect on the calculated rates of employment and mean annual earnings for the Kansas City area are also larger (see table II.6 and figures II.3 and II.4). Percent employed in the pre-program period increases by over three percentage points (68.03% vs. 71.20%); mean annual pre-program earnings increases by about \$458 (\$3358.20 vs. \$3815.94); percent employed in the post-program period increases by almost five percentage points (72.60% vs. 77.20%); mean annual post-program earnings increases by almost \$1000 (\$6,289.67 vs. \$7,205.04); and the percent with higher second period earnings increases by almost five percentage points (56.67% vs. 61.32%).

Kansas is only one of the eight states which share a border with the state of Missouri. These employment and earnings figures, therefore, have great potential for improved accuracy with the inclusion of other state employment data, although we believe Kansas to be the most significant source of other state employment for Missouri AFDC/TANF

leavers. These numbers especially indicate the importance of including bordering state employment data for states with significant population and employment flows across state lines.

D. Quarterly, One-Year, and Two-Year Follow Up Results for Employment, Recidivism and Other Public Assistance

(all results reported in Appendix III)

In this section, we compare the quarterly employment, recidivism and other public assistance outcomes for the 1996 Leaver Cohort. We follow our cohort of 12,010 fourth quarter 1996 AFDC leavers for a full two years (eight quarters) following their quarter of exit from the AFDC program. For each quarter we provide counts of the number employed, mean and median earnings, number back on AFDC⁴, number receiving Medicaid either for themselves or their children and the number receiving food stamps. In addition, we provide aggregates of these counts for the year following AFDC exit as well as for the two-year period following AFDC exit.

In this section we do not inflation-adjust earnings and only cohort members with employment are included in the calculation of mean and median earnings since our goal is to observe how earnings changes over time for employed cohort members.

Employment Outcomes

Of the 12,010 cohort members who left the AFDC/TANF program during the fourth quarter of 1996, 7,470 (62.20 percent) were already employed during the quarter of their exit. Of this group of employed cohort members, we find mean quarterly earnings of \$2,134 and median quarterly earnings of \$1,909. Employment declines only slightly over the next eight quarters, with the number employed at 6,809 (56.69 percent) by the eighth quarter after AFDC exit (see table V.1 and figure V.1). Mean earnings for those employed increases by \$921 (43 percent) from \$2,134 to \$3,055. Median earnings increase by \$888 (47 percent) from \$1,909 to \$2,797 (see table V.1 and figures V.2 and V.3). This increase in the mean and median earnings may be due to greater earning power for those employed as they gain experience in the labor market and sort into better paying jobs. It may also be that those with the least employment readiness are most likely to leave the labor market and return to AFDC. In this case, we are no longer counting those individuals in the mean and median earnings calculations during the later quarters of the follow up period although they were counted during the early quarters. Excluding them from the later earnings calculations would result in higher mean and median earnings calculations because they are more likely to have lower than average earnings.

In the year following AFDC exit, 8,816 (73.41 percent) have some kind of UI employment of at least \$0.01. This may be consistent employment for all four quarters of

⁴ The number reported as “returned to AFDC” is not meant to reflect quarterly recidivism rates, but rather is a simple count of the total number of our 1996 Leaver Cohort who are on AFDC during each of the quarters following their fourth quarter 1996 exit. Thus, for example, the 1,508 reported as returned to AFDC during the first quarter following exit includes any of the 306 reported as returned to AFDC during the quarter of exit who may have remained on AFDC throughout the two quarters.

the year, intermittent employment for some of the quarters, or very brief employment, lasting no longer than a day. In the two years following exit 9,551 (79.53 percent) have been employed at some time (see table V.2 and figure V.8)

Recidivism Outcomes

Three hundred and six members of the 1996 Leaver Cohort had already returned to the AFDC/TANF program by the quarter of exit. Since we require two consecutive months of AFDC non-activity to be counted as an AFDC/TANF leaver, these 306 “AFDC returnees” would have to be September 1996 AFDC recipients, off for October and November who returned in December. Only 2.55 percent had returned within the quarter of exit. This group may include individuals who were unsuccessful in their first attempt off AFDC as well as individuals who habitually start and stop AFDC participation. By the first quarter following the quarter of exit, 1,508 (12.55 percent of the cohort members are again receiving AFDC support. This increases to a high of 2,482 (20.66 percent by the third quarter following quarter of exit and declines slightly to 2,045 (17.20 percent) by the eighth quarter following exit (see table V.1 and figure V.4).⁵

In the year following AFDC exit, 3,476 (28.93 percent) had returned to the AFDC program for at least a month. In the two years following AFDC exit this number had increased to 4,349 (36.20 percent) (see table V.2 and figure V.8).

Other Public Assistance Outcomes

During the quarter of exit from AFDC, 4,357 (36.26 percent) of cohort members are receiving Medicaid for themselves and 4,562 (37.97 percent) are receiving Medicaid for their children. The incidence of Medicaid-for-self receipt decreases steadily to 1,673 (13.92 percent) by the eighth quarter after exit, although the incidence of Medicaid-for-children usage remains fairly consistent, decreasing only slightly to 4,408 (36.69 percent) by the eighth quarter after AFDC exit. Because a number of our cohort members return to AFDC during the eight quarters examined, some of these receiving Medicaid may once again be AFDC recipients (see table V.1 and figures V.5 and V.6)

During the year following AFDC exit, 4,988 (41.53 percent) receive at least a month of Medicaid-for-self and 6,198 (51.59 percent) receive at least a month of Medicaid-for-children. In the two years following AFDC exit these numbers increase slightly to 5,760 (47.96 percent) who have received at least a month of Medicaid-for-self and 7,110 (59.18 percent) who have received at least a month of Medicaid-for-children (see table V.2 and figure V.8).

Food stamp receipt declines during the initial year following AFDC exit but then remains fairly constant. During the quarter of AFDC exit 7,558 (62.90 percent) of cohort members receive some food stamps support. By the fourth quarter after exit this number has fallen to 4,814 (40.07 percent). This is a decrease of 2,744 cases or a decline of 36 percent. By the eighth quarter after exit the number receiving food stamps has declined

⁵ These numbers do not reflect the number who ‘return’ to AFDC each month, but rather they reflect the number within our 1996 Leaver Cohort who are receiving AFDC each month during the two years after we initially record them as leaving the AFDC program.

only slightly more to 4,393 (36.56 percent). This represents an additional decrease of only 421 cases or 9 percent (see table V.1 and figure V.7).

During the year following AFDC exit, 8,395 (69.90 percent) of cohort members received at least a month of food stamps. During the two years 8,999 (74.93 percent) had received at least a month of food stamps (see table V.2 and figure V.8).

E. Current Status of Administrative Data File for Fourth Quarter 1996 AFDC Leavers

(see Appendix IV)

At this time we have completed the creation of the full administrative data file for the Fourth Quarter 1996 AFDC Leaver Cohort. We have included quarterly (and in some cases monthly) administrative data from the period of AFDC receipt to the period of our survey (96:4 to 99:2). At this point we are waiting on the completion of the 1996 Leaver Cohort survey in order to incorporate survey data for the sample of 1996 Leaver Cohort members randomly chosen to be surveyed.

We have included four basic categories of administrative data to our full administrative data set for the 1996 cohort group. These four categories are:

- **AFDC leaver employment status**
(This data comes from the Unemployment Insurance Earnings records for the states of Missouri and Kansas and ES-202 Employer Description portion of the UI records for the state of Missouri.)
- **AFDC leaver public assistance participation**
(This data comes from Missouri Department of Social Services records and includes information on AFDC receipt, FUTURES employment training, Medicaid receipt, daycare payments for children, child support receipt, information on dependent children, demographic information, and food stamps receipt.)
- **AFDC leaver participation in training programs**
(This data comes from workforce development system programs in the state of Missouri. Included in these files are Job training Partnership Act, Employment Security-Employment Services, Vocational Rehabilitation, Vocational Education, and Higher Education.)
- **AFDC leaver involvement in the child welfare system**
(This data comes from the Child Welfare files from the Missouri Department of Social Services. Verified child abuse and foster care placements will be included. This also includes data on child support payments received from non-custodial parents.)

Appendix IV contains a detailed description of the design of the database with an overview of the research questions to be answered.

Appendix I: Employment Statistics for the Fourth Quarter 1996 AFDC Leaver Cohort Evaluating Pre-Program Employment in 7/1/95-6/30/96 (Using Missouri and Kansas UI Earnings Records)

Table I.1: Annual Pre-Program Earnings for Fourth Quarter 1996 AFDC Leavers (sum of UI earnings for 7/1/95-6/30/96)

	Number of Observations	Mean Earnings	Standard Deviation	Minimum	Maximum
Leavers with positive pre-program UI earnings (7/1/95-6/30/96)	7,869	\$4,656.21	\$5,197.59	\$0.12	\$56,124.58
All Leavers (7/1/95-6/30/96)	12,010	\$3,050.77	\$4,753.71	\$0	\$56,124.58

Table I.2: Annual Post-Program Earnings for Fourth Quarter 1996 AFDC Leavers (sum of UI earnings for 7/1/97-6/30/98)

	Number of Observations	Mean Earnings	Standard Deviation	Minimum	Maximum
Leavers with positive post-program UI earnings (7/1/97-6/30/98)	8,611	\$7,892.75	\$6,844.58	\$0.01	\$77,875.18
All Leavers (7/1/97-6/30/98)	12,010	\$5,658.99	\$6,799.28	\$0	\$77,875.18

Table I.3: Cross-Tabulation of Pre- and Post-Program Employment Status for Fourth Quarter 1996 AFDC Leavers

PRE-PROGRAM PERIOD (7/1/95-6/30/96)		POST-PROGRAM PERIOD (7/1/97-6/30/98)			
		Leavers with No Post-Program UI Earnings	Leavers with Positive Post-Program UI Earnings		Total
			Less than pre-program UI earnings	Greater than Pre-program UI Earnings	
Leavers with No Pre-Program UI Earnings	#	2,042	0	2,099	4,141
	cell %	17.00	0.00	17.48	34.48
	row %	49.31	0.00	50.69	
	col %	60.08	0.00	31.37	
Leavers with Positive Pre-program UI Earnings	#	1,357	1,919	4,593	7,869
	cell %	11.30	15.98	38.24	65.52
	row %	17.24	24.39	58.37	
	col %	39.92	100.00	68.63	
Total		3,399	1,919	6,692	12,010
		28.30	15.98	55.72	100.00

Table I.4: Employment Status of Fourth Quarter AFDC Leavers in First Year After Program Departure by Quarter in Which First Observed Employed (For AFDC Leavers with No UI Earnings in Pre-Program Period)

PRE-PROGRAM PERIOD (7/1/95-6/30/96)		POST-PROGRAM PERIOD (7/1/97-6/30/98)					
		1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Leavers with No UI earnings in First Year	Total
Leavers with	#	1,574	260	113	152	2,042	4,141
No Pre-Program	row %	38.01	6.28	2.73	3.67	49.31	100.00
UI Earnings	cum %	38.01	44.29	47.02	50.69		

Table I.5: Employment Stability of Fourth Quarter 1996 AFDC Leavers (For AFDC Leavers with UI Earnings in Quarter Following Program Departure)

PRE-PROGRAM PERIOD (7/1/95-6/30/96)		POST-PROGRAM PERIOD (7/1/97-6/30/98)			
		UI Earnings in 1 st Quarter	UI earnings in 1 st and 2 nd Quarters	UI Earnings in 1 st , 2 nd and 3 rd Quarters	UI Earnings in 1 st , 2 nd , 3 rd , and 4 th Quarters
Leavers with No Pre-Program UI Earnings	# col1 %	1,574	1,334 84.75	1,133 71.78	1,009 64.41
Leavers with Positive Pre-Program UI Earnings	# col1 %	5,464	4,763 87.17	4,160 76.13	3,822 69.95
Total		7,038	6,097 86.63	5,293 75.21	4,831 68.64

Appendix II: Evaluating the Importance of Including Bordering States' Employment Records

Table II.1: Yearly Comparison of the Number of Missouri 1996 Leaver Cohort Members Working in Missouri and Kansas During the Post-Program Period (97:3-98:2)

	frequency	percent of total 1996 Leaver Cohort
Working in Either Missouri or Kansas	8,611	71.7
Working in Missouri	8,425	70.1
Working in Kansas	595	5.0
Working in Both Missouri and Kansas	409	3.4
Working in Only Kansas	186	1.5

Total number of 1996 Fourth Quarter AFDC Leavers = 12,010

Table II.2: Yearly Comparison of the Number of Kansas City Area (Jackson, Clay and Platte Counties; Missouri) 1996 Leaver Cohort Members Working in Missouri and Kansas During the Post-Program Period (97:3-98:2)

	frequency	percent of total 1996 Leaver Cohort
Working in Either Missouri or Kansas	1,828	77.2
Working in Missouri	1,719	72.6
Working in Kansas	423	17.9
Working in Both Missouri and Kansas	314	13.3
Working in Only Kansas	109	4.6

Total number of Kansas City Area 1996 Fourth Quarter AFDC Leavers = 2,368

Table II.3: Quarterly Comparison of the Number of Missouri 1996 Fourth Quarter AFDC Leavers Working in Missouri and Kansas During the Post-Program Period (97:3-98:2)

	97:3	97:4	98:1	98:2
Working in Either Missouri or Kansas	7,038	6,942	6,466	6,765
Working in Missouri	6,827	6,703	6,255	6,560
Working in Kansas	340	344	289	307

Total number of 1996 Fourth Quarter AFDC Leavers = 12,010

Table II.4: Quarterly Comparison of the Number of Kansas City Area (Jackson, Clay and Platte Counties; Missouri) 1996 Fourth Quarter AFDC Leavers Working in Missouri and Kansas During the Post-Program Period (97:3-98:2)

	97:3	97:4	98:1	98:2
Working in Either Missouri or Kansas	1,517	1,516	1,405	1,475
Working in Missouri	1,381	1,354	1,263	1,343
Working in Kansas	241	250	205	212

Total number of Kansas City Area 1996 Fourth Quarter AFDC Leavers = 2,368

Table II.5: State-Wide Results: Comparison of Selected Pre- and Post-Program Employment Statistics by Whether or Not Kansas UI Records are Included

	Using UI Earnings Records for Both Missouri and Kansas	Using Only Missouri UI Earnings Records
number and percent employed during the pre-program year (7/1/95 - 6/30/96)	7,869 65.52%	7,756 64.58%
mean annual earnings for the pre-program year ¹	\$3,050.77	\$2,932.58
number and percent employed during the post-program year (7/1/97-6/30/98)	8,611 71.70%	8,425 70.15%
mean annual earnings for the post-program year ¹	\$5,658.99	\$5,414.55
number and percent with higher earnings in the year after AFDC exit than in the year prior to AFDC exit	6,692 55.72%	6,523 54.31%

Total number of 1996 Leaver Cohort members in state equals 12,010.

All earnings have been inflation adjusted to the second quarter of 1996.

1. Includes all leavers regardless of employment status.

Figure II.1: Statewide Comparison of Number Employed and Number with Higher Second Period Earnings by Whether or Not Kansas Employment Records are Included in Analysis

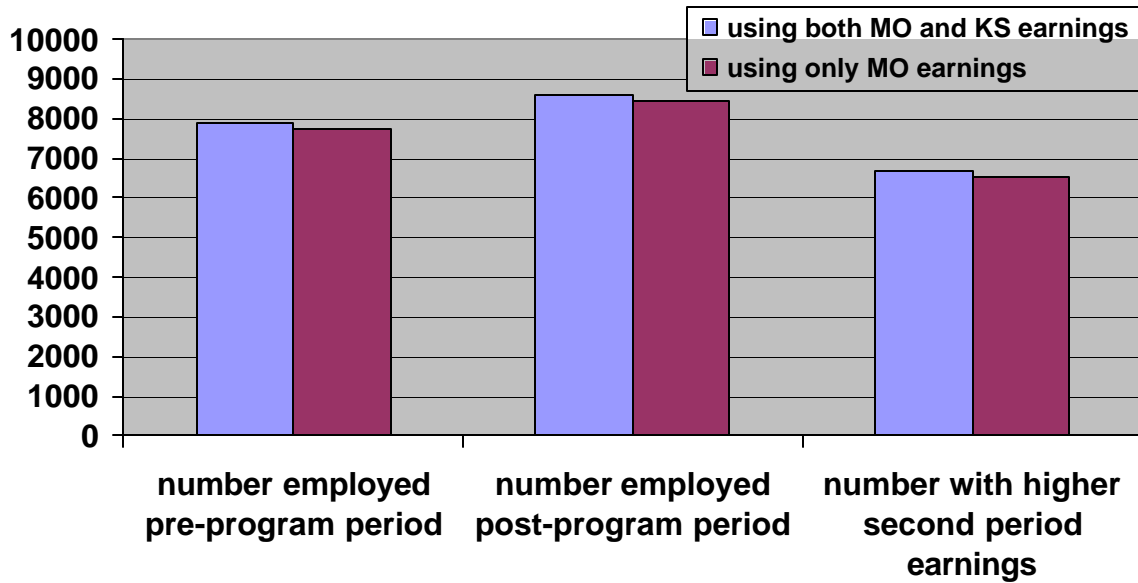


Figure II.2: State-wide Comparison of Mean Annual Earnings by Whether or Not Kansas Earnings Records are Included in the Analysis

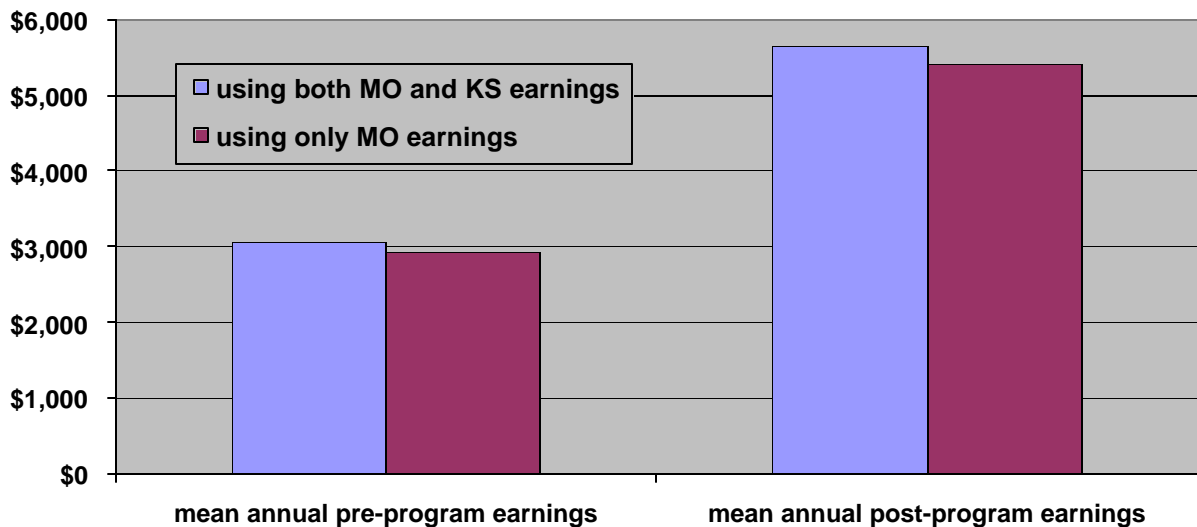


Table II.7. Kansas City Area (Jackson, Clay and Platte Counties) Results: Comparison of Selected Pre- and Post-Program Employment Statistics by Whether of Not Kansas UI Records are Included

	Using UI Earnings Records for Both Missouri and Kansas	Using Only Missouri UI Earnings Records
number and percent employed during the pre-program year (7/1/95 - 6/30/96)	1,686 71.20%	1,611 68.03%
mean annual earnings for the pre-program year ¹	\$3,815.94	\$3,358.20
number and percent employed during the post-program year (7/1/97-6/30/98)	1,828 77.20%	1,719 72.60%
mean annual earnings for the post-program year ¹	\$7,205.04	\$6,289.67
number and percent with higher earnings in the year after AFDC exit than in the year prior to AFDC exit	1,452 61.32%	1,342 56.67%

Total number of Kansas City Area 1996 Leaver Cohort Members equals 2,368

All earnings have been inflation adjusted to the second quarter of 1996.

1. Includes all leavers regardless of employment status.

Figure II.3: Kansas City Area Comparison of Number Employed and Number with Higher Second Period Earnings by Whether or Not Kansas Earnings Records are Included in the Analysis

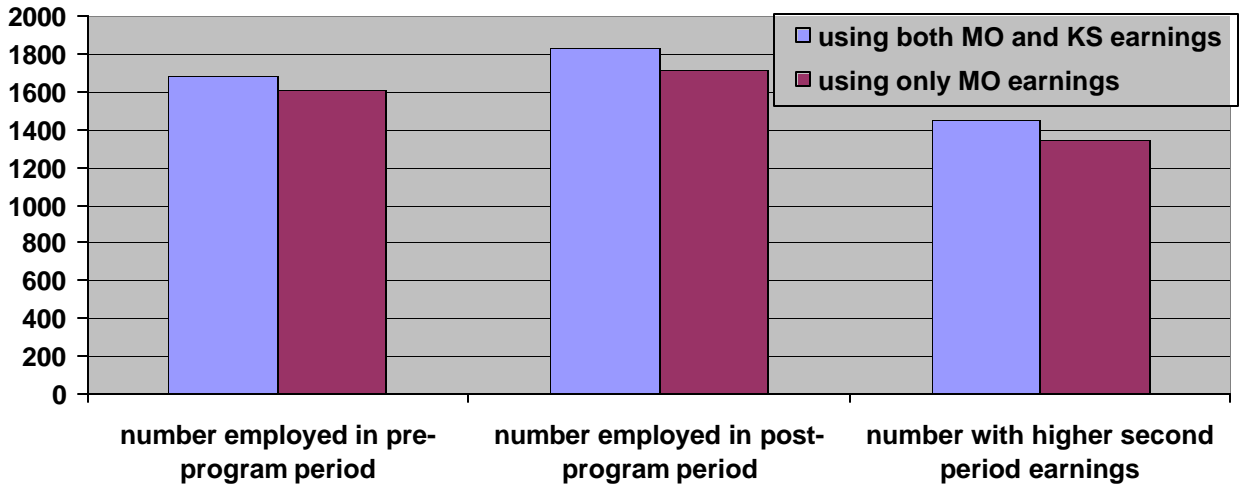
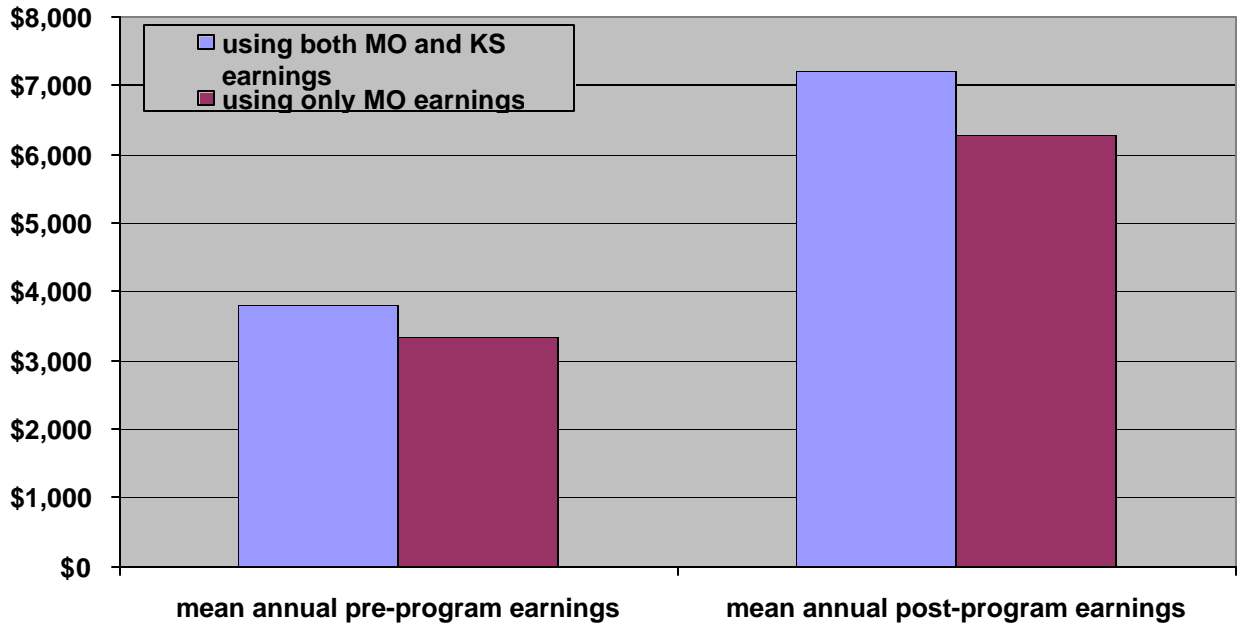


Figure II.4: Kansas City Area Comparison of Mean Annual Earnings by Whether or Not Kansas Earnings Records are Included in the Analysis



Appendix III: Employment, Recidivism and Other Public Assistance Outcomes for the Fourth Quarter 1996 AFDC Leaver Cohort

Table V.1 Quarterly Follow Up Results for Fourth Quarter 1996 AFDC Leaver Cohort

variable	follow-up quarter examined								
	Quarter of exit	1 Q after	2 Q after	3 Q after	4 Q after	5 Q after	6 Q after	7 Q after	8 Q after
	96:4	97:1	97:2	97:3	97:4	98:1	98:2	98:3	98:4
Employment Outcomes									
number employed	7,470	6,983	6,924	7,038	6,942	6,466	6,765	6,856	6,809
percent employed	62.20	58.14	57.65	58.60	57.80	53.84	56.33	57.09	56.69
mean earnings ¹	\$2,134	\$2,192	\$2,360	\$2,384	\$2,698	\$2,549	\$2,696	\$2,726	\$3,055
median earnings ¹	\$1,909	\$1,998	\$2,174	\$2,206	\$2,541	\$2,344	\$2,478	\$2,493	\$2,797
Recidivism Outcomes									
number return to AFDC ²	306	1,508	2,215	2,482	2,464	2,371	2,255	2,130	2,045
percent return to AFDC ²	2.55	12.55	18.44	20.66	20.51	19.73	18.77	17.73	17.20
Other Public Assistance Usage									
number getting Medicaid-for-Self	4,357	4,190	3,137	2,363	1,826	1,609	1,681	1,697	1,673
percent getting Medicaid-for-self	36.26	34.89	26.12	19.67	15.20	13.39	13.99	14.12	13.92
number getting Medicaid-for-Children	4,562	4,951	4,720	4,572	4,482	4,328	4,292	4,239	4,408
percent getting Medicaid-for-Children	37.97	40.21	38.28	38.05	37.30	36.02	35.72	35.28	36.69
number getting food stamps	7,558	6,868	5,621	5,115	4,814	4,803	4,563	4,465	4,393
percent getting food stamps	62.90	57.19	46.78	42.57	40.07	39.98	37.99	37.16	36.56

Total number of observations = 12,010

1. Not inflation adjusted; excludes observations with zero quarterly earnings
2. Recidivism results for 96:4 includes only the September 1996 leavers who returned in December of 1996.

Table V.2: One and Two Year Follow Up Results for Fourth Quarter 1996 AFDC Leaver Cohort

variable	follow-up period examined	
	First Year After AFDC Exit	First Two Years After AFDC Exit
	97:1-97:4	97:1-98:4
number employed at any time during the follow up period	8,816	9,551
percent employed	73.41	79.53
number returned to AFDC at any time during the follow up period	3,476	4,349
percent returned to AFDC	28.93	36.20
number getting Medicaid-for-Self at any time during the follow up period	4,988	5,760
percent getting Medicaid-for-self	41.53	47.96
number getting Medicaid-for-Children at any time during the follow up period	6,198	7,110
percent getting Medicaid-for-Children	51.59	59.18
number getting food stamps at any time during the follow up period	8,395	8,999
percent getting food stamps	69.90	74.93

Total number of observations = 12,010

Figure V.1: Percent Employed by Quarter

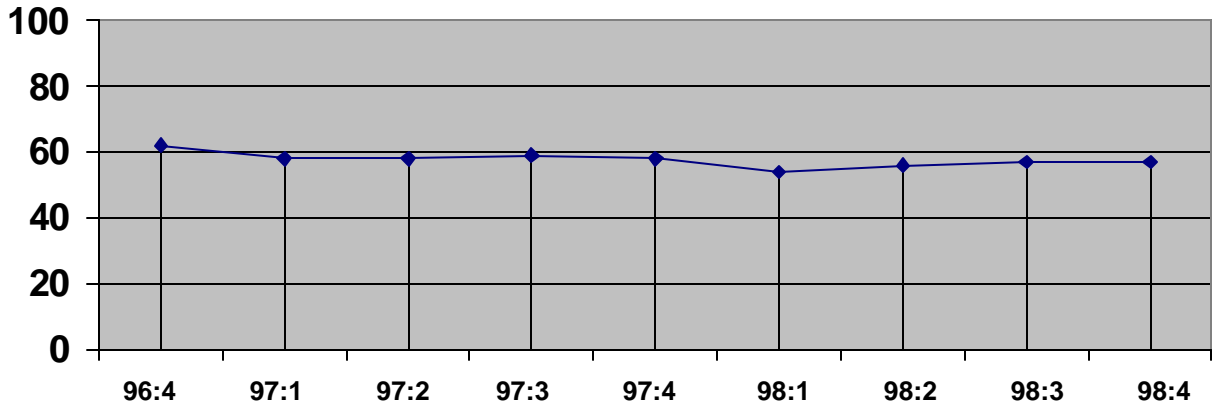


Figure V.2: Mean UI Earnings by Quarter (not inflation adjusted; excluding zero earnings)

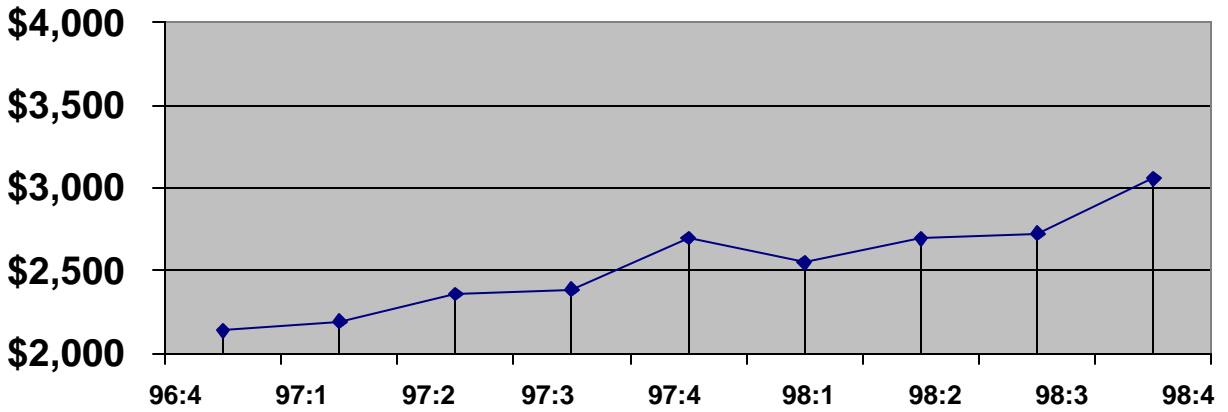


Figure V.3: Median UI Earnings by Quarter (not inflation adjusted; excluding zero earnings)

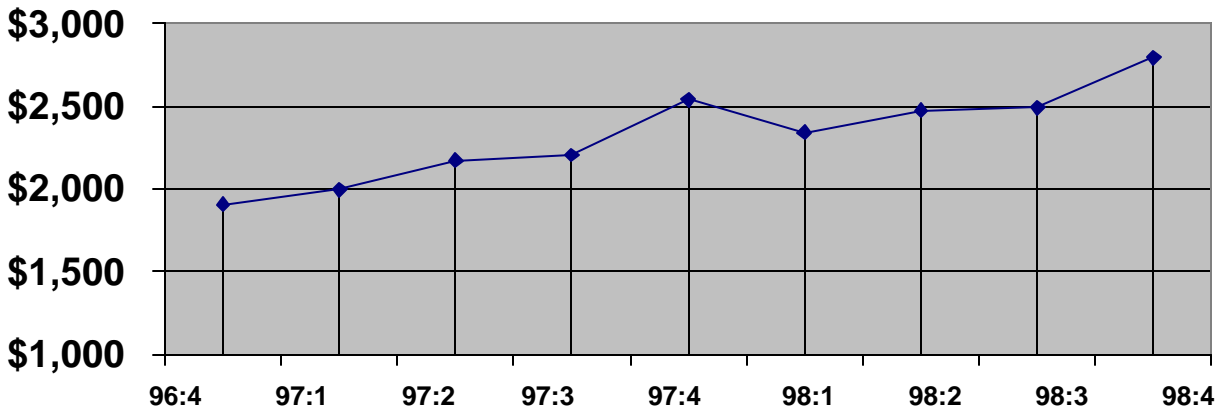


Figure V.4: Percent Returned to AFDC by Quarter

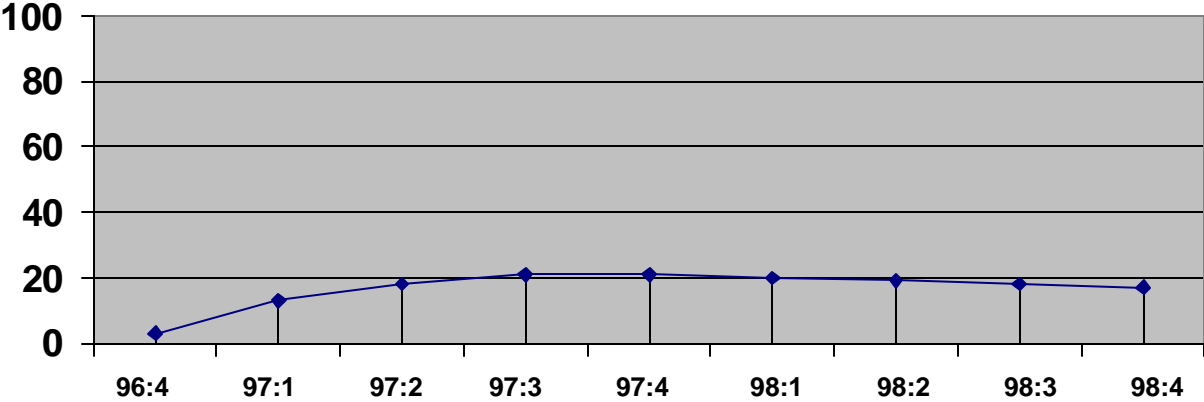


Figure V.5: Percent Receiving Medicaid-for-Self by Quarter

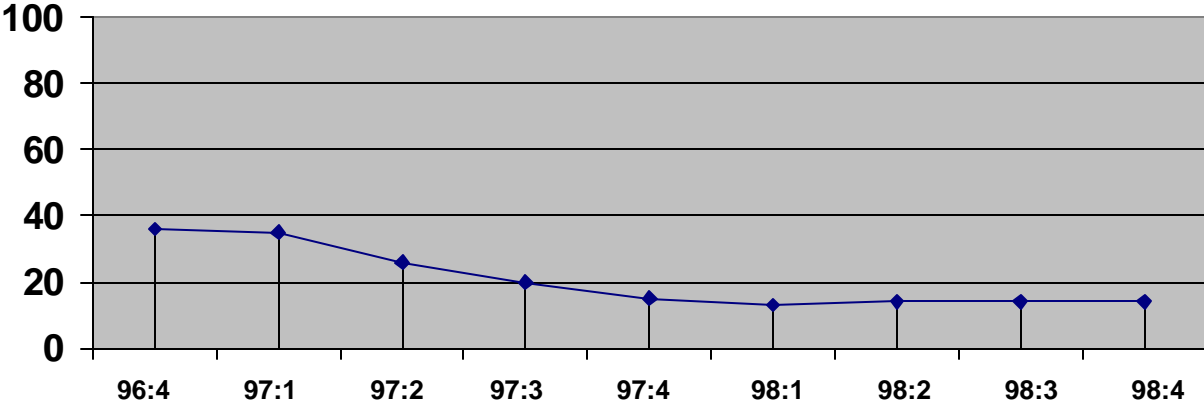


Figure V.6: Percent Receiving Medicaid-for-Children by Quarter

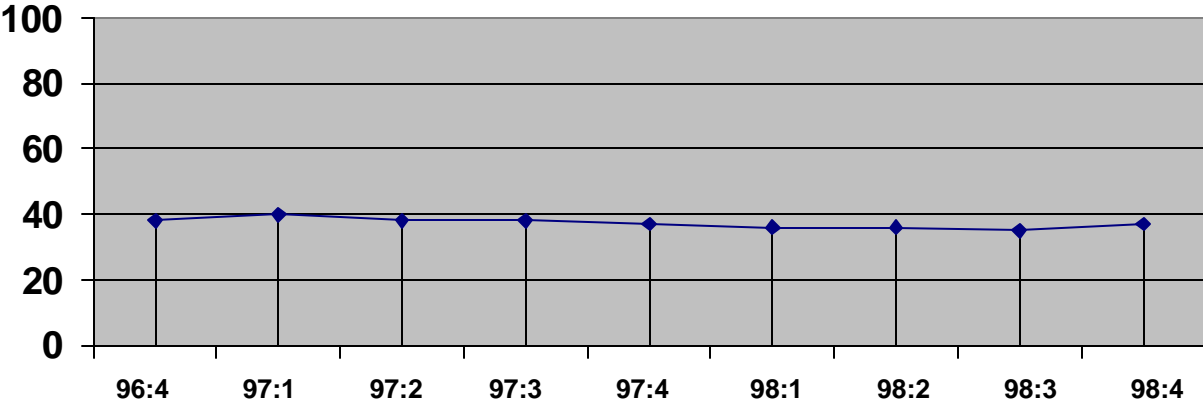


Figure V.7: Percent Receiving Food Stamps by Quarter

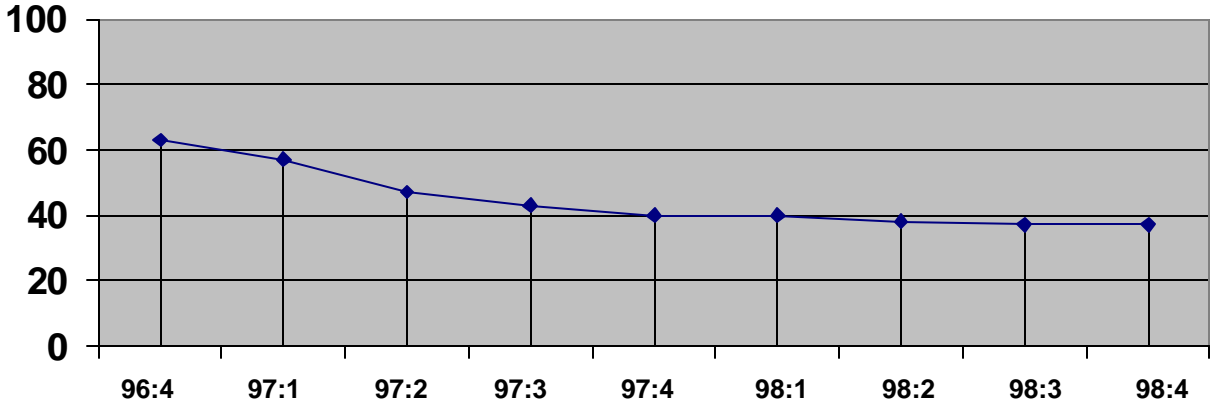
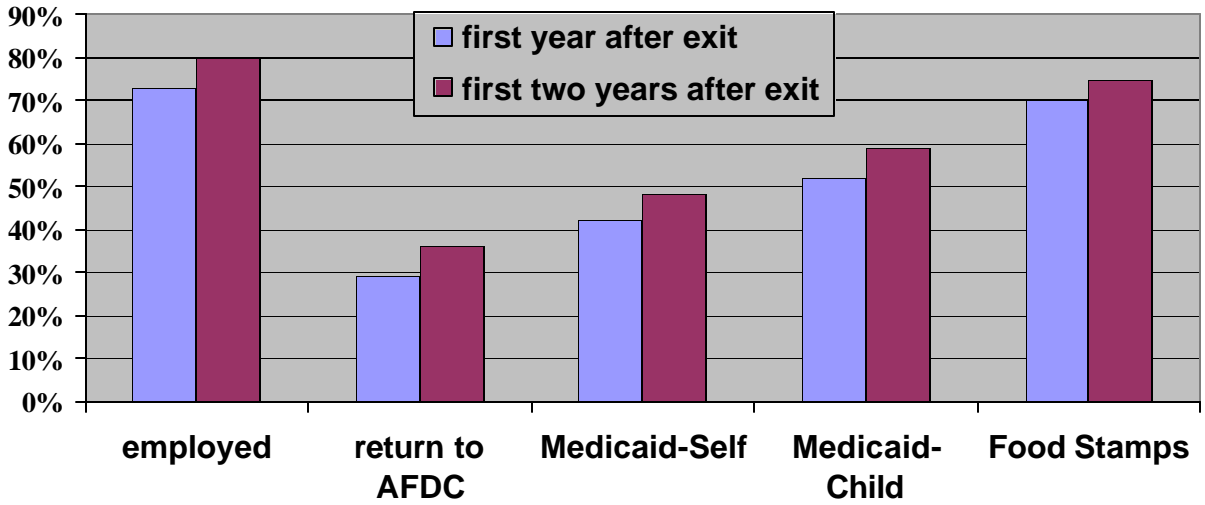


Figure V.8: Employment, Recidivism and Other Public Assistance Results Summed Over One and Two Years



Appendix IV: Description of Data Set Design and Research Questions

Categories of Questions To Be Answered

- Employment Status of Welfare Leavers
(What has been the “post-leaving” employment experience of those individuals who left the welfare system in 1996:4 and 1997:4? How many had employment? Did they experience gains in earnings over the period? Did they consistently earn? Did they switch jobs? Compare these outcomes to those who did not get or keep employment.)
- Trends in household Income
(This requires access to the survey data. Household income can be derived by summing the earnings data from the UI wage records; DFS data on SSI payments, daycare payments, medicaid premiums, AFDC payments; and survey data on earnings of other household members. We’ll collect the data from administrative records at two points in time; last month of AFDC receipt and from the month of the survey.)
- Participation in Training Programs
(What types of training were received during the welfare case and what type of training after the welfare case was closed. Training received during the welfare case will come from the FUTURES file. Training after the welfare case closed will come from survey data as well as from other state training program files housed at UMC.)
- Involvement in the Child Welfare System
(What type of involvement with the child welfare system have these individuals had during their time on AFDC and after leaving AFDC? This includes child abuse and neglect files and foster care files. Does the involvement vary by employment or earnings?)

Groups and Subgroups

(How do the research outcomes vary according to the following subgroups of the population. These subgroups can be determined geographically, demographically and by training status. Geographic data will be determined by county of residence.)

- Statewide
- Kansas City (Jackson County) versus St. Louis (St. Louis City and County) versus Rural
- DFS Region (Using four DFS regions determined by county of residence)
- Long-term Intensive Training versus Short-term Employment Preparation
- Demographically
- by county groups with high, medium or low unemployment rates

Variables to Include

A. From Income Maintenance Files

(all point in time data comes from last month on AFDC)

- SSN
- case DCN
- individual DCN
- county of residence
- zip code of residence
- subprogram code (tells whether this is an AFDC-UP case)
- open date
- close date
- AFDC history (number of months on AFDC during past 4 years (1/92-12/96))
- number of children
- number of children under age 6
- age of youngest child
- grant amount
- gross income (self reported to caseworker prior to AFDC deductions)
- income type (Was the income earned or unearned?)
- SSI status
- race
- sex
- DOB
- FUTURES indicator (Was this person voluntary, mandatory or exempt from FUTURES)
- education (highest grade completed)
- prior training (Was this person in training prior to beginning AFDC?)
- sanction (Is this a sanctioned case?)

B. From FUTURES Files

- target group (Is this person federally defined as “hard-to-serve”?)
- prior occupation (Occupation of prior job, or occupation in which skills held.)
- occupation# (occupation of each job held during work experience program)
- wage# (hourly wage from each job held during work experience program)
- training# (each type of training received while in FUTURES)
- duration of training# (duration of each type of training received while in FUTURES)
- literacy level (from TABE test)

C. From Food Stamps Files

- FSamount (Monthly food stamp payment received by AFDC leaver’s household. Data for last month of AFDC case as well as average monthly payment for each following quarter and number of months received food stamps in that quarter.)

D. From Child Welfare Files

- abuse and neglect (has the family had a substantiated abuse or neglect charge) (We would like to know if they had contact with this system during their welfare case and/or after their welfare case to the present. How does stable or unstable employment, family composition, etc. effect child welfare?)
- foster care (has the family had children taken from the m and placed in the foster care system? Again, for the duration of their welfare case and after.)

E. From Child Support Files

- CSamount (monthly child support payment received last month of AFDC case and at time of survey.)
- amount owed versus amount received
- regularity of payment (yearly? monthly? weekly?)

F. From Quarterly Federal Reconciliation Files

- SSIamount (monthly amount of SSI received last month of AFDC case and at time of survey interview.)

G. From Other DFS Files

- daycare subsidy (Monthly daycare subsidy received by the individual for children. Paid to her or to the provider. From last month of AFDC case and time of survey interview.)
- Medicaid premium (monthly medicaid premium paid for this individual from last month of AFDC case and time of survey interview. Use an average for the St. Louis region, Kansas City region, and other DFS regions.)
- Medicaid (Did this individual receive medicaid for herself after leaving AFDC?)
- child Medicaid (Did the children of the individual receive Medicaid after leaving AFDC?)

H. From Other State Training Files

- type of employment training received
- length or intensity of services

Research Questions To Answer

1. What was the amount and source of income (UI earnings, Medicaid, TANF, Food stamps, Child Support, SSI) for TANF recipients who ended their participation with TANF in the last quarter of 1996 or 1997?
 - evaluated at two points in time (last month of TANF receipt and month of survey interview)
 - supplemented with income from other household members collected by survey interview used for the second of the two points in time
 - do these differ by geographic region
 - do these differ by demographic groups
2. What was the nature of and compensation from the jobs secured by persons who left the TANF program?
 - how long did they hold initial job
 - how often did they change jobs
 - how long did they maintain employment without a full quarter break in employment
 - what type of industries hired these workers
 - were small firms more likely to hire TANF leavers
 - do these differ by geographic region
 - do these differ by demographic groups
3. Are there differences in the patterns of employment, recidivism and use of non-cash assistance by TANF leavers across the three geographic regions of the state (St. Louis, Kansas City and rural counties)?
4. What is the employment status (from UI wage records) of TANF recipients when they received administrative sanctions?
 - were they employed during the quarter of sanction
 - what were they earning
 - do these differ by geographic region
 - do these differ by demographic groups
5. Is there a correlation between separation from the TANF program and a higher interaction of families with the child welfare system (child abuse and neglect, foster care placements)?
 - what is the level of contact with the child welfare system during the TANF stay
 - what is the level of contact during the year following departure from TANF
 - do these differ by geographic region
 - do these differ by demographic groups
6. Do training programs affect employment outcomes?
(1. assessment only, 2. education and training only (w/ or w/o assessment), 3. job readiness and job search (w/ or w/o assessment), 4. supportive services (w/ or w/o

assessment), 5. any combination which includes both education and training and job readiness and job search)

- compare prior and post employment rates by category of training received
- compare prior and post average earnings rates by category of training received
- compare employment retention rates by category of training received
- compare recidivism rates by category of training received
- do these differ by geographic regions
- do these differ by demographic groups