



Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties

Final Report

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October 26, 2001

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Contents

Chapter		Page
	Table of Exhibits	iii
	Executive Summary	vii
1	– Introduction	1
	1.1 Methodology	2
	1.2 Outline of Report	4
2	– Welfare Reform in the Two Counties.....	9
	2.1 CalWORKs Implementation.....	9
	2.2 Trends in Economic Conditions and Welfare Caseloads.....	11
3	– Circumstances at Exit.....	15
	3.1 Demographic and Employment Characteristics at Exit	15
	3.2 Reasons for Exit from or Denial of Cash Aid.....	19
4	– Changes in Circumstances from First to Second Interview.....	25
	4.1 Family and Household Structure.....	25
	4.2 Use of Public Assistance.....	27
	4.3 Employment and Earnings	37
	4.4 Barriers to Employment	41
	4.5 Income and Economic Security	45
	4.6 Health Insurance Coverage	51
	4.7 Housing Conditions	58
	4.8 Child Care	60
	4.9 Child and Family Well-Being	65
	4.10 Summary	67
5	– Profiling: Are Characteristics at Exit Associated with Post-Exit Measures of Well-Being?	73
	5.1 Leavers.....	76
	5.2 Informally Diverted Families.....	78
	5.3 Summary	80
6	– Conclusion.....	81

Table of Exhibits

Exhibit	Title	Page
E-1	Change in Circumstances – First to Second Interview	ix
E-2	Selected Circumstances at 12 Months	x
1-1	Population, Sample, and Response Counts.....	4
1-2	Leavers: Demographic Characteristics of Population and Respondents	6
1-3	Informally Diverted: Demographic Characteristics of Population and Respondents	7
1-4	Transition to Child Only: Demographic Characteristics of Population and Respondents.....	8
2-1	Alameda and Contra Costa County Unemployment Rates.....	12
2-2	Alameda County Welfare Caseload Trends by Case Type.....	13
2-3	Contra Costa County Welfare Caseload Trends by Case Type	13
3-1	Demographic Characteristics at Exit	16
3-2	Percentage with Earnings in Quarter, 1997Q1-1999Q4	17
3-3	Median Earnings in Quarter, Among Households with Earnings.....	18
3-4	Leavers: Self-Reported Exit Reason.....	20
3-5	Leavers Reporting Being Cut Off Aid: Detailed Exit Reason.....	20
3-6	Leavers Reporting Own Decision to Leave Aid: Detailed Exit Reason.....	21
3-7	Leavers: Detailed Administrative Exit Reason.....	21
3-8	Informally Diverted: Self-Reported Reason for Denial of Aid.....	22
3-9	Informally Diverted: Administrative Reason for Denial of Aid.....	23
4-1	Household Structure	26
4-2	Respondent’s Marital Status	26
4-3	Survey Data: Percentage of Households Receiving CalWORKs	27
4-4	County Administrative Data: Percentage of Households Receiving CalWORKs in Alameda or Contra Costa Counties	28
4-5	State Administrative Data: Percentage of Households Receiving CalWORKs Anywhere in California	29
4-6	Percentage Receiving CalWORKs at 12 Months, by Number of Children.....	30
4-7	Survey Data: Percentage of Households Receiving Food Stamps.....	31
4-8	Administrative Data: Percentage of Households Receiving Food Stamps	32
4-9	Administrative Data: Percentage of Households Receiving Non-Assistance Food Stamps	33
4-10	Percentage Eligible but Not Receiving Food Stamps	35
4-11	Families Not on CalWORKs: Percentage Eligible but Not Receiving Food Stamps	35
4-12	Awareness and Use of the Earned Income Tax Credit	36
4-13	Respondent’s Employment Status	37
4-14	Working Respondents: Median Hourly Wage.....	38
4-15	Percentage of Households with Earned Income	39

Exhibit	Title	Page
4-16	Percentage of Households with Earned Income at 12 Months, Comparison of Aided and Unaided Households	40
4-17	Median Household Earned Income (Previous Month)	40
4-18	Percentage Reporting Child Care Is a Barrier to Full-Time Employment.....	41
4-19	Percentage of Respondents Reporting that Child Care Creates a Problem for Full-Time Work at 12 Months, by Current Employment Status	42
4-20	Percentage Reporting Transportation Is a Barrier to Full-Time Employment.....	43
4-21	12-Month Interview: Percentage Reporting Transportation Is a Barrier to Full-Time Employment, by Access to a Car	43
4-22	Percentage Reporting Concerns that Full-Time Employment Will Lead to a Loss of Benefits	44
4-23	Median Monthly Household Income	45
4-24	Median Household Income Relative to Federal Poverty Level	46
4-25	Household Income Relative to Federal Poverty Level	47
4-26	CalWORKs Receipt at 12 Months By Household Income Relative to Federal Poverty Level.....	49
4-27	Comparing Recidivist Leavers with Non-Recidivist Low-Income Leavers, Selected Circumstances at 12-Month Interview	50
4-28	Respondent’s Health Insurance Coverage by Type	52
4-29	Percentage of Uninsured Respondents by Poverty Status at 12 Months	53
4-30	Children’s Health Insurance Coverage by Type.....	54
4-31	Type of Health Insurance Coverage Offered by Respondent’s Employer.....	55
4-32	Administrative Data: Percentage of “Households” with at Least One Member Enrolled in Medi-Cal (All Coverage Categories).....	55
4-33	Administrative Data: Percentage of “Households” with at Least One Member Enrolled in Non-Assistance Medi-Cal (Excluding Edwards Category)	57
4-34	Administrative Data: Percentage of “Households” with at Least One Member Enrolled in Edwards Medi-Cal Coverage Category	57
4-35	Housing Outcomes.....	58
4-36	Primary Child Care Arrangement	60
4-37	Percentage of Respondents Changing Primary Child Care Arrangement in Previous 6 Months	61
4-38	Percentage of Respondents Paying Out-of-Pocket Child Care Expenses.....	62
4-39	Percentage of Respondents Who Report Being Unaware of the Availability of Child Care Subsidies.....	62
4-40	Child Age 5-13 Left Unsupervised, Number of Hours Unsupervised in Prior Month.....	63
4-41	Percentage of Respondents Reporting Child Problem Behaviors.....	64
4-42	Percentage of Respondents Reporting Substance Abuse in the Household.....	64
4-43	Percentage of Respondents Reporting Weekly Drug Use	66
4-44	Second Interview: Percentage of Respondents Reporting Domestic Violence, by Type of Abuse.....	66

Exhibit	Title	Page
4-45	Percentage of Respondents Reporting They Felt Depressed at Least 3 Days in the Previous Week	67
4-46	Change in Circumstances – First to Second Interview	68
4-47	Selected Circumstances at 12 Months	69
4-48	Comparison of Selected Circumstances at 12 Months, Leavers and Informally Diverted	70
5-1	Leavers: Profiling the Relationship Between Characteristics at Exit and Outcomes at Second Interview	74
5-2	Informally Diverted: Profiling the Relationship Between Characteristics at Denial and Outcomes at Second Interview	75

EXECUTIVE SUMMARY

Since the passage of federal welfare reform in August 1996, welfare caseloads nationwide have experienced unprecedented declines. However, caseload trends tell us little about the circumstances of current and former welfare recipients. Developing a true 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 welfare reform. To add to our knowledge in this area, the counties of Alameda and Contra Costa, California, with funding from Contra Costa County and ASPE, initiated a study to provide a reliable depiction of the circumstances of three groups of families:

- **Leavers** – families leaving CalWORKs (California’s welfare reform program) in the third quarter of 1999, and remaining off aid at least two consecutive months;
- **Informally Diverted** – families applying for but denied CalWORKs assistance for one of a specific set of non-financial reasons¹ in the third quarter of 1999, and not receiving CalWORKs for at least two consecutive months following the denial; and
- **Transition to Child Only** – families transitioning from a CalWORKs case with aided adults and children, to one with aided children only (primarily due to sanction).

We examined outcomes for these families using county and state administrative data and two waves of survey data, with interviews occurring approximately 6 and 12 months after exit from cash aid, denial of cash aid, or transition to child-only status.

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 Alameda County, our study population of informally diverted applicants is limited to Contra Costa County.

The study has two main objectives: (1) to examine how families are doing after leaving CalWORKs, being denied assistance from CalWORKs, or transitioning to child-only status; and (2) to develop policy recommendations to improve family circumstances and address problems identified in the report. Below we highlight the most significant findings, and comment on their policy implications.

Summary of Key Findings

Conditions are improving for leavers and the informally diverted. Exhibit E-1 provides a summary of whether selected family circumstances improved or got worse between the first and second interviews, for each of the groups of families. It shows that in most cases, circumstances improved, particularly for leavers and the informally diverted. Perhaps most impressively, median household income relative to poverty increased substantially from the first to second interview, rising from 120 to 140 percent for leavers, and from 120 to 146 percent for the informally diverted. Conditions in a wide range of other outcome areas also showed progress. For example, both leavers and the informally diverted experienced reductions in housing crowding, child risk behavior, and reported substance abuse in the household.

After twelve months, leavers were doing somewhat better than the informally diverted families, and much better than the transition to child-only cases. Exhibit E-2 compares outcomes at the 12-month interview. Generally, the leavers appeared to be faring better than the informally diverted, particularly in the areas of housing quality and crowding, stability of the primary child care arrangement, household substance abuse, and domestic violence. However, in the most comprehensive measure of income – household income relative to the federal poverty level – the informally diverted families were somewhat better than leavers and much better than the transition families.

Exhibit E-1
Change in Circumstances – First to Second Interview

	Better	About the Same	Worse
Leavers			
CalWORKs Recidivism		✓	
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance	✓		
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing	✓		
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		
Informally Diverted			
CalWORKs “Recidivism”	✓		
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance			✓
Child Health Insurance	✓		
Substandard Housing			✓
Crowded Housing	✓		
Stable Child Care			✓
Child Risk Behaviors	✓		
Substance Abuse	✓		
Transition to Child-Only			
Respondent Employed			✓
Household Has Earnings		✓	
Household Median Earnings	✓		
Income Relative to Poverty		✓	
Respondent Health Insurance		✓	
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing		✓	
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		

**Exhibit E-2
Circumstances at 12 Months
Leavers and Informally Diverted**

	Leavers	Informally Diverted	Transition to Child Only
Receiving CalWORKs	22%	25%	69%
Respondent Employed	67%	53%	34%
Household Has Earnings	84%	87%	48%
Household Median Earnings (for households with earnings)	\$1,600	\$2,000	\$1,100
Income Relative to Poverty	140%	146%	87%
Respondent Uninsured	25%	25%	16%
Children Uninsured	14%	14%	12%
Substandard Housing	14%	28%	19%
Crowded Housing	15%	24%	18%
Excessive Rent Burden	19%	16%	27%
Stable Child Care	79%	61%	89%
Child Risk Behaviors	11%	12%	8%
Household Substance Abuse	6%	18%	9%
Domestic Violence (Physical)	6%	18%	7%

Even though median income was well above poverty, some leavers and informally diverted families were very poor, and most of these families were not receiving CalWORKs.

Twelve percent of the leavers and 20 percent of the informally diverted households reported household income below 70 percent of the poverty level at the second interview. In spite of their low incomes, about three-fourths of these families were not on CalWORKs at the time of the 12-month interviews. Leavers who were below the poverty level and not back on CalWORKs were less likely to report problems related to employment barriers and family well-being (substance abuse, domestic violence, and depression) than were leavers who had returned to CalWORKs.

Awareness and use of post-exit “transitional” benefits were not high. A large proportion of families eligible for Food Stamps were not applying for them, and a significant

number of survey respondents (more than 50 percent at the first interview) were not aware of the Earned Income Tax Credit. Similarly, about 30 percent of the survey respondents in very poor leaver and informally diverted families indicated that they did not have any health insurance coverage, even though most of them probably were eligible for Medi-Cal. Finally, about one-third of the leavers were not aware of the availability of child care subsidies. These findings point to the need for policies aimed at providing families on CalWORKs, as well as applicants who are denied cash aid, with information about the potential availability of these benefits.

The transition to child-only group shows much less improvement than leavers and the informally diverted. A very high proportion (87 percent) were long-term recipients of aid by the time they transitioned to child-only status. While circumstances generally did not deteriorate over the course of the study, their median income at the time of the 12-month interview remained below the poverty line. Most of the transition cases were still on CalWORKs at the 12-month interview, with larger families more likely to be on aid than smaller families. Keeping in mind that the transition cases consist primarily of families that were sanctioned under CalWORKs – and that the sanction (elimination of the adult from the assistance unit) is proportionately smaller as family size increases – the finding is consistent with the hypothesis that larger families may be more likely to “accept” the CalWORKs sanction and remain on aid, due to the relative impact of the sanction. This pattern may also indicate that respondents with more children find it more difficult to participate in program requirements because of issues related to child care.

Our findings suggest that families transitioning to child-only status should represent an area of concern, which is not surprising given that most of them were subject to sanctions under CalWORKs. The finding that a very high proportion of these families had been long-term aid recipients prior to the point of transition could be useful in any efforts to identify CalWORKs

families at risk of sanction for purposes of developing preventive policies, such as targeted home visiting programs, that are designed to uncover and address the factors leading to non-compliance.

“Profiling” identifies strong relationships between characteristics at exit and post-exit well-being outcomes. We conducted a statistical analysis that related characteristics at exit or denial to five specific outcome measures at the second interview: CalWORKs recidivism, income relative to poverty, housing crowding, the absence of earned income, and the absence of health insurance coverage. These techniques could be used in developing preventive policies, such as targeted post-assistance (or post-employment) support services, to improve post-exit outcomes for families leaving cash aid.

For leavers, families with earnings at exit – in particular families that had earnings *and* were recorded in county administrative systems as exiting cash aid due to increased earnings – were least likely to experience problems after leaving CalWORKs. Families recorded as leaving due to client request or non-cooperation were also less likely to experience problems. On the other hand, families with three or more children were much more likely to experience problems in two or more of the five outcome areas.

For the informally diverted, families with earnings in the exit quarter, with Latino/Hispanic respondents, with no history of aid receipt, and who were denied aid because they failed to complete the application process, were less likely to experience two or more problems. As we found with leavers, families with three or more children in the exiting assistance unit were more likely to experience two or more problems at the second interview. We note, however, that while the magnitudes of these relationships for the informally diverted

were relatively large, they were not statistically significant at standard confidence levels, in part because of the smaller sample size.

1 INTRODUCTION

Five years after the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), states and counties are continuing to redesign and revise their welfare programs to better serve low-income families and to improve the health and well-being of these families and their communities. As these improvements of welfare reform programs take shape, it is vital that we understand the results of these innovations. Welfare reform will be judged a success if families who were previously dependent on welfare become more economically self-sufficient without harming their children's well-being. Identifying the best strategies for helping families achieve self-sufficiency depends on an accurate understanding of the circumstances of these families.

Prior to the recent efforts of the U.S. Department of Health and Human Services, Office of Assistant Secretary for Planning and Evaluation (ASPE), we had limited information about the economic circumstances and well-being of families affected by the replacement of Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). TANF is not designed to serve as the same kind of safety net as AFDC, which offered indefinite and unqualified support for poor families with children. Instead, TANF's principal goal is to provide cash assistance for only a limited time period, with families encouraged – required in some cases – to support themselves through work or work-related activities. Therefore, to fully assess the accomplishments of TANF reforms it is essential that we learn more about the circumstances faced by low-income families who are not currently on the rolls. Specifically, more information is needed about the economic circumstances and well-being of families in the initial months after they stop receiving cash assistance, as well as the circumstances of families who apply for cash aid but do not receive assistance.

To this end, the counties of Alameda and Contra Costa, California, with funding from the U.S. Department of Health and Human Services (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 (CalWORKs) program – California’s version of TANF – and families that transition from aided-adult status to child-only status (primarily due to sanctions). Specifically, the study has two main objectives: (1) to examine how families are doing after leaving CalWORKs, being denied assistance from CalWORKs, or transitioning to child-only status; and (2) to develop policy recommendations to improve family circumstances and address problems identified in the report. In conjunction with a number of other ASPE-funded projects, this study will improve our understanding of the circumstances of low-income families that are potential, current, or former recipients of welfare.

1.1 Methodology

Study Populations. This study is focused on three groups of families in Alameda and Contra Costa Counties:

- **Leavers**² – families leaving CalWORKs in the third quarter of 1999, and remaining off aid at least two consecutive months;
- **Informally Diverted**³ – families denied cash aid⁴ for one of a specific set of non-financial reasons in the third quarter of 1999, and not receiving cash aid for at least two consecutive months following denial; and
- **Transition to Child Only**⁵ – families transitioning from a CalWORKs case with aided adults and children, to one with aided children only.

The specific non-financial reasons for denial of cash aid that were used to define the informally diverted population included: (1) failure to comply with the requirements of the application

² We note that inter-county transfers were explicitly excluded from the population of leavers examined in this study.

³ Because of difficulties obtaining information on the reason for denial of cash aid in Alameda County, our study population of informally diverted applicants is limited to Contra Costa County.

⁴ Throughout this report we will use the term “cash aid” to refer to CalWORKs.

⁵ We estimate that approximately two-thirds of these cases transitioned to child-only status due to sanction.

process, (2) withdrawal of application by applicant, and (3) failure to complete the application process. The goal in selecting the administrative denial reasons used to define the informally diverted population was to select 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.

Administrative Data Sources. This study makes use of county and state administrative data. County administrative data were used to identify the study populations. We also used county data to identify family demographic characteristics such as ethnicity and primary language and, in the case of leavers and the informally diverted, to identify the administrative reason for exit from, or denial of, cash aid. The statewide Medi-Cal Eligibility Data System (MEDS) was used to measure historical receipt of cash aid, and the statewide Unemployment Insurance Base Wage File (UIBWF) was used to measure pre-exit levels of employment and earnings. MEDS and the UIBWF data 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 is the implementation of a survey of a random sample of families in our study populations. Our survey, included in Appendix A, 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. 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 two survey waves occurring approximately 6 and 12 months after exit,

Exhibit 1-1 Population, Sample, and Response Counts				
Group	Population	Sample	1st Period Responses	2nd Period Responses
Contra Costa				
• Leavers	983	304	210 (69%)	201 (66%)
• Informally Diverted	266	150	96 (64%)	86 (57%)
• Transition to Child-Only	260	146	111 (76%)	95 (65%)
Alameda				
• Leavers	1,099	242	161 (67%)	152 (63%)
• Transition to Child-Only	476	107	79 (74%)	72 (67%)

denial, or transition. Response rates ranged from 64 percent to 76 percent for the subpopulations in the first set of interviews, and 57 percent to 67 percent in the second wave.

Exhibits 1-2 through 1-4 compare the survey respondents with the populations from which the samples were drawn, in terms of their demographic characteristics and earnings outcomes at exit, denial, or transition. We used information on these characteristics to construct survey weights. Percentages may add to slightly more or less than 100 due to rounding.

1.2 Outline of Report

The remainder of this report is organized as follows. To provide a context in which to interpret the outcomes presented in subsequent sections, Chapter 2 briefly describes the major features of welfare reform in Alameda and Contra Costa counties, and then examines recent trends in economic conditions, welfare caseload dynamics, and caseload demographics in the two counties. Chapter 3 describes the circumstances at exit from or denial of CalWORKs assistance for the three groups of families – the leavers, the informally diverted families, and the cases transitioning from aided adult status to child-only status. Chapter 4 contains our analysis of the changes in circumstances between the first and second set of interviews. In Chapter 5, we

develop a profile of leavers and informally diverted families that are most likely to have problems after exit from or denial CalWORKs assistance. Finally, Chapter 6 presents our conclusions to the report.

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

	Population	First Period Respondents	Second Period Respondents
Number of Kids			
• 1	55	54	55
• 2	28	29	30
• 3 +	17	17	15
Ethnicity			
• African-American	48	50	49
• White	28	32	35
• Latino/Hispanic	16	14	14
• Other	7	4	3
Language			
• English	97	97	97
• Spanish	3	4	3
Age of Case Head			
• 25 or Younger	34	34	35
• 26-35	35	36	34
• 36 or Older	32	31	31
Age of Youngest Child			
• 2 or Younger	28	27	28
• 3-5	20	20	20
• 6-11	24	28	27
• 12 or Older	28	25	25
Months on Aid in Previous 5 years			
• 0	0	0	0
• 1 to 12	17	19	20
• 13 to 36	23	25	26
• 37 +	60	56	54
Percent with Earnings in Exit Quarter	67	80	77
Median Earnings in Exit Quarter (Conditional on Earnings>0)	\$3,587	\$3,447	\$3,469

Exhibit 1-3
Informally Diverted: Demographic Characteristics of
Population and Respondents
Frequency (%) Tabulations

	Population	First Period Respondents	Second Period Respondents
Number of Kids			
• 1	50	55	55
• 2	28	24	22
• 3 +	22	21	23
Ethnicity			
• African-American	29	33	32
• White	39	39	41
• Latino/Hispanic	23	20	21
• Other	10	7	6
Language			
• English	92	94	94
• Spanish	8	6	6
Age of Case Head			
• 25 or Younger	47	47	48
• 26-35	29	24	24
• 36 or Older	24	28	28
Age of Youngest Child			
• 2 or Younger	58	51	54
• 3-5	17	18	17
• 6-11	14	20	19
• 12 or Older	11	12	11
Months on Aid in Previous 5 years			
• 0	40	42	44
• 1 to 12	11	9	8
• 13 to 36	22	21	19
• 37 +	28	28	29
Percent with Earnings in Exit Quarter	58	58	62
Median Earnings in Exit Quarter (Conditional on Earnings>0)	\$2,134	\$1,591	\$1,751

Exhibit 1-4
Transition to Child Only: Demographic Characteristics of
Population and Respondents
Frequency (%) Tabulations

	Population	First Period Respondents	Second Period Respondents
Number of Kids			
• 1	42	35	37
• 2	34	37	38
• 3 +	24	27	26
Ethnicity			
• African-American	62	67	66
• White	21	22	23
• Latino/Hispanic	13	11	11
• Other	5	0	0
Language			
• English	97	98	98
• Spanish	3	2	2
Age of Case Head			
• 25 or Younger	24	24	22
• 26-35	39	41	38
• 36 or Older	36	35	40
Age of Youngest Child			
• 2 or Younger	22	21	19
• 3-5	23	31	29
• 6-11	26	20	24
• 12 or Older	29	28	28
Months on Aid in Previous 5 years			
• 0	0	0	0
• 1 to 12	4	4	4
• 13 to 36	12	7	6
• 37 +	84	90	90
Percent with Earnings in Exit Quarter	31	30	26
Median Earnings in Exit Quarter (Conditional on Earnings>0)	\$1,646	\$1,176	\$1,153

2 WELFARE REFORM IN THE TWO 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 Alameda and Contra Costa Counties, and examine recent trends in the counties' economic conditions and welfare caseload dynamics.

2.1 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, but – unlike CalWORKs – the program was never fully funded to include all recipients. The counties varied considerably in the extent to which they provided welfare-to-work services to their AFDC recipients under the GAIN Program. Alameda County was relatively low, with only 16 percent of its adult recipients enrolled in GAIN in July 1997; whereas Contra Costa was above the statewide average, enrolling 42 percent of its adults.

The main features of the CalWORKs Program are a relatively generous earned income disregard for purposes of calculating the grant; “up front” job search (required for able-bodied adults); welfare-to-work activities that can include education, training, and support services; a maximum partial-grant sanction (removal of the adult from the assistance unit) for failure to comply with program requirements; subsidized community service employment after two years on aid; and a grant reduction (removal of the adult from the assistance unit) after five years on aid.

Within the general requirements of the program, counties have some discretion as to how they provide services and, to some extent, the criteria for exemptions from participation. For

example, Alameda County chose to exempt parents whose youngest child is one year or less (the maximum age under the state requirements), whereas Contra Costa chose a broader participation mandate by setting the age cutoff at 6 months.⁶

While the CalWORKs Program was fully funded, the counties varied in the pace at which they implemented, or “ramped up,” the program. County expenditure reports help to provide an indication of the rate at which the program was implemented. On a statewide basis, implementation proceeded at a relatively slow pace, as reflected by the report that the counties spent only 58 percent of their basic “single” allocation of funds for employment services in 1998-99 (including unspent funds from the prior year). Alameda and Contra Costa Counties, however, appeared to be ramping up at a relatively fast pace, with Alameda spending 73 percent of its allocation in 1998-99 and Contra Costa 81 percent. Similarly, both counties reported that they spent a relatively high proportion of their allocations for child care. We note that the relatively fast implementation rate in Contra Costa was probably facilitated by the county’s relatively high participation rate in the GAIN Program, as described above. Alameda, on the other hand, did not have a large GAIN program in place, but moved quickly to hire new staff.

In organizing their CalWORKs programs, the two counties adopted different approaches in structuring their staffs. Alameda used different staff to provide the eligibility and welfare-to-work services functions, similar to how the counties typically operated prior to CalWORKs. Contra Costa, on the other hand, combined the jobs so that the same worker handles both tasks.⁷ Alameda also made more use of outsourcing – for example, by referring cases that did not show up for scheduled orientation to community-based organizations.

⁶ Information on county-specific implementation activities noted in this chapter is drawn primarily from the RAND CalWORKs evaluation (implementation report).

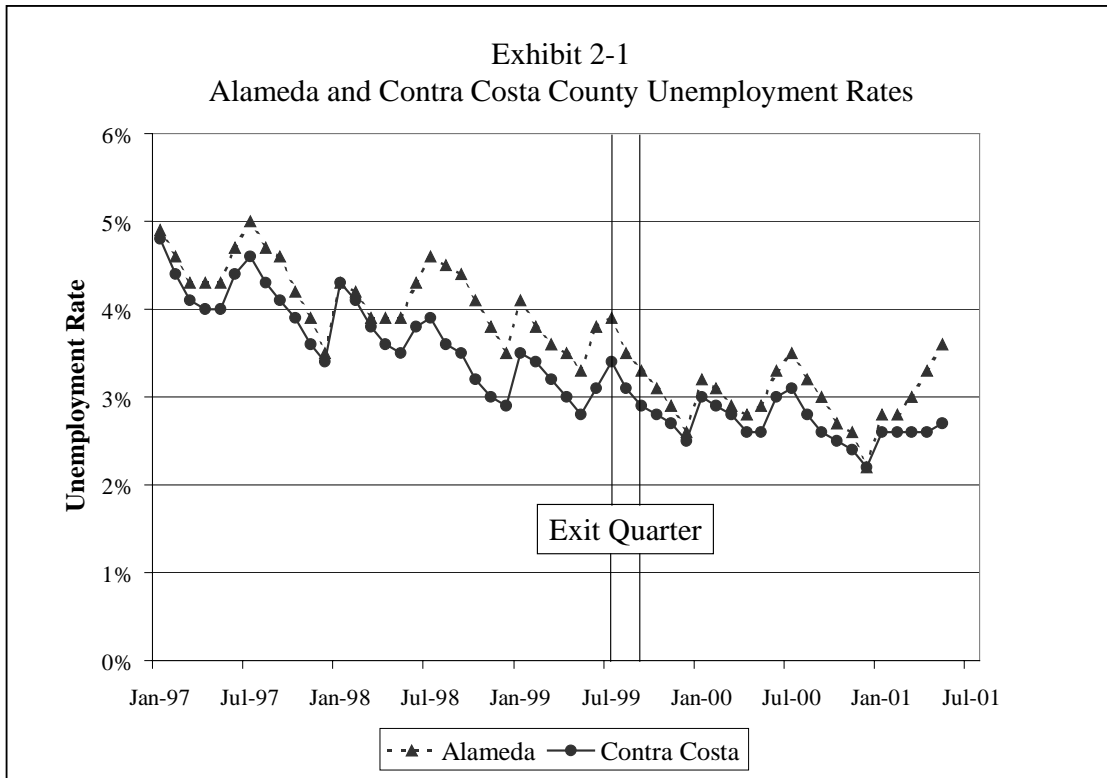
⁷ Contra Costa has recently separated the eligibility and welfare-to-work services functions.

Generally, adult CalWORKs recipients are referred, immediately after orientation, to job search and job club activities. Some counties, however, have chosen to include up-front screening of participants for substance abuse and mental health problems. Alameda County provides such screening by behavioral health outreach teams at the CalWORKs sites. In Contra Costa County, the client's Employment Specialist assesses the need for mental health screening.

The second-year implementation report of the RAND statewide evaluation of CalWORKs indicated that non-compliance with program activities was a significant problem. The report noted, for example, that in Alameda County, only 35 percent of those who had been "invited" to attend Job Club had completed it. The county conducted a sample survey (telephone interviews) of no-shows, and found a variety of reasons given for the lack of attendance, including child care and transportation difficulties (or a misunderstanding that the county welfare department will pay for these services), health problems, and conflicts with work (or a misunderstanding that attendance was required for those who were working). Largely in response to the high rates of noncompliance, many counties – including Alameda and Contra Costa – initiated home visiting programs for persons who have not complied with required activities.

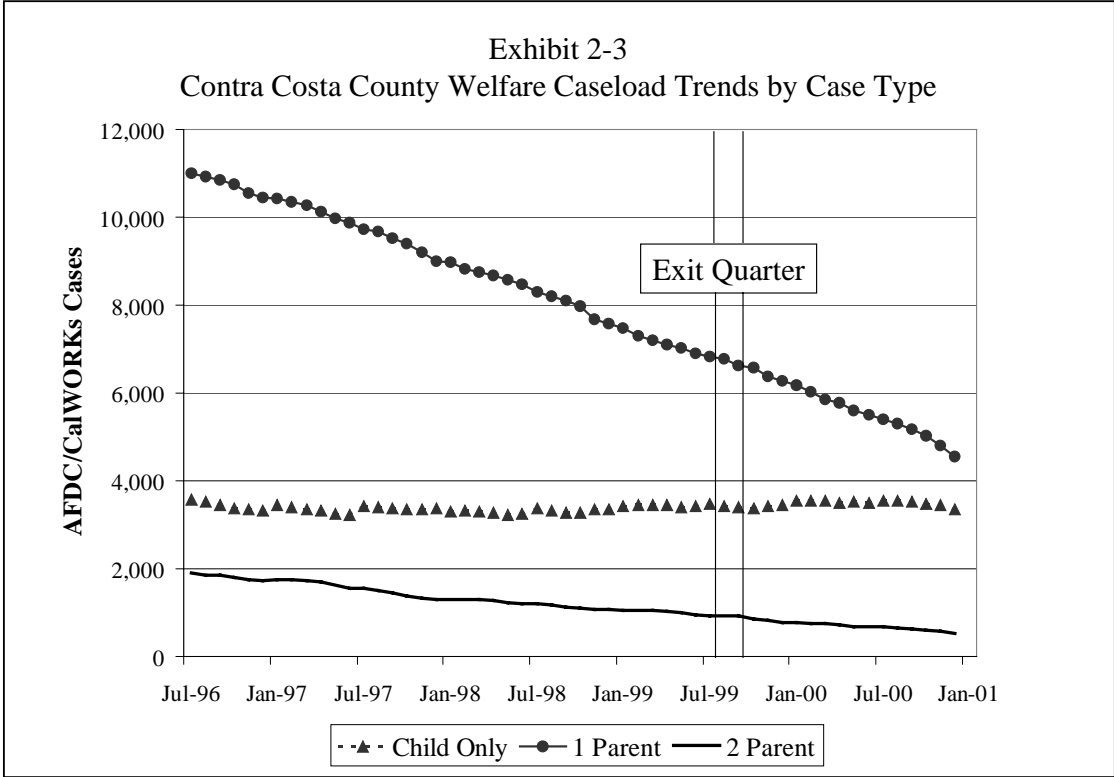
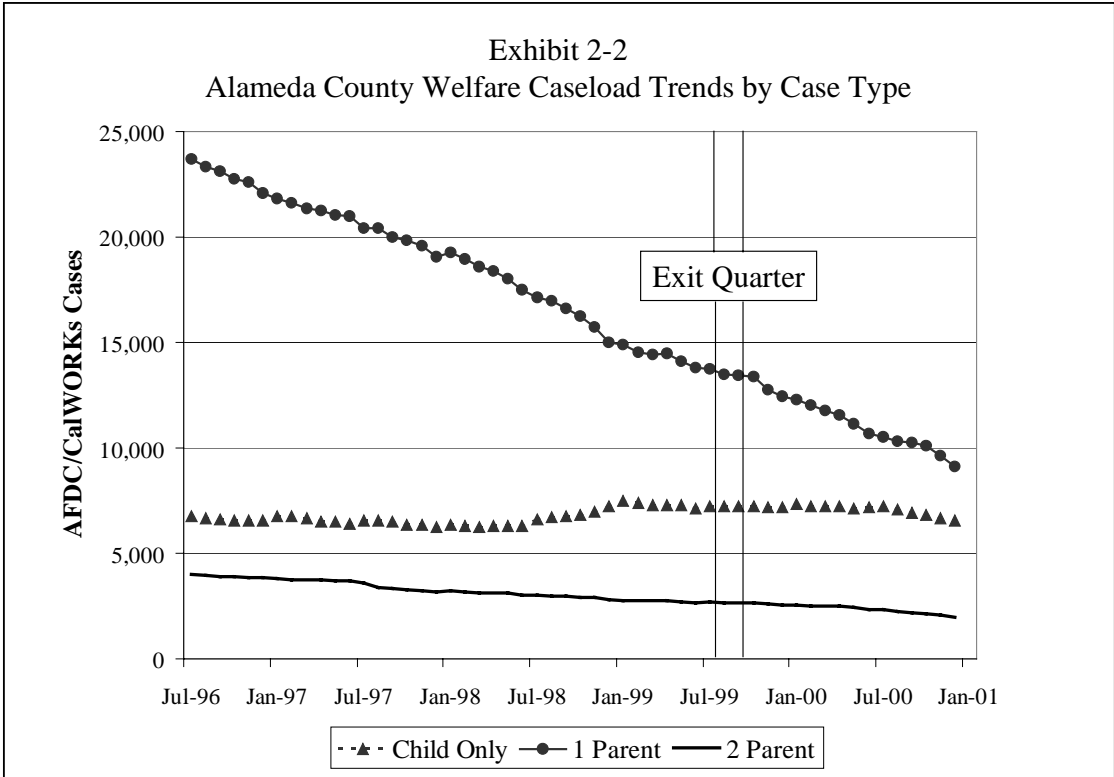
2.2 Trends in Economic Conditions and Welfare Caseloads

Exhibit 2-1 shows the trend in the unemployment rate in Alameda and Contra Costa Counties from January 1997 to July 2001 – the years immediately prior to, and after, the exit quarter for our survey respondents. The two counties show a similar pattern of declining unemployment as the economy generally improved, but with some leveling off beginning in the year 2000. Both counties show some seasonal fluctuations, but less than in the rural counties



where agricultural employment is more predominant. We also see that the unemployment rate was slightly higher in Alameda County.

Exhibit 2-2 shows the CalWORKs/AFDC caseload trend in Alameda County from July 1996 to January 2001, for one-parent, two-parent, and child-only cases. We see a steady decline in the number of cases with aided adults, probably due mainly to the improving economy, behavioral responses to federal welfare reform legislation, and the implementation of the CalWORKs Program. The child-only caseload was not sensitive to economic conditions and increased in the latter half of 1998, possibly due to an increase in cases sanctioned under the provisions of CalWORKs, where adults not in compliance with program requirements are removed from the assistance unit. In Exhibit 2-3, we see similar patterns for the caseload trends in Contra Costa County. The main differences are that the decline in two-parent cases is steeper and the increase in child-only cases in late 1998 and early 1999 is more gradual.



In summary, our study period is marked by a strong economy, which provided relatively favorable conditions for the families participating in this research. It is important to note, however, that most of the leavers studied here had been on aid at least 36 of the previous 60 months (see Exhibit 1-2), and were exiting cash aid only after several years of substantial caseload declines. Therefore, one might expect these leavers to have more barriers to self-sufficiency than families who left cash aid earlier in the welfare reform era.

3 CIRCUMSTANCES AT EXIT

In this chapter we describe the circumstances at exit from CalWORKs, denial of CalWORKs assistance, or transition from aided-adult status to child-only status for the three groups of families in our study population. We examine demographic characteristics and employment and earnings data, and compare the leavers' and informally diverted respondents' self-reported and administrative reasons for exit or denial.

3.1 Demographic and Employment Characteristics at Exit

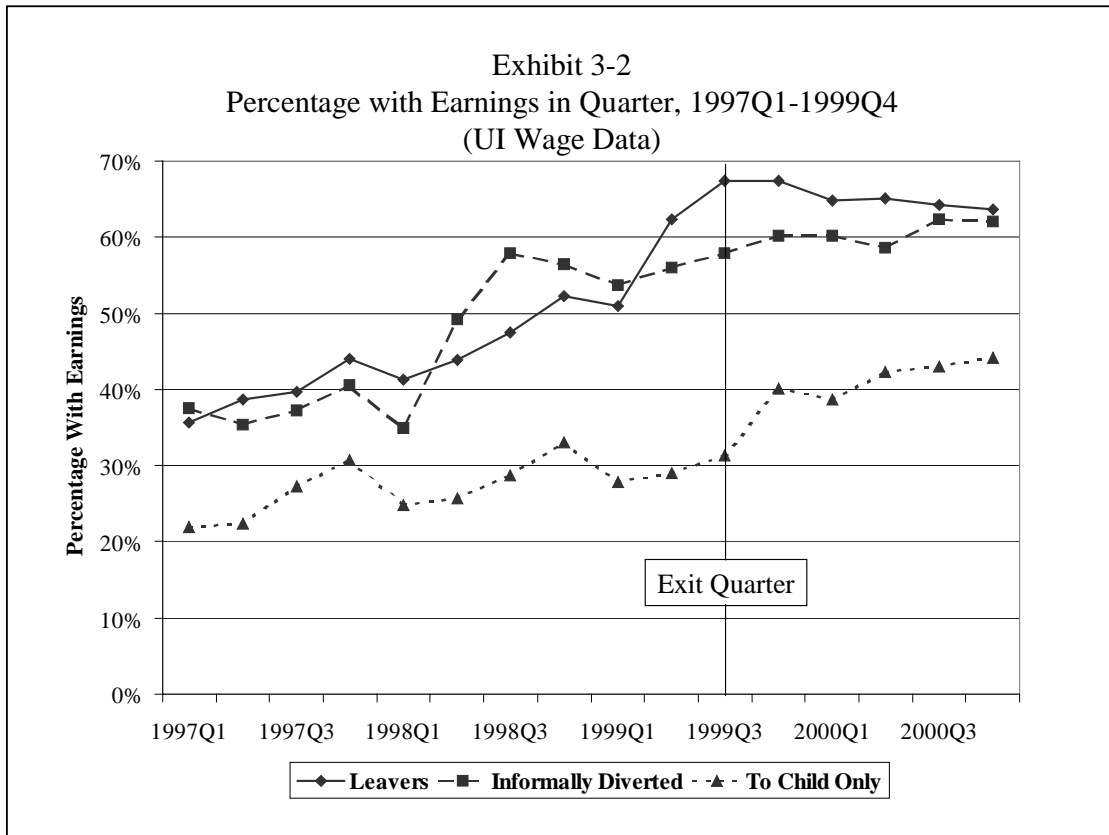
Exhibit 3-1 describes the demographic characteristics of the three groups of respondents, as reported in administrative data (except for the education measures derived from 6-month interview survey data).⁸ Comparing the leavers and the informally diverted families, we can see that the leavers had a higher level of education, on average, and a smaller proportion of large families – factors that are typically associated with reduced barriers to employment. On the other hand, the leavers had a much higher proportion of minority families, particularly African-Americans. This is probably due largely to the exclusion (for technical reasons) of Alameda County – which has a large population of African-American residents – from our sample of informally diverted respondents.⁹ We also see that 40 percent of the informally diverted families had never been on aid, although it is interesting to note that a significant proportion – over one-fourth – had previously been on aid for more than three out of the previous five years.

⁸ Exhibit 3-1 presents weighted respondent characteristics, which accounts for the slight differences between the characteristics reported here and in Exhibits 1-2 through 1-4.

⁹ In this report, we compare the Contra Costa sample of informally diverted respondents with the combined Alameda/Contra Costa sample of each of the other subgroups (leavers and transition cases). In order to determine whether the exclusion of Alameda from the sample of informally diverted respondents had a noticeable effect on our findings, we separately analyzed the data for Contra Costa only. In almost all cases, the results were very similar. We note where this was not the case.

**Exhibit 3-1
Demographic Characteristics at Exit
Frequency (%) Tabulations**

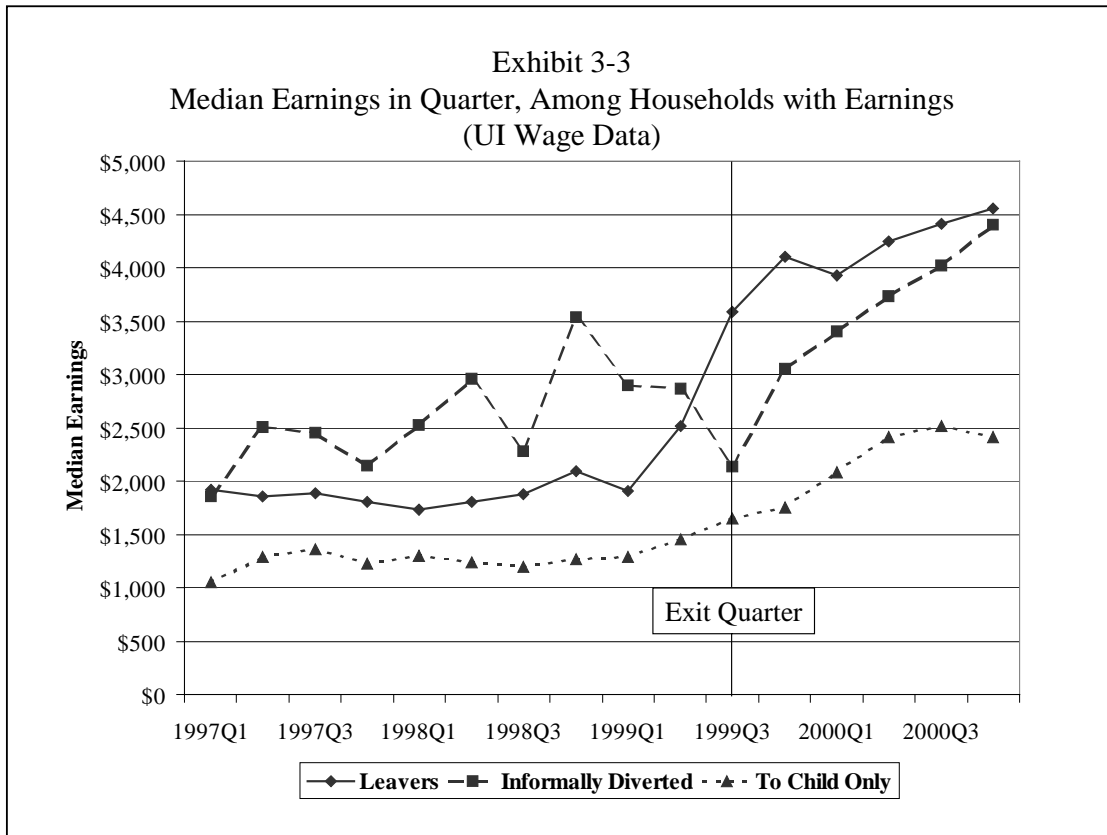
	Leavers	Informally Diverted	To Child Only
Highest Degree			
• None	24	34	36
• GED	7	3	8
• HS Diploma	32	33	35
• License\Certificate	26	22	20
• Associate's	8	3	1
• Bachelor's	2	6	1
High School or Beyond	66	55	52
Number of Children			
• 1	57	52	39
• 2	28	24	39
• 3 +	15	24	23
Ethnicity			
• African-American	50	27	68
• White	32	44	21
• Latino/Hispanic	14	20	11
• Other	4	10	0
Language			
• English	96	94	98
• Spanish	4	6	2
Age of Case Head			
• 25 or Younger	36	46	25
• 26-35	34	25	38
• 36 or Older	31	29	38
Age of Youngest Child			
• 2 or Younger	25	52	16
• 3-5	20	18	29
• 6-11	27	19	22
• 12 or Older	28	11	33
Months on Aid in Previous 5 Years			
• 0	0	40	0
• 1 to 12	20	9	6
• 13 to 36	24	22	8
• 37 +	56	29	87



As we might expect, the transition cases (primarily families that have been sanctioned) were relatively disadvantaged compared to the leavers, as reflected by the findings that the former group of families had less education, and a much higher proportion of long-term recipients of aid. It is noteworthy that 87 percent of these cases had been on aid for at least three of the previous five years.

Exhibit 3-2 shows the trend in the proportion of each group with earnings before and after the exit, denial, or transition quarter (1999Q3).¹⁰ As expected, we see a sharp upward trend for leavers in the two quarters leading up to exit, but a year after exit/denial, a similar proportion of leavers and the informally diverted have earnings. As expected, a smaller proportion of transition households had earnings over the entire period. We do note an increase in the

¹⁰ This figure uses earnings from UI wage data for all adults in the assistance unit (or “application” unit) at time of exit, denial, or transition to child only, as appropriate.



proportion with earnings following the transition quarter for this group, which could reflect a positive response to sanctions.

Exhibit 3-3 shows the trend in the median quarterly household earnings (among those with earnings) over this same time period. Again, we see a lower level of earnings for the transition cases. We also see a significant jump in earnings among the leavers in the quarters prior to exit, and an additional increase in the quarter following exit. For the informally diverted families, we see a drop in earnings in the denial quarter, followed by an increase in the following quarter. This is consistent with our findings in research on informally diverted families in San Mateo, Santa Clara, and Santa Cruz Counties.¹¹ In that analysis, we hypothesized that many

¹¹ Moses, Anne et. al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data, 12-Month Report* (December 22, 2000), SPHERE Institute, report submitted to the Assistant Secretary for Planning and Evaluation, p. 30.

informally diverted families had applied for aid after losing their jobs but were denied or withdrew their applications because they quickly found employment.

3.2 Reasons for Exit from or Denial of Cash Aid

When asked whether it was their own decision to leave aid or whether the welfare department cut them off from aid, 53 percent of the leavers said it was their own decision (see Exhibit 3-4). Of those who felt they were cut off from aid, Exhibit 3-5 shows that about half the respondents identified employment or earnings as the main reason they left aid – very similar to the proportion of respondents who said it was their own decision to leave aid and indicated employment/earnings as the main reason for leaving (Exhibit 3-6). As we might expect, a somewhat higher proportion of those who felt they were cut off from aid identified program regulations as the main reason, compared to the respondents who said it was their own decision to leave aid.

While these questions require some subjective interpretation, they can help to discern the respondent's general attitude toward the discontinuation of aid. For example, a large number of respondents who left aid due to an increase in earnings fell into both categories – those who felt it was their own decision to leave aid and those who felt they were cut off. In other words, while the reason for termination of aid may have been the same, they viewed it from different perspectives.

Exhibit 3-7 shows the county welfare department's reported reason for exit from cash aid, as recorded in the county administrative data systems. Over half of the leavers failed to provide the necessary information to record the specific reason for exit, with only 13 percent recorded as leaving due to employment and earnings. Comparing the administrative reason with the leavers' survey responses, it appears that a significant number of leavers who are listed by the county as

Exhibit 3-4
Leavers: Self-Reported Exit Reason

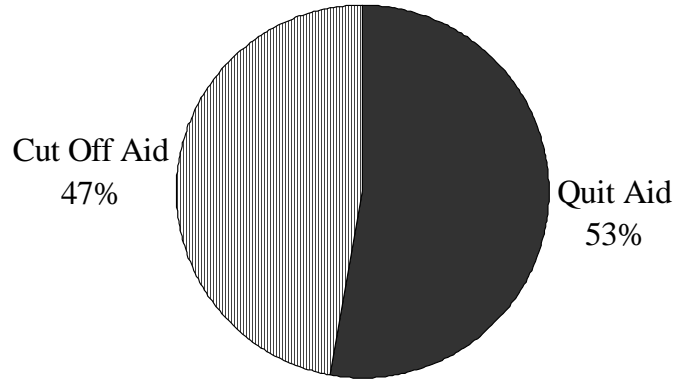


Exhibit 3-5
Leavers Reporting Being Cut Off Aid: Detailed Exit Reason

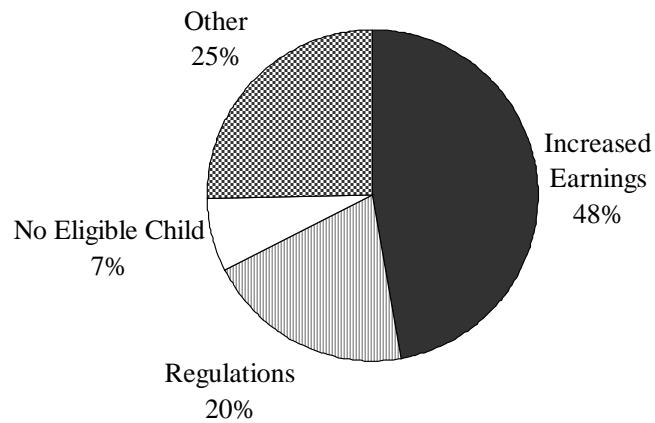


Exhibit 3-6
Leavers Reporting Own Decision to Leave Aid: Detailed Exit Reason

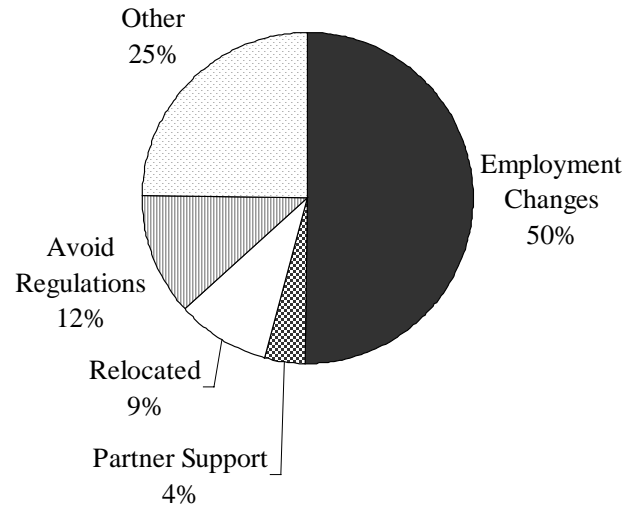


Exhibit 3-7
Leavers: Detailed Administrative Exit Reason

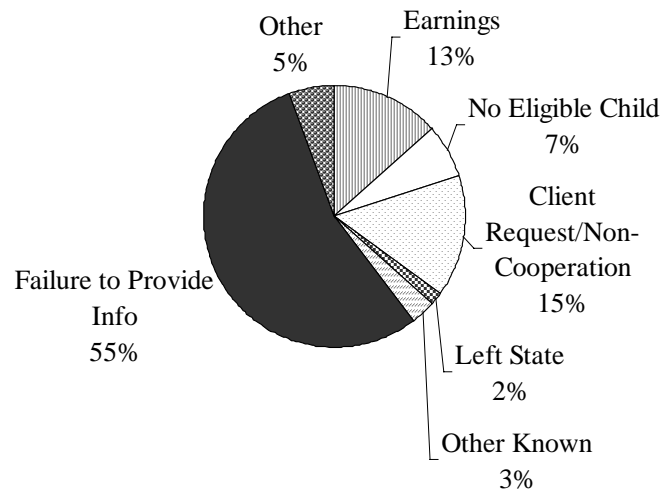
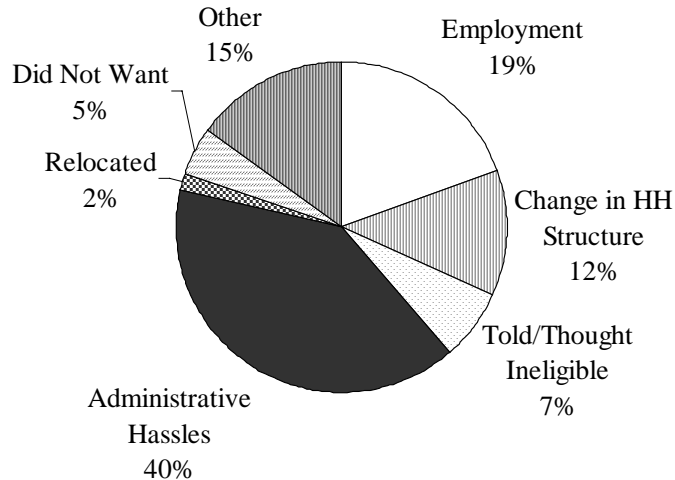


Exhibit 3-8
Informally Diverted: Self-Reported Reason for Denial of Aid

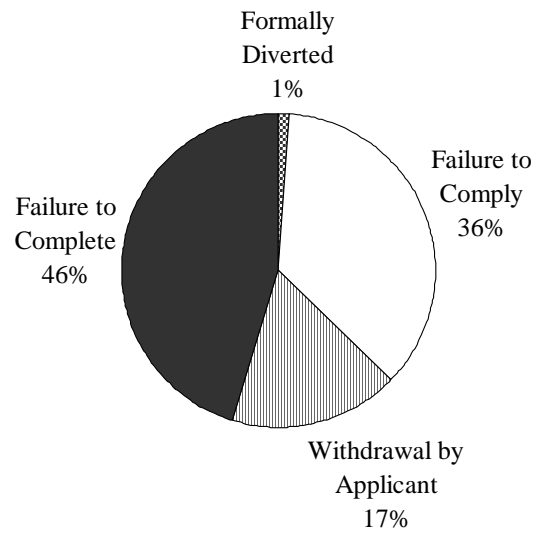


“failing to provide information” exited due to employment and earnings. In other words, administrative data substantially underestimate employment as the reason for exit.

Exhibit 3-8 shows the reasons for denial as reported in the survey by the informally diverted respondents. About one-fifth of the respondents cited employment and earnings as the main reason. Significantly, two-fifths of the informally diverted respondents cited the administrative burdens of applying for aid. (We note, however, that in a similar survey of informally diverted respondents in San Mateo, Santa Clara, and Santa Cruz Counties, only 8 percent cited administrative burdens as the main reason.¹²) In comparison, Exhibit 3-9 shows the reason for denial as reported in the county administrative data systems: 46 percent failed to complete the application, 36 percent failed to comply with application procedures or regulations, and 17 percent withdrew their applications.

¹² Moses, Anne et. al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data, 12-Month Report* (December 22, 2000), SPHERE Institute, report submitted to the Assistant Secretary for Planning and Evaluation, p. 23.

Exhibit 3-9
Informally Diverted: Administrative Reason for Denial of Aid



4 CHANGES IN CIRCUMSTANCES FROM FIRST TO SECOND INTERVIEW

In this chapter we present our analysis of the changes in circumstances between the first and second interview stages, for the three groups of families – the leavers, the informally diverted families, and the cases transitioning from aided adult status to child-only status.

4.1 Family and Household Structure

Exhibit 4-1 summarizes the household structure characteristics for the three groups at the time of the first and second interviews. One characteristic that stands out is the large percentage of families, in all three groups, that were living in extended or multi-family relationships. In each case, moreover, the percentage living in multi-family households increased between the first and second interviews. We also note that informally diverted households were substantially less likely to be single parent households, compared to the other two groups.

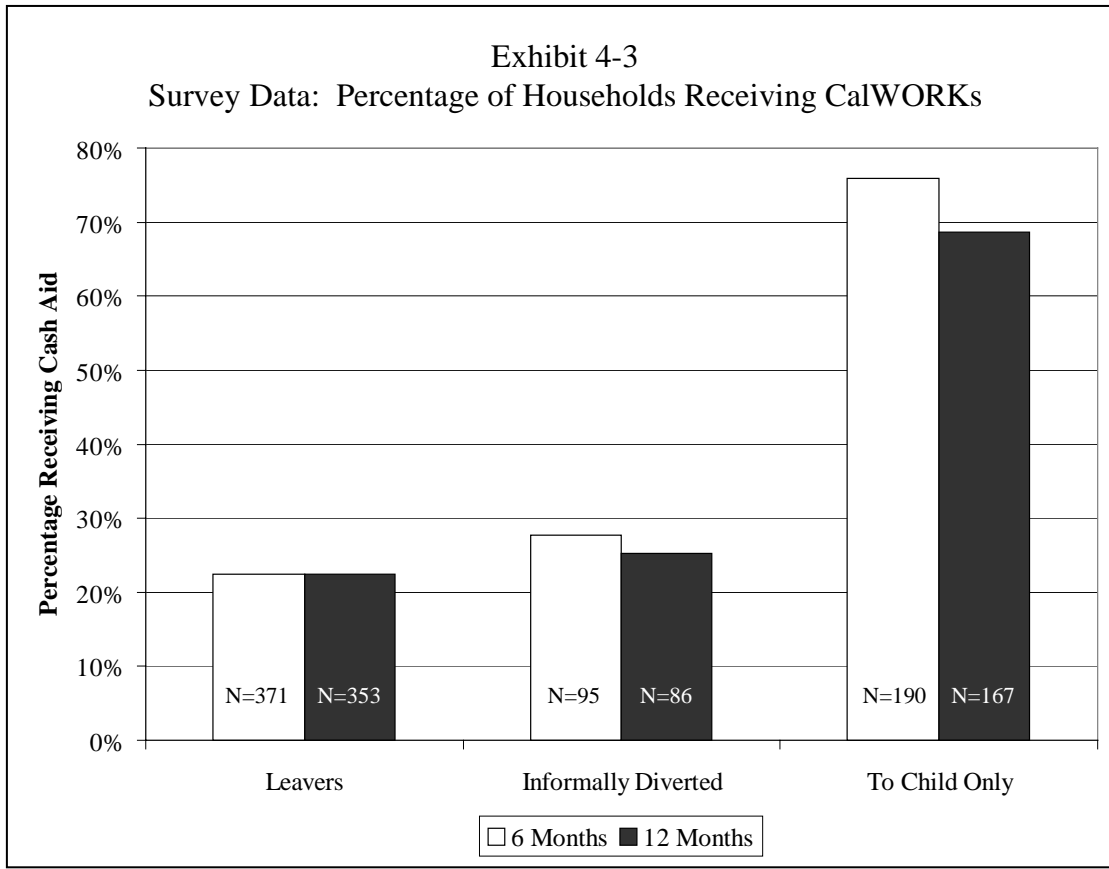
Exhibit 4-2 shows the respondent's marital status for the three groups. Reflecting the characteristics of the CalWORKs caseload, the leavers and transition cases are dominated by one-parent families. The informally diverted families, however, include more two-parent families than we find in the other two groups. This difference will have an effect on the comparative earnings levels among these groups, since two-parent families tend to have higher household income from earnings. We also note that the higher percentage of two-parent families among the informally diverted group may be related to the reasons for denial of cash assistance. As we discussed in Chapter 3, some denied applicants may have withdrawn their application or failed to complete the application process because they or their spouse/partner found employment during the application process, or they did not meet the eligibility requirements because their spouse's earnings or monthly hours of work exceeded the threshold for the program.

**Exhibit 4-1
Household Structure
Frequency (%) Tabulations**

	6 Months	12 Months
Leavers		
• Not Living With Kids	8%	10%
• One-parent	36%	28%
• Two-parent	18%	19%
• Extended Family	31%	32%
• Multi-family	7%	11%
N=	371	353
Informally Diverted		
• Not Living With Kids	3%	9%
• One-parent	17%	12%
• Two-parent	31%	25%
• Extended Family	34%	34%
• Multi-family	15%	20%
N=	96	86
To Child Only		
• Not Living With Kids	4%	4%
• One-parent	41%	34%
• Two-parent	12%	11%
• Extended Family	32%	33%
• Multi-family	10%	18%
N=	190	167

**Exhibit 4-2
Respondent's Marital Status
Frequency (%) Tabulations**

	6 Months	12 Months
Leavers		
• Married	16%	15%
• Living with Partner	11%	13%
• Other	73%	72%
N=	371	353
Informally Diverted		
• Married	29%	32%
• Living with Partner	14%	11%
• Other	58%	57%
N=	96	86
To Child Only		
• Married	11%	9%
• Living with Partner	7%	8%
• Other	82%	82%
N=	190	167



4.2 Use of Public Assistance

Exhibit 4-3 shows the percentage of families on CalWORKs (for leavers, this represents recidivism) at the time of the two interviews, as reported in the survey data. We can see that most of the transition cases remained on CalWORKs. This is not surprising in that most of these cases are families that have been sanctioned and, as noted in Chapter 3, are long-term recipients of aid. The recidivism rate for the leavers was about 20 percent, and remained stable at the 12-month interview. Finally, about one-fourth of the informally diverted families subsequently went on CalWORKs, similar to the recidivism rate for leavers.

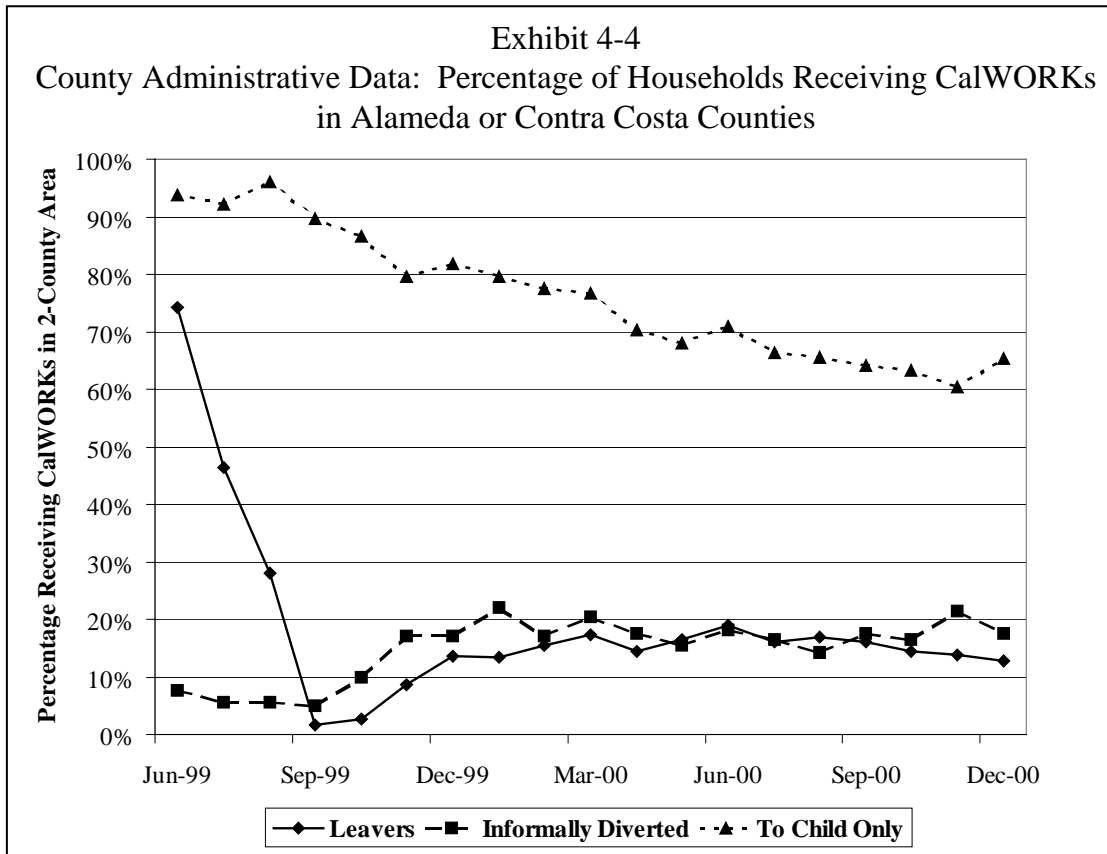
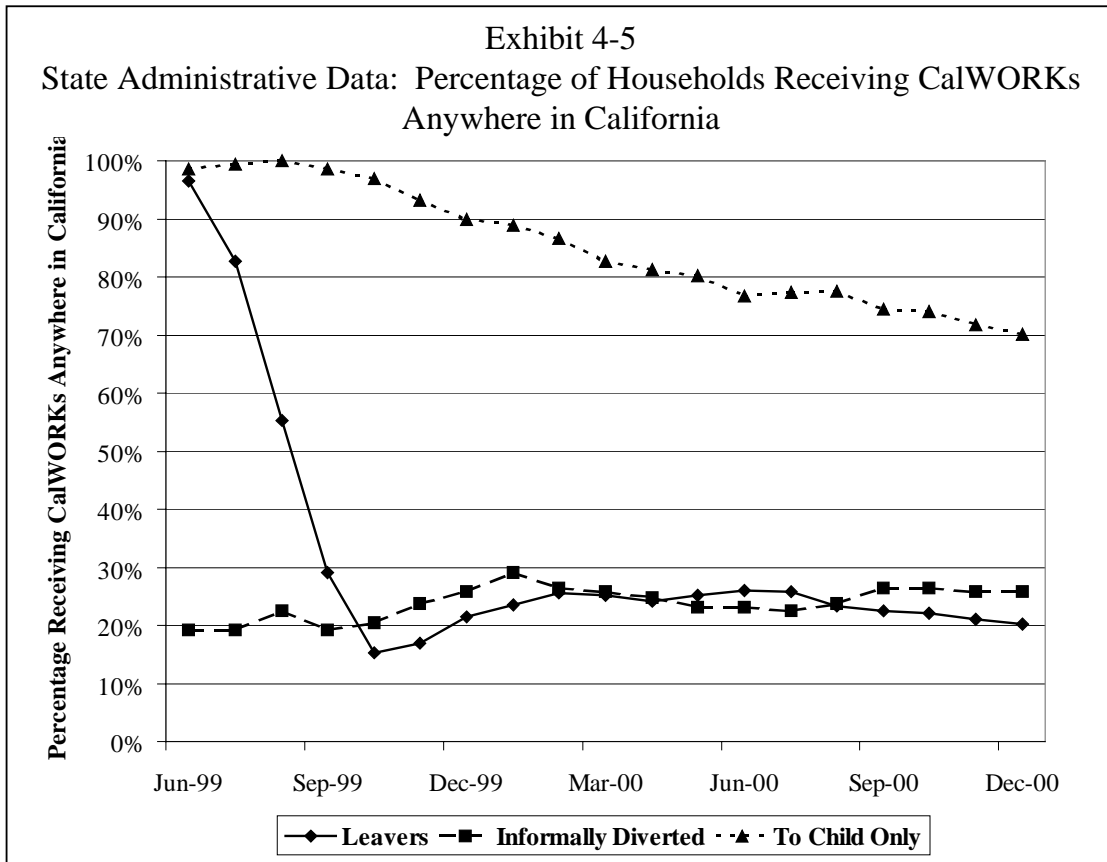


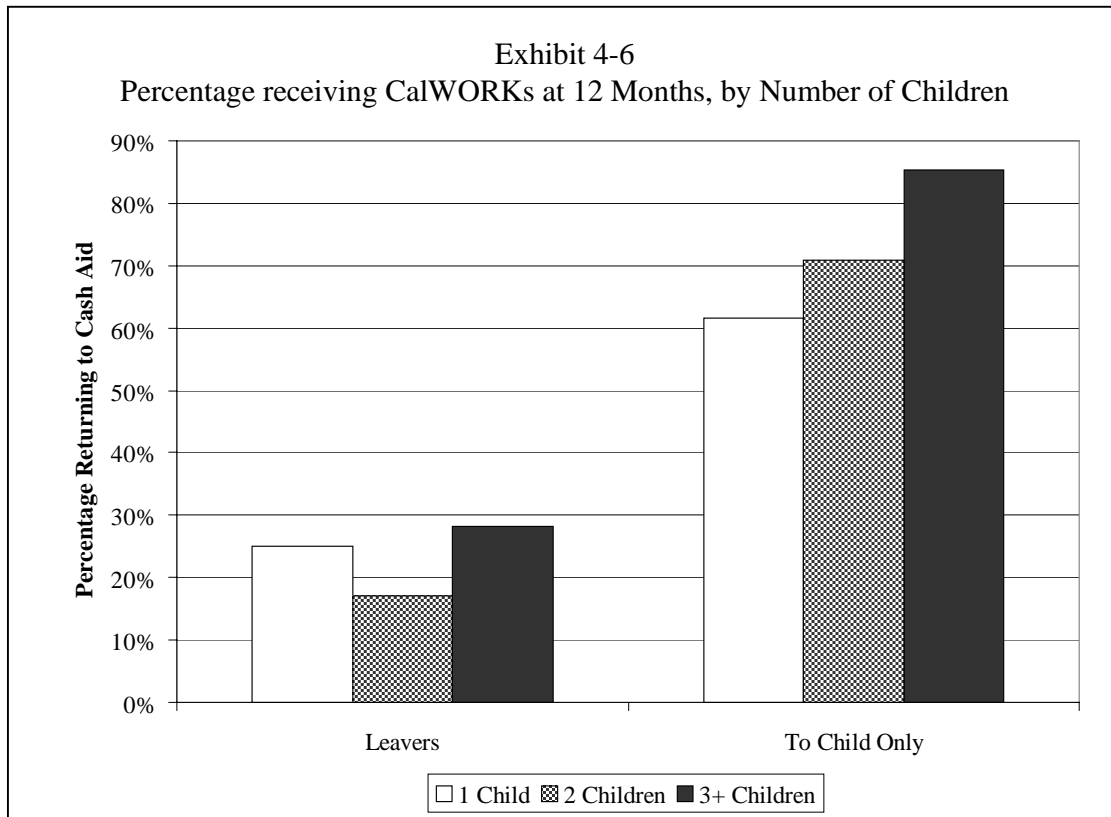
Exhibit 4-4 shows the percentage of each subgroup on CalWORKs by month from June 1999 to December 2000, as measured in the two counties’ administrative information systems.¹³ Keeping in mind that most 6-month interviews were completed in the spring of 2000, and most 12-month interviews were completed in the fall of 2000, the figure is roughly consistent with the rates of CalWORKs receipt in the survey data reported in Exhibit 4-3, although rates of cash aid receipt for leavers and the informally diverted recorded in county administrative data are somewhat lower than reported in the surveys.

¹³ Specifically, this figure reports the percentage of the leaver, informally diverted, or transition-to-child-only groups that have at least one member of the “base month” assistance unit receiving CalWORKs. For leavers, the base month is the last active month prior to the case becoming inactive for two consecutive months in the third quarter of 1999. For the informally diverted, the base month is the application month. For the transition cases, the base month is the last month with an aided adult prior to the two consecutive months with a child-only assistance unit.



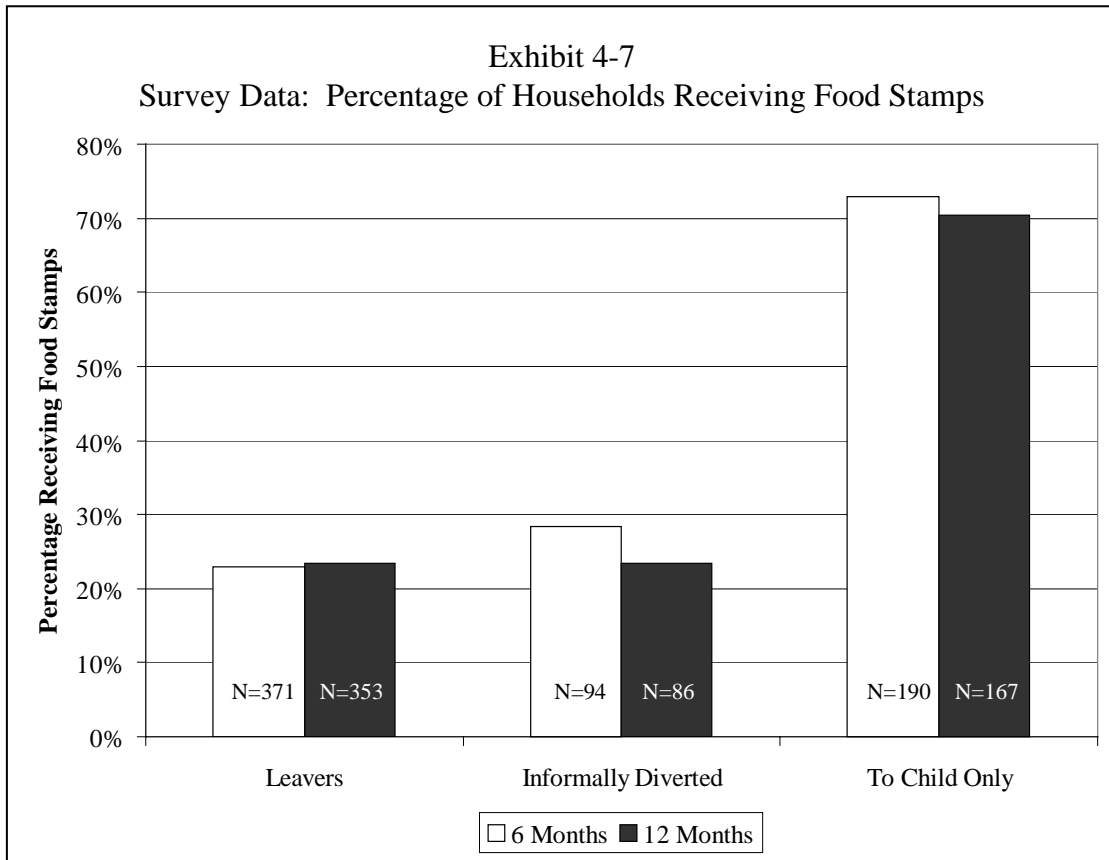
One of the reasons that Exhibit 4-4 reports a lower rate of CalWORKs receipt for leavers and the informally diverted, relative to the survey data, is that it measures receipt of cash aid only in the two study counties. Although we excluded formal inter-county transfers from the population of leavers in our study, some of the leavers did go on to receive cash aid outside of the two study counties in the 12-month follow-up period. Exhibit 4-5 shows the percentage of each subgroup on CalWORKs anywhere in the state (including the two study counties), as measured in statewide MEDS administrative data. The exhibit reports rates of cash aid receipt that are very similar to the rates reported in the survey data in Exhibit 4-3.

We also examined whether leaver and informally diverted “recidivists” were more likely to report problems related to domestic violence, binge drinking, substance abuse, and depression at the 12-month interview, compared to those families not on CalWORKs at that time. As we



would expect, the respondents on aid were more likely to report these problems, with the exception of the informally diverted respondents reporting substance abuse problems in the household, where the proportion was higher among the families not on aid (exhibits not shown).

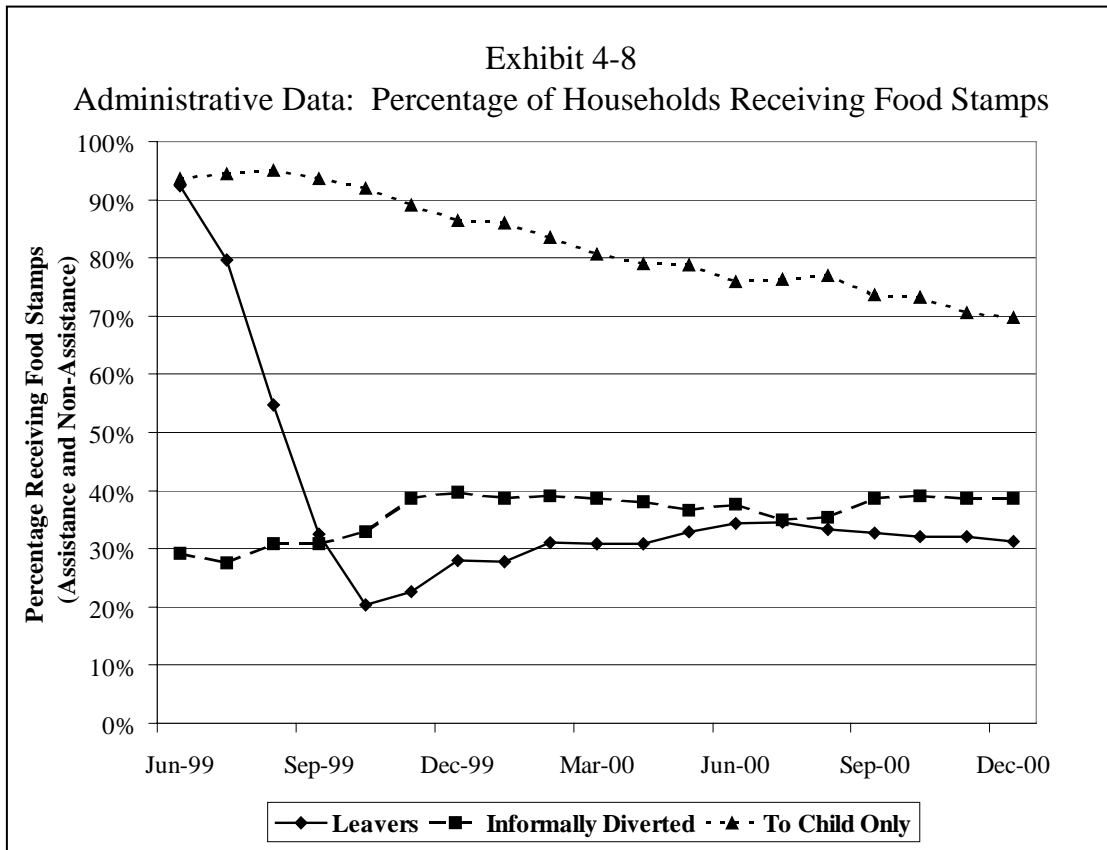
Exhibit 4-6 shows the percentage of leavers and transition to child-only cases that were on CalWORKs at the time of the 12-month interview, with the two groups of families subdivided according to the number of children in the family. The exhibit shows that for the transition cases, the likelihood of remaining on aid at 12 months increases with family size; whereas there is no clear relationship for the leaver households. Keeping in mind that the transition cases consist primarily of families that were sanctioned under CalWORKs – and that the sanction (elimination of the adult from the assistance unit) is proportionately smaller as family size increases, in comparison to the total grant – the finding illustrated in the exhibit is consistent with the hypothesis that larger families may be more likely to “accept” the CalWORKs sanction



and remain on aid, due to the relative impact of the sanction. This pattern may also indicate that respondents with more children find it more difficult to participate in program requirements because of issues related to child care.

Later in this chapter, we will look at other aspects of recidivism, including relationships to earnings and income. In the following chapter, we will develop a profile, based on administrative data, of leavers and informally diverted individuals who are more likely to become recidivists.

Exhibit 4-7 shows the percentage of families receiving food stamps, as reported in the survey data. We note that the percentages receiving food stamps are quite similar to the percentage receiving CalWORKs reported in Exhibit 4-3. At the 6- and 12-month interviews, only 6 percent of leavers reported receiving non-assistance food stamps. Among the informally

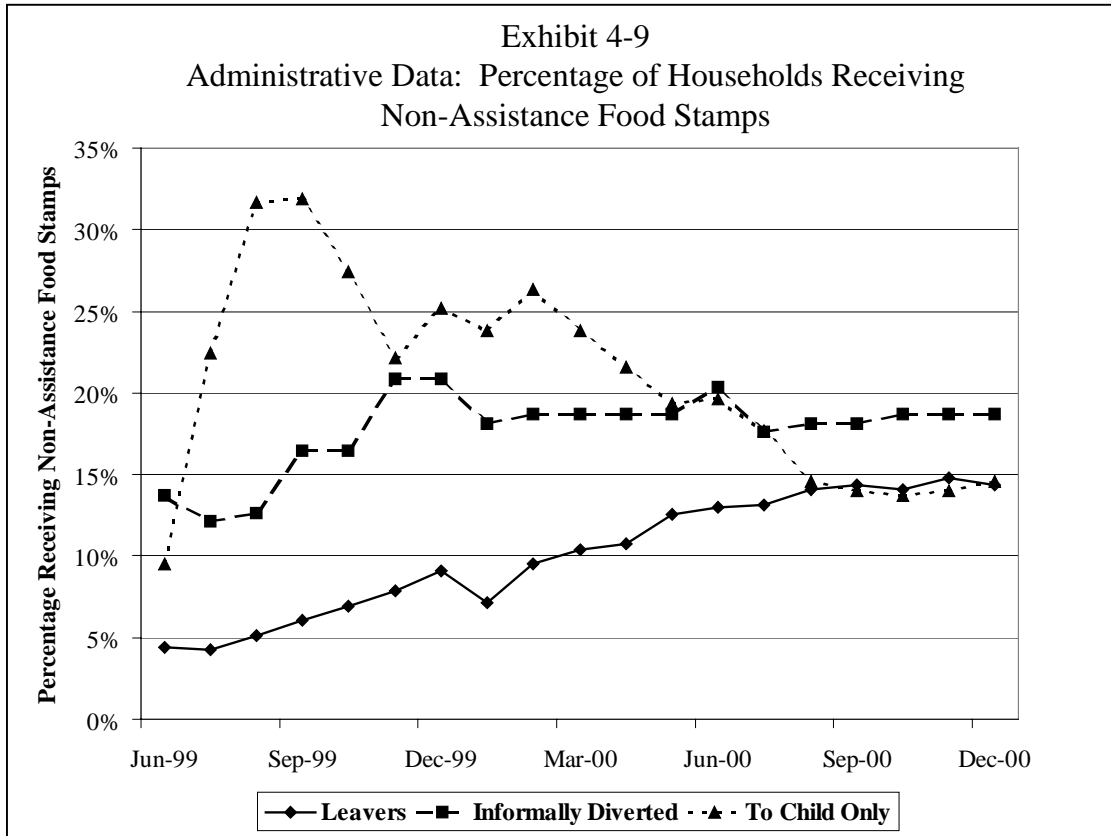


diverted, 8 percent reported receiving non-assistance food stamps in the first interview period, and only 4 percent reported receiving such assistance in the second interview period.

Exhibit 4-8 reports the percentage of each subgroup receiving food stamps (combining assistance and non-assistance) by month from June 1999 to December 2000, as measured in state and county administrative data.¹⁴ This figure implies a higher rate of receipt of food stamps (by roughly 5 to 10 percentage points) than reported by respondents in the survey data. For leavers, the rate of receipt of food stamps lies between 30 and 35 percent throughout 2000. For the informally diverted, the rate lies between 35 and 40 percent.

To focus more closely on the take-up of *non-assistance* food stamps, Exhibit 4-9 reports the percentage of each group receiving this type of assistance, as measured in the state and

¹⁴ Specifically, this figure reports the percentage of the leaver, informally diverted, or transition-to-child-only groups that have at least one member of the “base month” assistance unit receiving food stamps. See footnote 13 for the definition of the “base month” for each group.



county administrative data. The exhibit shows that the percentage of leavers recorded in administrative data as receiving non-assistance food stamps increased from about 10 percent in the first interview period (spring 2000) to about 15 percent in the second interview period (fall 2000). Among the informally diverted, 18 percent were recorded as receiving non-assistance food stamps in both the first and second interview periods. In general, the measured rate of non-assistance food stamps receipt is substantially higher in administrative data than in survey data.

There are two main reasons why the two data sources might report different rates of food stamps receipt. First, our surveys generally were designed to collect data about 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 will be persons in a recipient's household who are outside the original assistance unit. In other cases, members of the exiting or diverted assistance unit may have left the

respondent's household prior to the time of the interviews. Second, we note that variation between the two data sources may stem from inaccurate answers to survey questions. For example, some respondents may not want to report that they are receiving food stamps, perhaps due to the perception of a stigma associated with aid receipt.

Returning to the survey data to examine the issue of food stamps take-up in more detail, we broke out the households *not* receiving food stamps into two groups – those that appeared to be eligible for food stamps and those that appeared to be ineligible, based on their earned and unearned income, shelter costs, child care costs, and household size. Exhibit 4-10 shows the percentage of all households that appeared to be eligible but were not receiving food stamps. We can see that a significant proportion of the leaver and informally diverted households not receiving food stamps appeared to be eligible for the program, although the proportion decreased among all three survey groups at the 12-month interview. Since this exhibit includes CalWORKs recipients, who are eligible for (and generally receive) food stamps, we modified the analysis by excluding those families. The results, which pertain exclusively to Non-Assistance Food Stamps, are summarized in Exhibit 4-11. This provides a clearer picture of the extent to which families that appear to be eligible for food stamps are not receiving these benefits. The exhibit underscores the findings that (1) a large percentage of the families in each survey group who were not on CalWORKs – roughly 60 percent – were eligible but not receiving food stamps at the first interview and (2) the percentage dropped significantly but still remained high – about 38 percent – by the second interview. If we further exclude those respondents ineligible for food stamps, we find that the vast majority (about 90 percent of the leavers, for example) of those families apparently eligible for food stamps and not on CalWORKs were not receiving them.

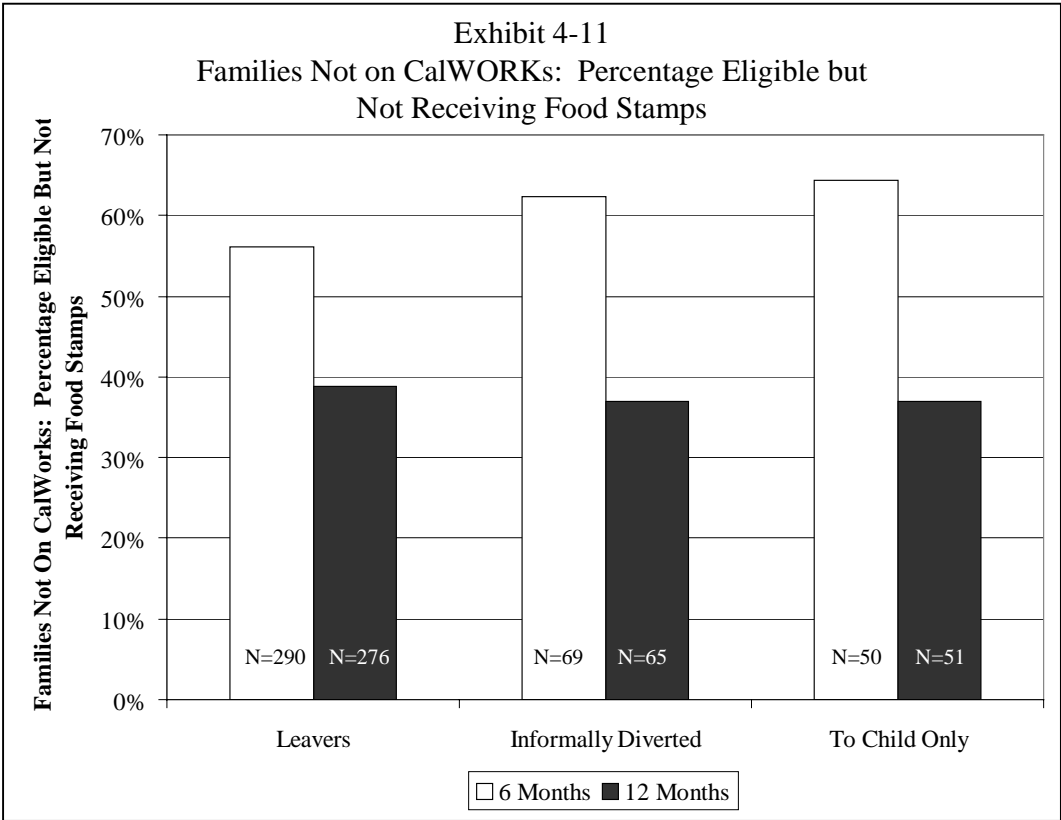
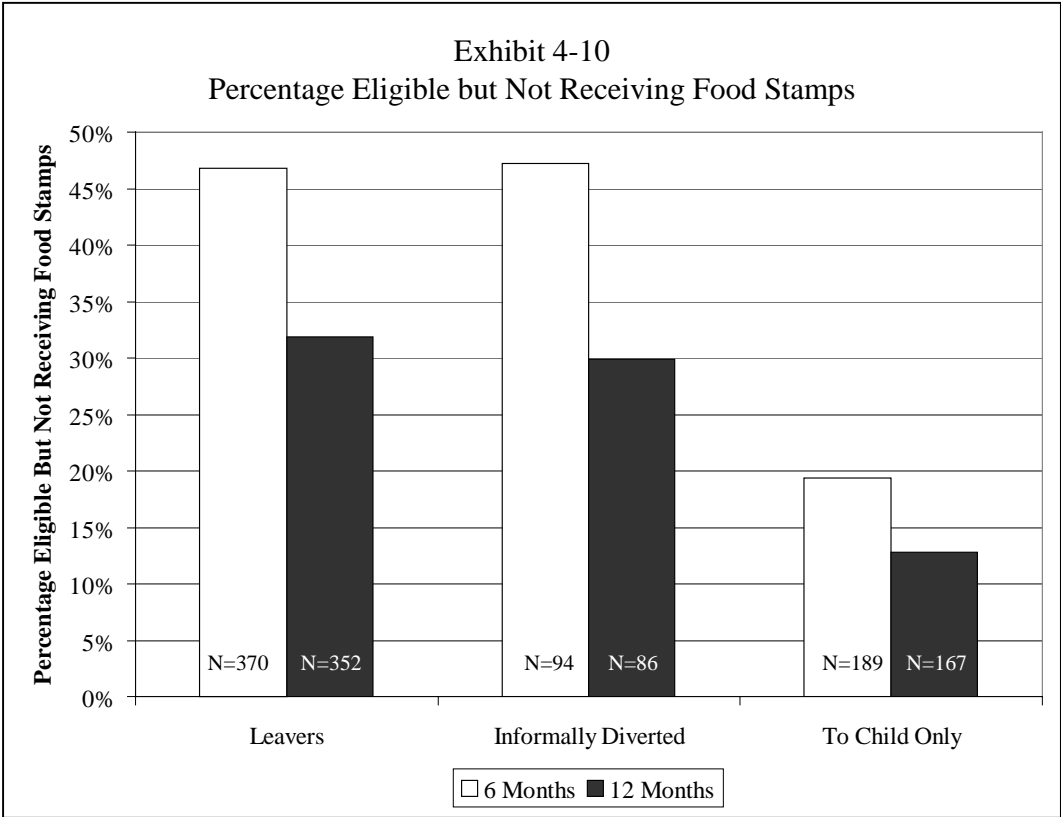


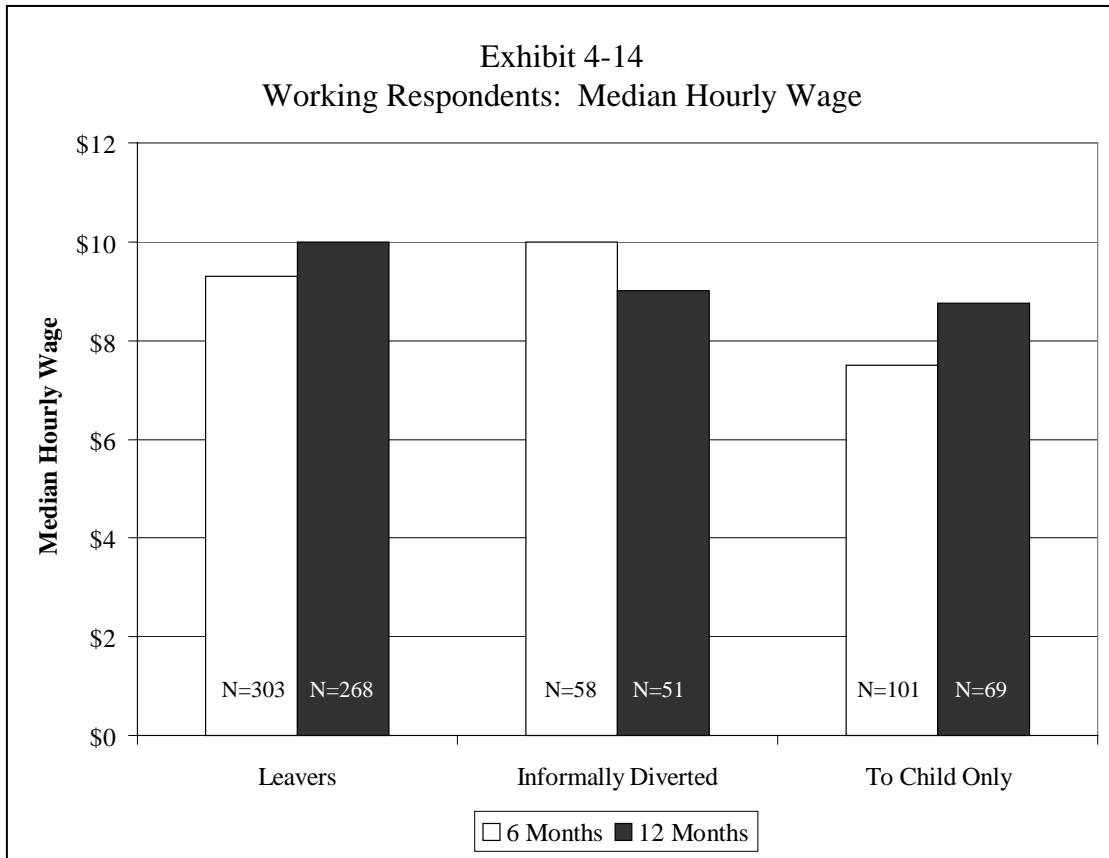
Exhibit 4-12				
Awareness and Use of the Earned Income Tax Credit				
Frequency (%) Tabulations				
	All Respondents		Respondents in Households With Earnings	
	6 Months	12 Months	6 Months	12 Months
Leavers				
• Never Heard, Never Used	52%	39%	50%	38%
• Heard, Never Used	17%	17%	17%	16%
• Heard and Used	31%	44%	34%	46%
N=	368	348	291	296
Informally Diverted				
• Never Heard, Never Used	57%	55%	54%	54%
• Heard, Never Used	29%	22%	32%	22%
• Heard and Used	14%	24%	14%	24%
N=	95	84	68	73
To Child Only				
• Never Heard, Never Used	68%	62%	53%	54%
• Heard, Never Used	19%	16%	27%	18%
• Heard and Used	13%	22%	20%	29%
N=	187	162	103	78

Exhibit 4-12 provides information related to the awareness and use of the Earned Income Tax Credit (EITC). At the six-month interview, about 30 percent of the leavers and about 15 percent of the other two survey groups had used the EITC, with the percentages increasing at the 12-month interview for all three groups. It is important to note that a large proportion of the respondents in all three survey groups were not aware of the EITC – over 50 percent at the six-month interview. Awareness increased by the time of the 12-month interview (probably due partly to the question being asked at the first interview), but the proportion not aware of the credit remained high. The exhibit also reveals that even among those with earnings, there is still a significant percentage who had never heard of the tax credit.

Exhibit 4-13		
Respondent's Employment Status		
Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Not Currently Working	31%	33%
• Currently Part-time	17%	14%
• Currently Full-time	53%	53%
N=	371	353
Informally Diverted		
• Not Currently Working	47%	47%
• Currently Part-time	19%	15%
• Currently Full-time	34%	38%
N=	96	86
To Child Only		
• Not Currently Working	56%	66%
• Currently Part-time	21%	9%
• Currently Full-time	23%	24%
N=	190	167

4.3 Employment and Earnings

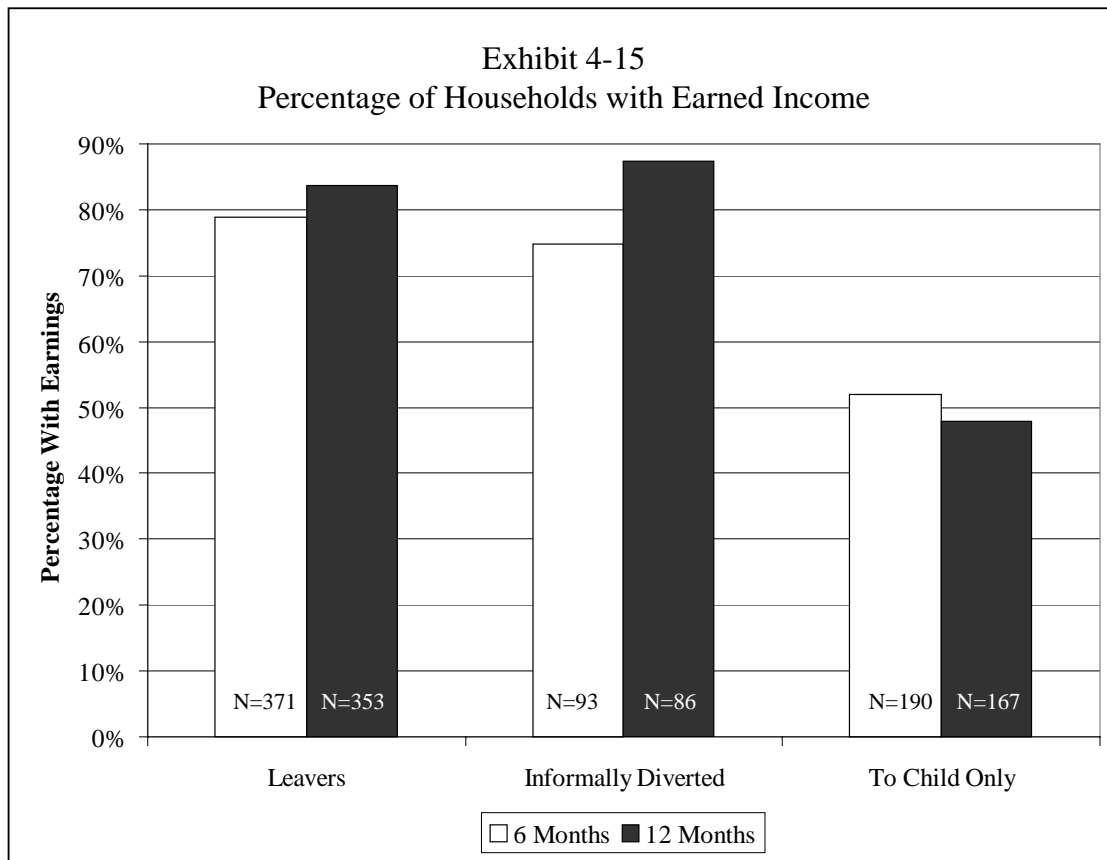
Exhibit 4-13 shows the respondent's employment status for each of the three survey groups. The leavers had the highest percentage of respondents working – 70 percent for the leavers and 53 percent for the informally diverted at the time of the first interview. The percentages stayed about the same at the second interview for both groups. The difference between the two groups appears to be associated with differences in family structure rather than differences in work activity in the household. As we noted earlier, the informally diverted families have a higher proportion of two-parent families compared to the leavers, where there are more one-parent families. The survey data indicate that in many cases where there are two-parent families, the respondent (typically the wife) was not working but the spouse/partner was working.



The transition cases had the lowest percentage of working respondents, but not as low as might be expected, considering that these are primarily sanctioned cases that remained on CalWORKs: 44 percent at the first interview, dropping to 34 percent at the second interview.

Exhibit 4-14 shows the median hourly wage of those respondents who had worked at some time during the preceding six months. The wage levels for leavers and the informally diverted respondents were similar, but with an upward trend for the leavers and a downward trend for the informally diverted. The median wage for the transition cases was somewhat lower, but with a more pronounced increase at the 12-month interview.

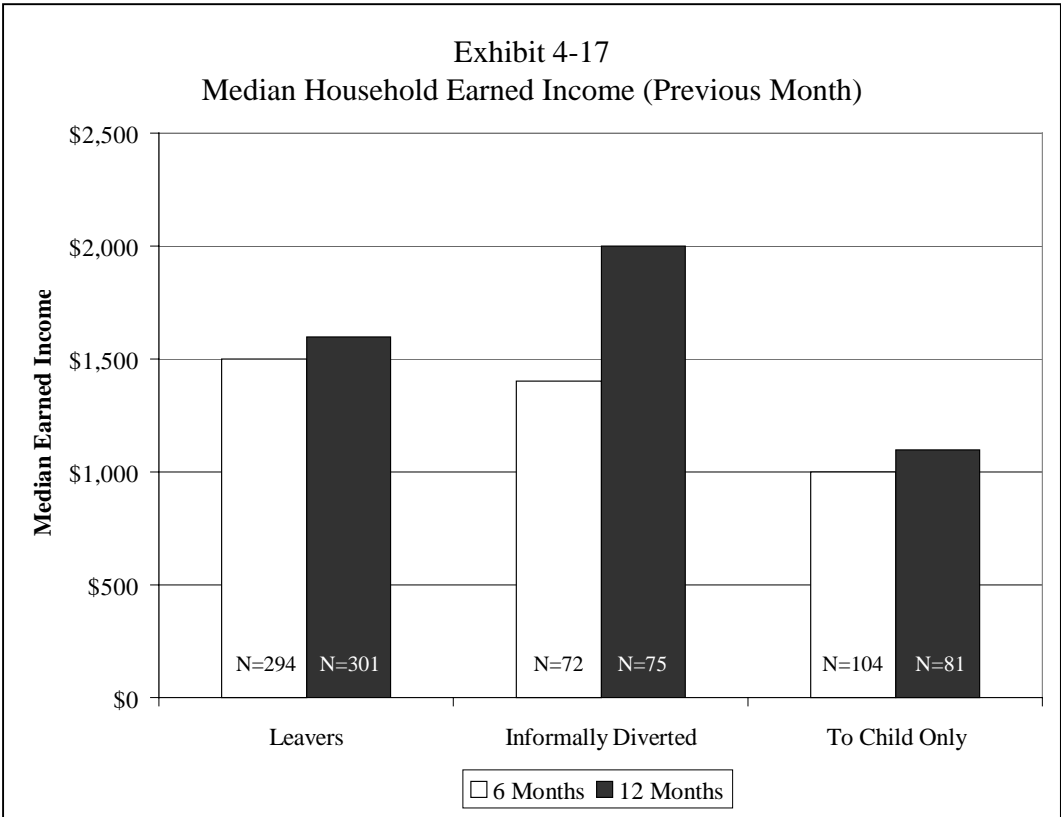
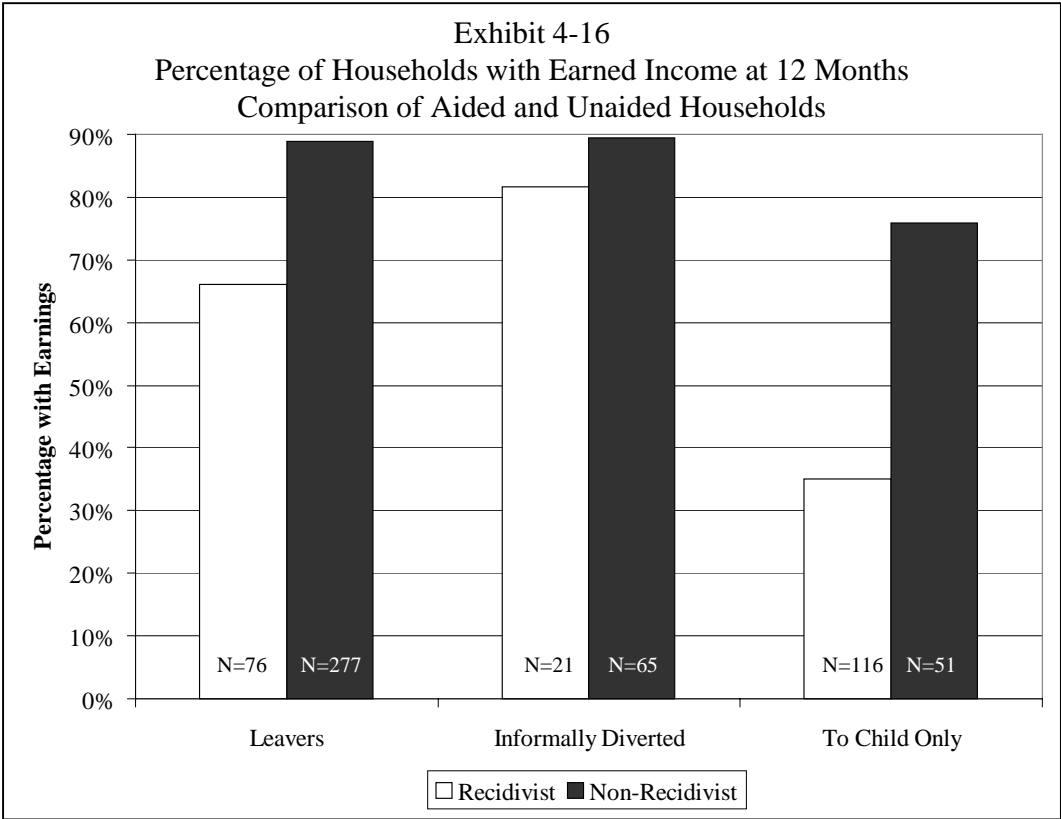
Exhibit 4-15 shows whether anyone in the respondent’s household had earnings. With respect to the effects of denial, it is important to note that a high percentage of the informally

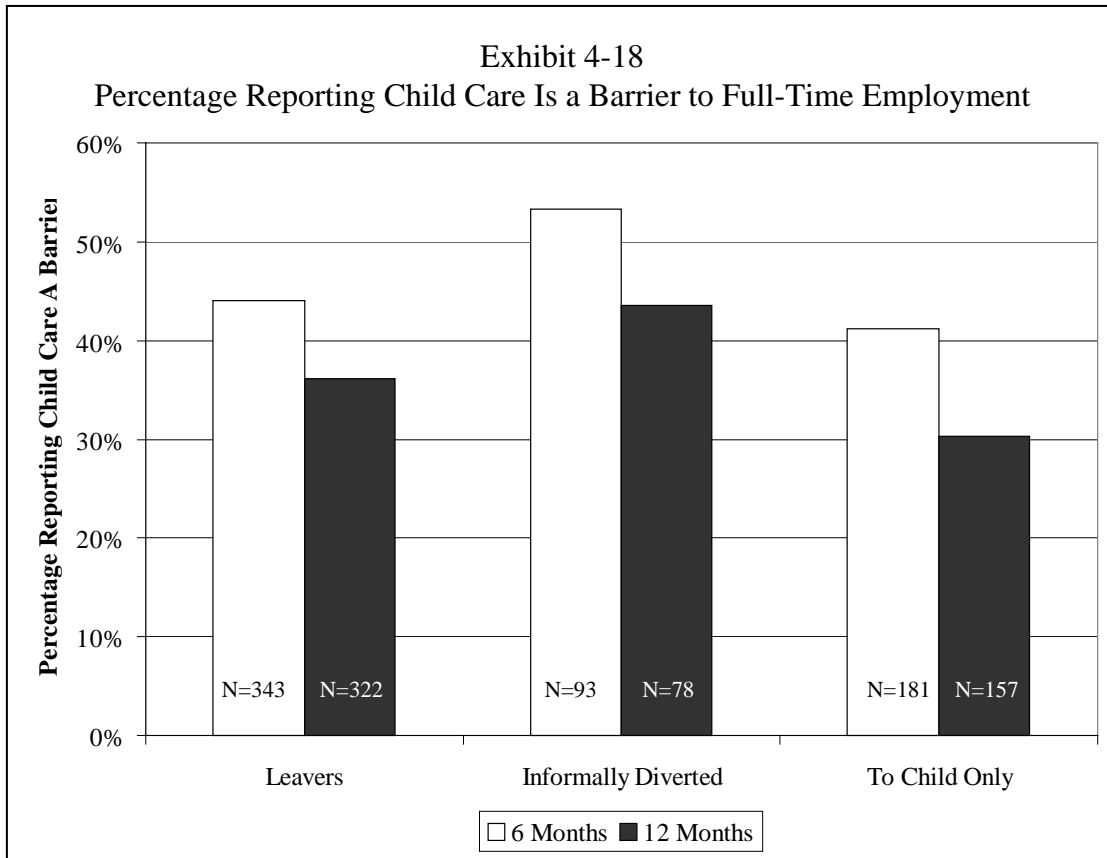


diverted households had earnings six months after denial, with the percentage increasing at the 12-month interview. We can also see a similar pattern for the leaver households.

As Exhibit 4-16 shows, even among the leaver and informally diverted families who were on CalWORKs at the time of the 12-month interview, the percentage of households with earnings was high, particularly for the informally diverted families. For the transition cases that were *not* on aid at the 12-month point, the percentage of households with earnings was also high, but – as we would expect – the percentage was much lower for those still on CalWORKs.

As shown in Exhibit 4-17, the median level of household earned income (for those with earnings) increased for all three groups, with a particularly significant increase for the informally diverted households. As we saw in Exhibit 4-13, there was a slight shift from part-time to full-time work among the informally diverted respondents, but at the same time the average wage





declined slightly for these respondents (see Exhibit 4-14). Taken together, these results imply that the increase in average household earnings among the informally diverted is due to increases in the earnings of other adults in the household.

4.4 Barriers to Employment

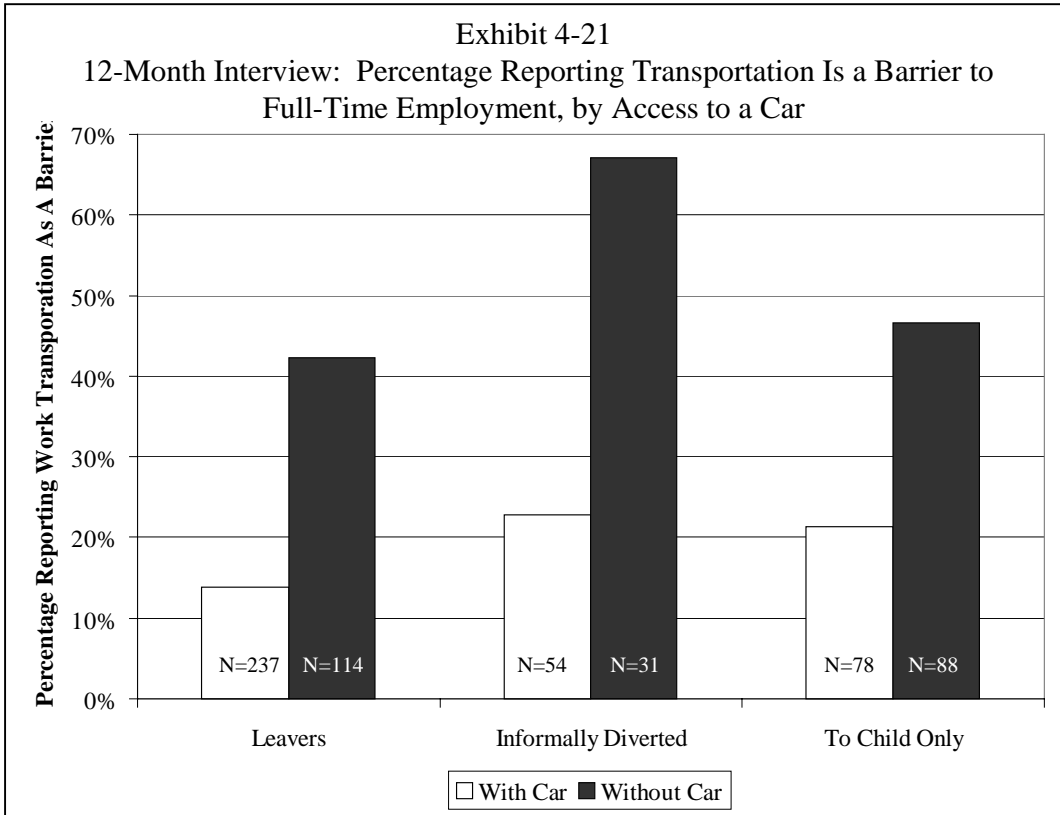
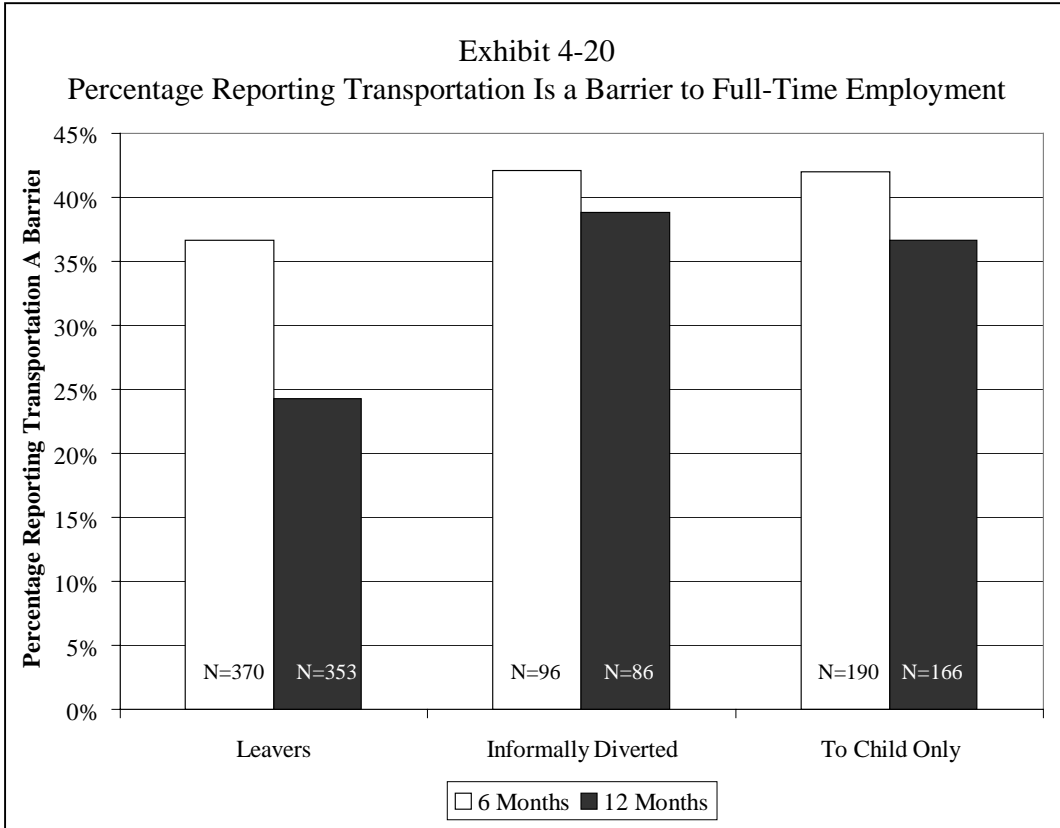
We next examine the extent to which child care, transportation, and loss of public assistance benefits are viewed by respondents as barriers to full-time employment. As Exhibit 4-18 shows, a significant but decreasing proportion of respondents in all three survey groups identified child care as a problem. The problem was most significant among the informally diverted families. Exhibit 4-19 shows the relationship between the respondent's current work activity (at the 12-month interview) and the identification of child care as a barrier to full-time employment. For the leavers and transition cases, the problem was most evident among part-

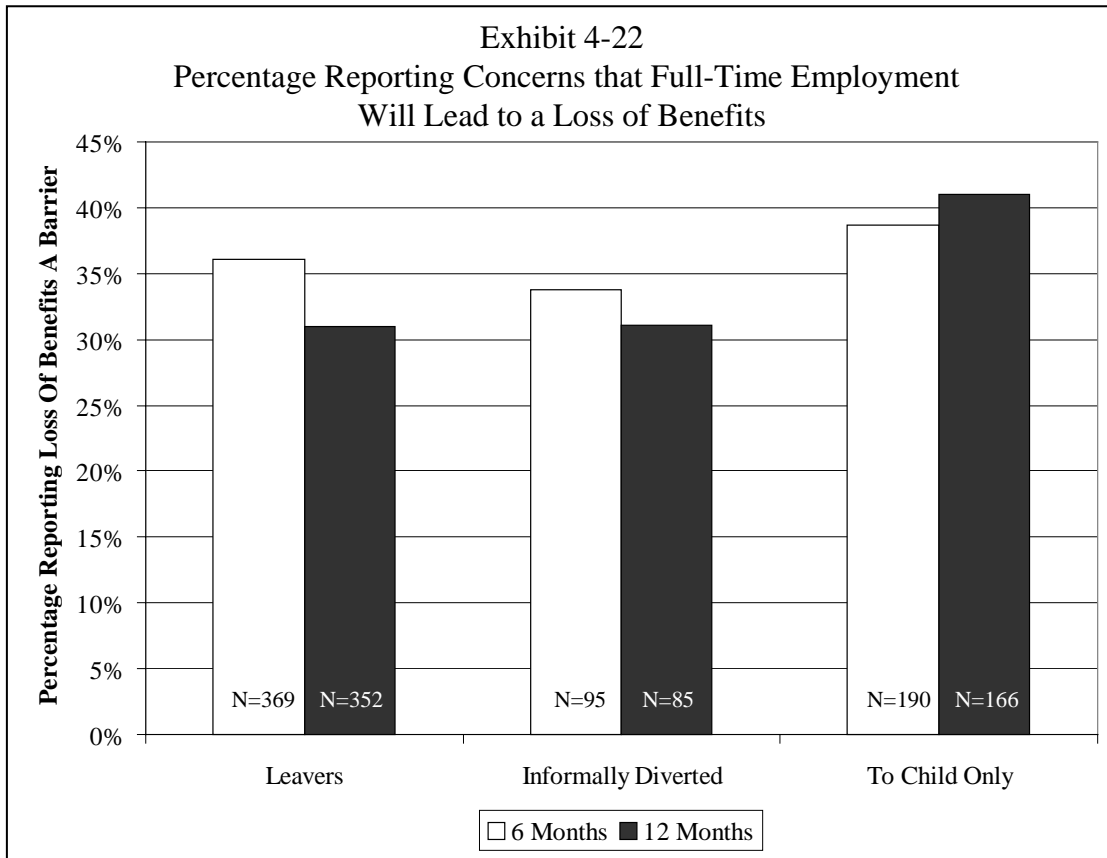
Exhibit 4-19	
Percentage of Respondents Reporting that Child Care Creates a Problem for Full-Time Work at 12 Months, by Current Employment Status	
Frequency (%) Tabulations	
Leavers	
• Not Currently Working	43%
• Currently Part-time	61%
• Currently Full-time	26%
N=	322
Informally Diverted	
• Not Currently Working	67%
• Currently Part-time	38%
• Currently Full-time	21%
N=	78
To Child Only	
• Not Currently Working	30%
• Currently Part-time	60%
• Currently Full-time	20%
N=	157

time workers, whereas for the informally diverted it was most evident among those not working. The differences that we see between the informally diverted and the other two survey groups may be related to the differences in the availability of subsidized child care between families on, or formerly on, CalWORKs and families that have never been on CalWORKs. For the latter group, state-subsidized child care is less readily available.¹⁵

Similar to the pattern observed for child care, Exhibit 4-20 shows that many respondents identified transportation as a barrier to full-time employment, with the trend in the direction of improvement. Exhibit 4-21 shows that access to a car is a key factor in whether a respondent sees transportation as a barrier to full-time employment, particularly for leavers and the informally diverted. For example, among the informally diverted respondents, 80 percent of

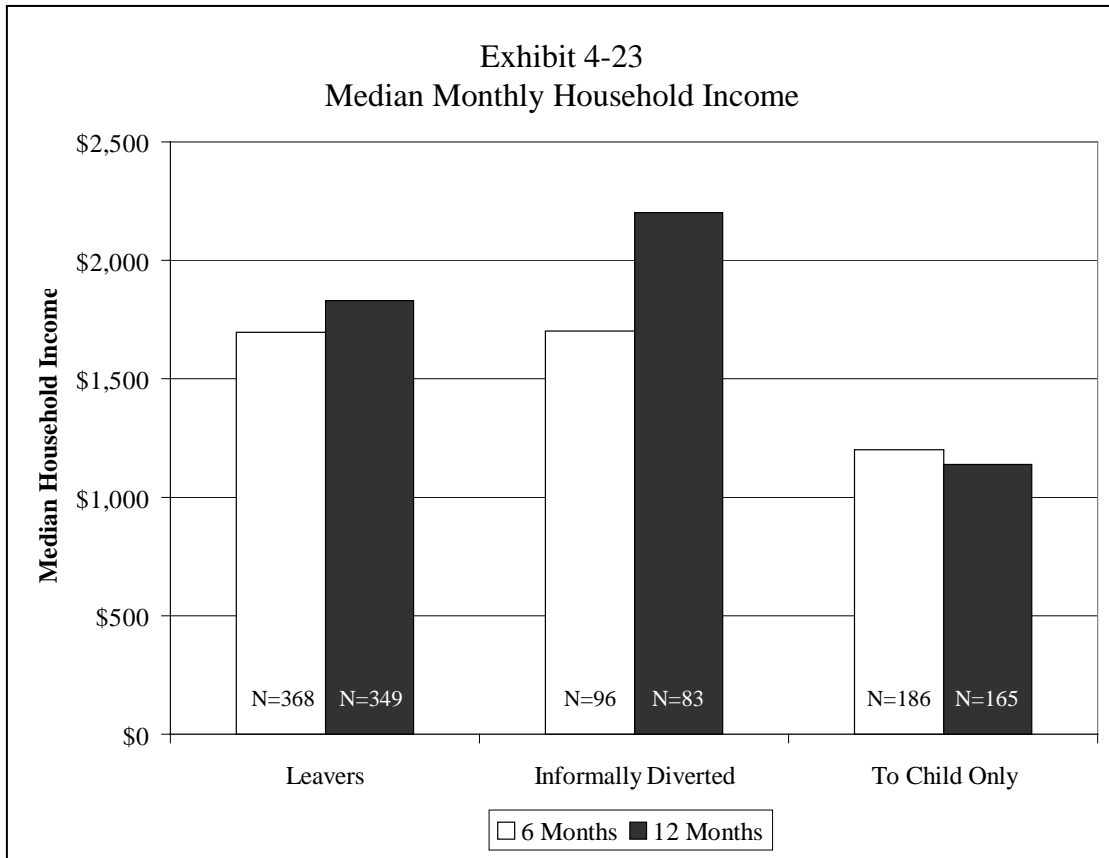
¹⁵ For background on this issue, see “Child Care for CalWORKs Families and the Working Poor,” *Analysis of the 2000-01 Budget Bill*, p. C-32, Legislative Analyst’s Office, State of California, February 2000.





those who had access to a car indicated that transportation was not a problem, whereas 75 percent of those who did not have access to a car identified transportation as a significant barrier. We also found, as we would expect, that respondents on CalWORKs at the 12-month interview were more likely to identify transportation as a barrier to employment than were the respondents not on aid at that time.

Exhibit 4-22 shows that the loss of public assistance benefits (due to potential increases in earnings) was also viewed by a significant number of respondents as a barrier to full-time employment. The proportion dropped somewhat for the leavers and the informally diverted families at the 12-month interview, but increased slightly for the transition cases. Given that the informally diverted families were, by definition, not on aid at the time of denial, it is surprising that the proportion of informally diverted respondents who identified the loss of benefits as a



problem is about the same as the leavers. This may be associated with CalWORKs “recidivism” among the informally diverted families or a previous stay on welfare.

4.5 Income and Economic Security

Exhibit 4-23 shows the median level of total household income for the three survey groups. As we would expect, household incomes for the leavers and informally diverted are much higher than the transition cases. The median for leavers was about the same as the informally diverted households at the six-month interview. For both groups, household income increased at the 12-month interview, but the increase was much more significant for the informally diverted group.

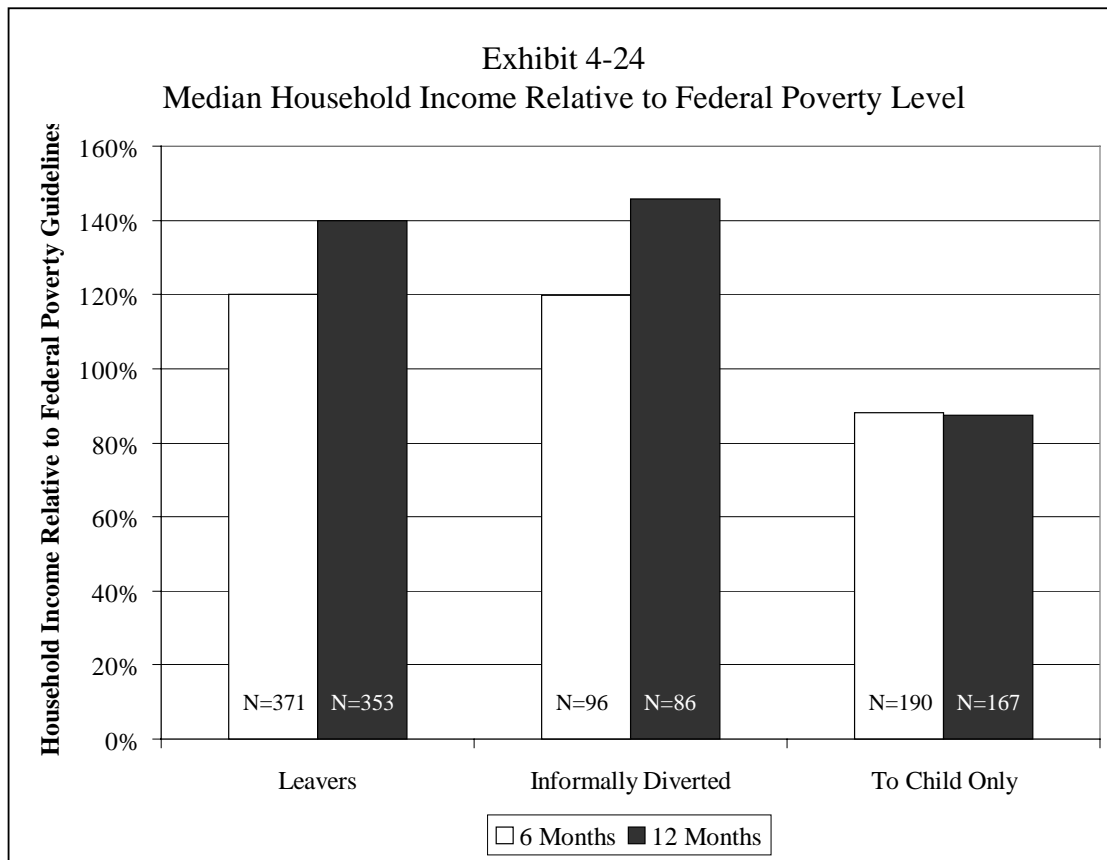


Exhibit 4-24 shows household income in relation to the federal poverty guidelines, which take into account family size.¹⁶ We can see that the median incomes of the leavers and the informally diverted families were above the poverty line, whereas the transition families (most of whom were sanctioned and remained on CalWORKs) were, on average, below the poverty level. Both the leaver and informally diverted groups increased their incomes significantly relative to the poverty line, from the first to the second interview. At the time of the second interview period, the leavers' incomes were, on average, 140 percent of poverty, and the informally diverted families' incomes were 146 percent of poverty.¹⁷

¹⁶ Expressed in terms of average monthly income, the 2000 federal poverty guideline for a three-person household was \$1,180. The guideline increased by approximately \$240 per month for each additional household member.

¹⁷ Income sources include earnings, CalWORKs and General Assistance grants, Food Stamps, Women, Infants, and Children (WIC) Program vouchers, Refugee Assistance program payments, SSI/SSP grants, Social Security benefits, Unemployment Insurance benefits, foster care grants, Workers' Compensation benefits, child support payments, and money from other sources. We note that these calculations do not include the value of housing

Exhibit 4-25		
Household Income Relative to Federal Poverty Level		
Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Less Than 70%	18%	12%
• 71 to 100%	18%	16%
• 101 to 130%	18%	17%
• 131 to 185%	20%	25%
• 186 to 250%	13%	17%
• More than 250%	13%	12%
N=	371	353
Informally Diverted		
• Less Than 70%	19%	20%
• 71 to 100%	20%	10%
• 101 to 130%	19%	13%
• 131 to 185%	16%	25%
• 186 to 250%	16%	14%
• More than 250%	11%	17%
N=	96	86
To Child Only		
• Less Than 70%	37%	33%
• 71 to 100%	22%	25%
• 101 to 130%	17%	18%
• 131 to 185%	15%	13%
• 186 to 250%	5%	5%
• More than 250%	5%	7%
N=	189	167

Exhibit 4-25 provides a more detailed look at household income relative to poverty, by showing the distribution of families. Focusing our attention on the “very poor” – those families whose household incomes were less than 70 percent of the poverty level – we see some improvement over time among the leavers (18 percent of the households at the six-month interview, moving to 12 percent at the next interview period), in contrast to the informally diverted where the proportion of families remained about the same.

assistance, the Earned Income Tax Credit, and child care subsidies. If these income sources were included, average household income levels would be substantially higher.

Thus, it is important to bear in mind that even though the *median* income relative to poverty increased significantly for both of these groups of families to a point well above the poverty line, 12 percent of the leavers and, more significantly, 20 percent of the informally diverted households had incomes less than 70 percent of the poverty line at the 12-month interview. As expected, we find that a higher percentage of the transition cases were below 70 percent of poverty – 37 percent at the first interview and 33 percent at the second stage.

We might expect that most of these “very poor” families would be on CalWORKs at this point in time. As Exhibit 4-26 shows, however, 70 percent of the very poor leaver families and 75 percent of the very poor informally diverted families were *not* on CalWORKs at the time of the 12-month interview. Only among the transition cases do we see a high percentage of these families on CalWORKs.

We explored in more detail the question of why some leaver families who appeared to be eligible for CalWORKs at the time of the 12-month interview chose to remain off aid, whereas other families chose to go back on aid. To do this, we compared two groups of leaver families: those households that were not on CalWORKs at the 12-month interview but which were below the poverty line (and therefore probably eligible for CalWORKs), and those that were on CalWORKs (the recidivist families). In comparing the two groups, we looked at several measures related to earnings, employment, and family well-being. Exhibit 4-27 summarizes these comparisons.

Before turning to the data in the exhibit, we first note that the two groups differ somewhat in their racial/ethnic identifications: the non-recidivist group had a higher proportion of Latino/Hispanic respondents (20 percent versus 15 percent) and a lower proportion of African-American respondents (45 percent versus 58 percent).

Exhibit 4-26
CalWORKs Receipt at 12 Months
By Household Income Relative to Federal Poverty Level
Frequency (%) Tabulations

Income Relative to FPL	Receives CalWORKs
Leavers	
• Less Than 70%	30%
• 71 to 100%	23%
• 101 to 130%	28%
• 131 to 185%	27%
• 186 to 250%	13%
• More than 250%	11%
N=	353
Informally Diverted	
• Less Than 70%	25%
• 71 to 100%	60%
• 101 to 130%	33%
• 131 to 185%	7%
• 186 to 250%	17%
• More than 250%	33%
N=	86
To Child Only	
• Less Than 70%	81%
• 71 to 100%	83%
• 101 to 130%	62%
• 131 to 185%	59%
• 186 to 250%	28%
• More than 250%	18%
N=	167

Beginning with the employment and earnings data in the exhibit, we see that the two groups are almost identical with respect to whether the household had earnings – two-thirds of the households had earnings and one-third did not. Of those households with earnings, the recidivists had a significantly higher median level of earnings – \$1,400 compared to \$800 for the non-recidivist households. Exhibit 4-27, however, also shows that a smaller proportion of the recidivist *respondents* were working full time and a larger proportion of these respondents were

Exhibit 4-27		
Comparing Recidivist Leavers with Non-Recidivist Low-Income Leavers Selected Circumstances at 12-Month Interview		
	Recidivists	Non-Recidivists Below Poverty
Households with Earnings	66%	67%
Median HH Earnings	\$1400	\$800
Respondent's Work Activity:		
• Full-time	25%	40%
• Part-time	20%	16%
• Not Working	55%	43%
Barriers to FT Employment:		
• Childcare	47%	32%
• Transportation	38%	25%
Domestic Violence:		
• Physical Violence	12%	6%
• Other Abuse	19%	15%
Illegal Drug Use/Abuse:		
• HH Substance Abuse	10%	8%
• Respondent Uses Weekly	8%	3%
Binge Drinking:		
• Weekly	10%	9%
• Monthly	23%	10%
Depressed 3+ Days Weekly	39%	35%

not working. This suggests that employment of other (non-respondent) members of the recidivist households was responsible for the higher level of household median income.

In summary, we find that a significant number of the leaver families not on aid have no or relatively small amounts of earnings, and the differences in employment and earnings data do not offer any obvious explanations as to why some of these leavers have chosen to remain off of CalWORKs while others have returned to aid.

Exhibit 4-27 also shows how many in each of the two groups report that obtaining child care and transportation are barriers to full-time employment, and shows that the respondents not on aid were less likely to see these as barriers than were the respondents who had returned to CalWORKs. Finally, the table summarizes the comparisons with respect to reported domestic violence (physical and other forms of abuse), substance abuse, frequency of illegal drug use, “binge” drinking, and depression. Again, we see a common pattern: in each case, the respondents not on aid were less likely to have experienced these problems (although the differences were small with respect to substance abuse). It is possible that these differences between the two groups in measures of family well-being help to explain why one set of families has, in spite of their low incomes, remained off of aid. In other words, problems related to these issues may play some independent role in a family’s decision to return to the CalWORKs Program.

4.6 Health Insurance Coverage

Exhibit 4-28 shows whether the survey respondent had health insurance, and also shows the type of coverage. The proportion of respondents with coverage increased slightly for the leavers but decreased slightly for the informally diverted. At the time of the second interview, about one-fourth of the respondents in both groups did not have any health insurance coverage. Only about 15 percent of the transition cases had no coverage, primarily because most of these recipients were still receiving CalWORKs and therefore categorically eligible for Medi-Cal.

Exhibit 4-29 shows the percentage of uninsured respondents (at the 12-month interview) by grouping them according to their household incomes in relation to the federal poverty level. Focusing on the “very poor” families (less than 70 percent of the poverty level), we can see that a significant number of respondents did not have insurance (about 30 percent of the leavers and

Exhibit 4-28		
Respondent's Health Insurance Coverage by Type		
Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Not Insured	22%	25%
• Medi-Cal	55%	41%
• Medicare	0%	1%
• Private	23%	33%
N=	371	352
Informally Diverted		
• Not Insured	30%	25%
• Medi-Cal	41%	40%
• Medicare	2%	2%
• Private	28%	33%
N=	95	86
Transition to Child Only		
• Not Insured	15%	16%
• Medi-Cal	80%	72%
• Medicare	0%	0%
• Private	5%	12%
N=	188	166

the informally diverted), even though we would expect almost all of them to be eligible for Medi-Cal. With respect to the leavers, it is possible that many of these respondents – and other respondents with higher incomes who reported not having insurance – continued to be enrolled in Medi-Cal as “Edwards Hold” cases but were not aware of this. The *Edwards v. Kizer* court decision granted continuing Medi-Cal eligibility to families leaving AFDC/CalWORKs until completion of a formal redetermination of each family’s eligibility status by the county. Subsequent to the implementation of new Medicaid eligibility rules in 1998, many of the large counties in California – including Alameda County – developed significant backlogs of continuing eligibility cases (referred to as “Edwards Hold” cases), where Medi-Cal eligibility

Exhibit 4-29	
Percentage of Uninsured Respondents	
By Poverty Status at 12 Months	
Frequency (%) Tabulations	
Leavers	
• Less Than 70%	34%
• 71 to 100%	13%
• 101 to 130%	27%
• 131 to 185%	26%
• 186 to 250%	29%
• More than 250%	21%
N=	352
Informally Diverted	
• Less Than 70%	30%
• 71 to 100%	13%
• 101 to 130%	28%
• 131 to 185%	36%
• 186 to 250%	17%
• More than 250%	15%
N=	86
To Child Only	
• Less Than 70%	22%
• 71 to 100%	10%
• 101 to 130%	16%
• 131 to 185%	21%
• 186 to 250%	0%
• More than 250%	7%
N=	166

was automatically continued pending a redetermination. We will discuss this issue further later in this section when we examine administrative data measures of Medi-Cal enrollment.

Exhibit 4-30 summarizes the data with respect to health insurance for the respondent's children. Coverage for children was more prevalent than for the respondent. At the time of the second interview, only 12-14 percent in each survey group lacked health insurance coverage. All groups showed an increase in private health insurance coverage and a decrease in Medi-Cal coverage between the first and second interview period. The percentage of children lacking

Exhibit 4-30		
Children's Health Insurance Coverage by Type		
Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Uninsured	11%	14%
• Private/Other Gov't	26%	37%
• Medi-Cal	63%	49%
N=	371	353
Informally Diverted		
• Uninsured	21%	14%
• Private/Other Gov't	28%	39%
• Medi-Cal	51%	47%
N=	96	86
To Child Only		
• Uninsured	4%	12%
• Private/Other Gov't	7%	12%
• Medi-Cal	90%	76%
N=	190	167

coverage increased slightly among leavers and more substantially among transition to child only cases, but declined among children in informally diverted households.

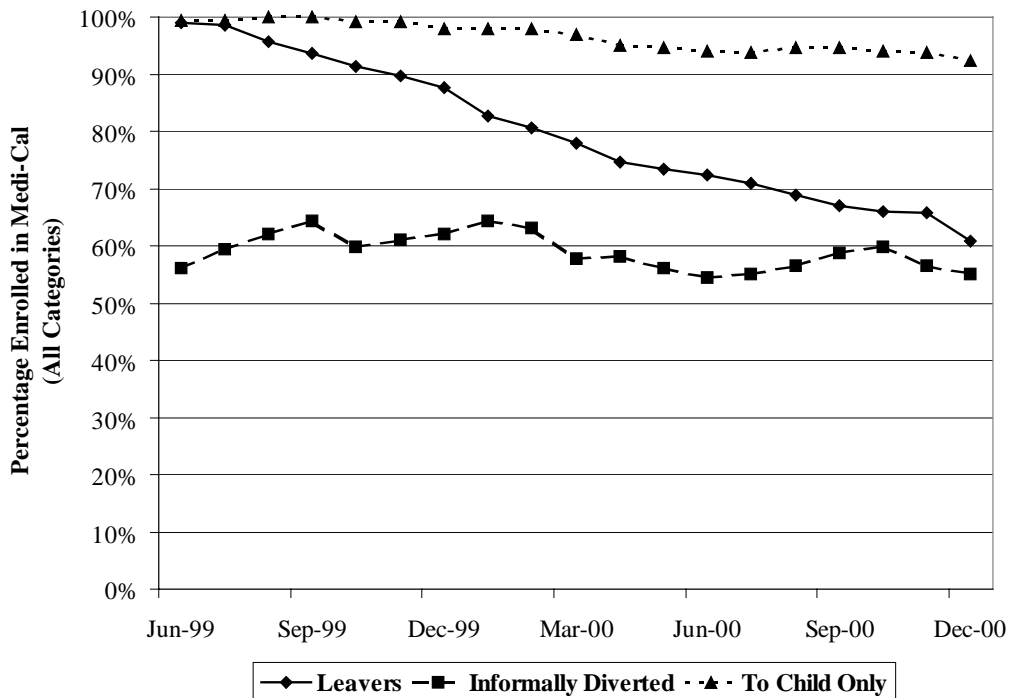
Exhibit 4-31 shows whether, among the respondents who were working, the employer offered health insurance coverage. Roughly half of the employers offered insurance, with the proportion increasing somewhat between the first and second interviews. This trend is consistent with the trend toward higher rates of private health insurance coverage for both respondents (Exhibit 4-28) and their children (Exhibit 4-30).

The next three exhibits use administrative data (rather than survey data) to measure Medi-Cal enrollment. Exhibit 4-32 reports the percentage of each subgroup with at least one "household" member (i.e., exiting or informally diverted assistance unit member) enrolled in Medi-Cal, as measured in the two counties' administrative information systems and statewide

Exhibit 4-31
Type of Health Insurance Coverage Offered by Respondent's Employer
Frequency (%) Tabulations

	6 Months	12 Months
Leavers		
• None Offered	51%	42%
• Self Only	4%	5%
• Family Coverage	46%	53%
N=	285	245
Informally Diverted		
• None Offered	59%	54%
• Self Only	3%	4%
• Family Coverage	38%	42%
N=	58	47
Transition to Child Only		
• None Offered	63%	51%
• Self Only	7%	6%
• Family Coverage	30%	43%
N=	84	60

Exhibit 4-32
Administrative Data: Percentage of "Households" with at Least One Member
Enrolled in Medi-Cal (All Coverage Categories)



MEDS data.¹⁸ The exhibit indicates a somewhat higher rate of Medi-Cal enrollment for leavers and transition to child-only cases than is reported in the survey data. For example, 67 percent of leaver respondents reported that they or at least one child in their household were covered by Medi-Cal at the 6-month interview, with this percentage declining to 53 percent at the second interview. By contrast, in the administrative data, 73 percent of the leaver group had at least one member of the exiting assistance unit enrolled in Medi-Cal in the first interview period, with 67 percent enrolled in the second interview period.

For the informally diverted, survey and administrative data yield much closer measures of Medi-Cal enrollment. Fifty-four percent of informally diverted survey respondents report Medi-Cal coverage for themselves or at least one child in their household in the first interview period, rising slightly to 56 percent in the second interview period. In both time periods the administrative data indicate that 58 percent of the informally diverted group had at least one member of the exiting assistance unit enrolled in Medi-Cal.

One factor that helps to account for the difference between leavers and the informally diverted in the size of the discrepancy between survey and administrative measures of Medi-Cal enrollment is the use of the “Edwards Hold”. To explore this issue further, Exhibit 4-33 reports the rate of enrollment in non-assistance Medi-Cal *excluding the Edwards coverage category*, while Exhibit 4-34 reports the rate of enrollment in Edwards coverage. The two exhibits show that for leaver and transition to child-only households, non-assistance Medi-Cal coverage is dominated by the automatic Edwards category. Even in late 2000, more leavers are covered under the Edwards category than under all other non-assistance categories combined. By contrast, most informally diverted households covered by non-assistance Medi-Cal are not

¹⁸ Specifically, this figure reports the percentage of the leaver, informally diverted, or transition-to-child-only groups that have at least one member of the “base month” assistance unit enrolled in Medi-Cal. See footnote 13 for the definition of the “base month” for each group.

Exhibit 4-33

Administrative Data: Percentage of "Households" with at Least One Member Enrolled in Non-Assistance Medi-Cal (Excluding Edwards Category)

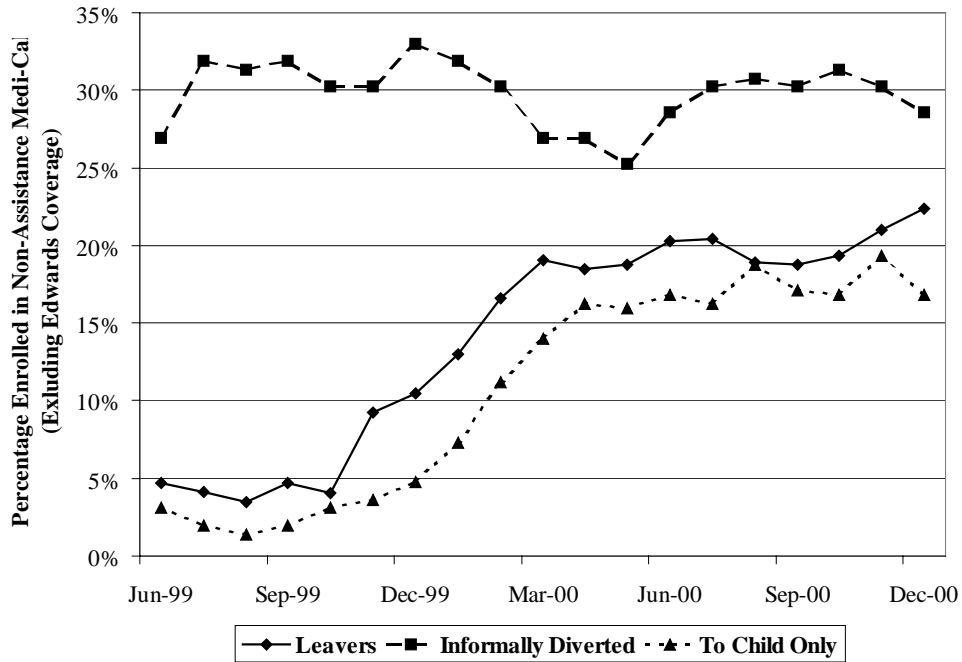


Exhibit 4-34

Administrative Data: Percentage of "Households" with at Least One Member Enrolled in Edwards Medi-Cal Coverage Category

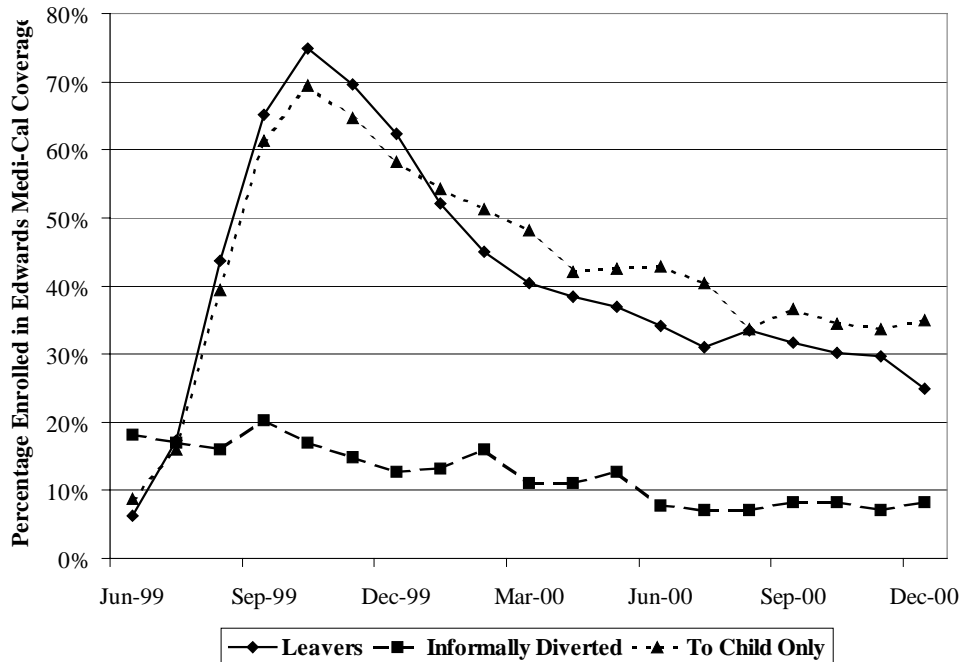


Exhibit 4-35 Housing Outcomes Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Sub-Standard Housing	26%	14%
• Excessive Rent Burden	25%	19%
• Crowding	18%	15%
• Housing Assistance	30%	29%
Informally Diverted		
• Sub-Standard Housing	24%	28%
• Excessive Rent Burden	25%	16%
• Crowding	32%	24%
• Housing Assistance	20%	21%
Transition to Child Only		
• Sub-Standard Housing	30%	19%
• Excessive Rent Burden	33%	27%
• Crowding	19%	18%
• Housing Assistance	45%	40%

in the Edwards category. Cross tabulations of survey and administrative data indicate that respondents enrolled in Edwards coverage in administrative data are more likely to self-report that they are not enrolled in Medi-Cal, when compared to respondents enrolled in other Medi-Cal categories (not presented in a separate exhibit). This probably occurs due to the automatic nature of enrollment in Edwards coverage for persons leaving cash assistance. Thus we conclude that the relative prevalence of Edwards coverage helps to account for the difference between leavers and the informally diverted in the size of the gap between survey and administrative measures of Medi-Cal enrollment. Similarly, the “Edwards Hold” helps to explain why the survey data understate the Medi-Cal take-up rate for the leavers and transition to child-only cases.

4.7 Housing Conditions

Exhibit 4-35 summarizes the responses to questions regarding housing conditions. At the first interview, about one-fourth of the respondents in each survey group reported living in

substandard housing (even though incomes were substantially lower for the transition group).¹⁹ At the second interview, conditions had improved significantly for the leavers and transition cases, but a slightly higher percentage of the informally diverted respondents reported living in substandard housing. Roughly 40 percent of the transition families, 30 percent of the leavers, and 20 percent of the informally diverted families received public housing assistance. We did not find any clear relationship between the receipt of public housing assistance and the perceived quality of housing.

The exhibit also includes another aspect of housing conditions – the proportion of respondents indicating that they lived in crowded housing conditions.²⁰ We can see that the informally diverted families had the highest proportion living in such conditions, but also showed the biggest decline in this proportion at the time of the second interview. As we saw in Exhibit 4-1, the informally diverted families had the highest propensity to live in multi-family or extended family households, although this factor does not explain the change in crowded housing conditions between the first and second interviews.

Finally, Exhibit 4-35 shows the proportion of respondents indicating that their rent was excessive (defined as more than 50 percent of the household's income). About 25 percent of the leaver and informally diverted respondents had excessive rent at the time of the first interview, with the proportion declining at the second interview, particularly for the informally diverted families. The improvement is probably due primarily to the increase in incomes, as we reported above. As might be expected from their lower income levels, a somewhat higher proportion of the transition respondents were paying excessive rent.

¹⁹ 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.

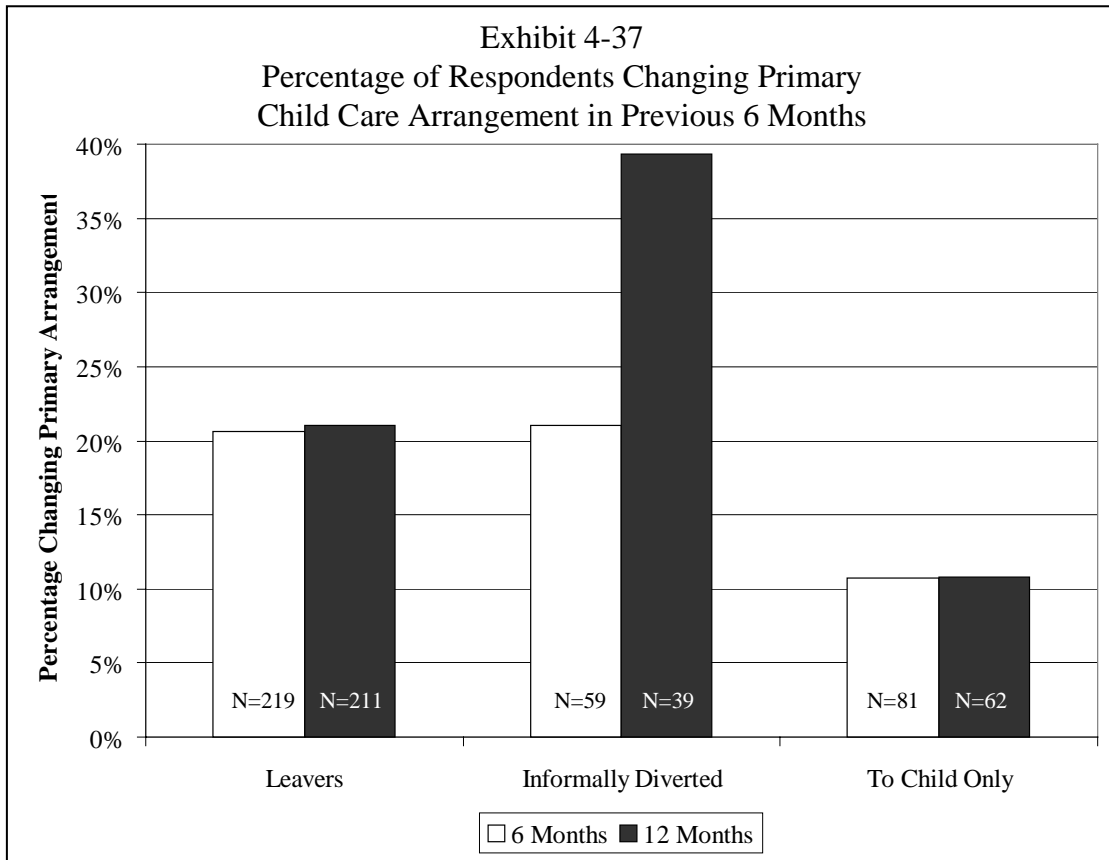
²⁰ Housing conditions are defined as crowded if the ratio of household members to rooms (excluding bathrooms) is greater than one.

Exhibit 4-36 Primary Child Care Arrangement Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• Head Start	5%	3%
• Formal Daycare	22%	21%
• Extended Daycare	12%	9%
• Adult Relative	45%	43%
• Family Daycare	15%	20%
• Non-adult Relative	1%	5%
N=	209	209
Informally Diverted		
• Head Start	4%	0%
• Formal Daycare	15%	19%
• Extended Daycare	3%	7%
• Adult Relative	54%	43%
• Family Daycare	19%	25%
• Non-adult Relative	4%	6%
N=	59	39
Transition to Child Only		
• Head Start	10%	9%
• Formal Daycare	9%	6%
• Extended Daycare	13%	4%
• Adult Relative	52%	53%
• Family Daycare	9%	21%
• Non-adult Relative	7%	6%
N=	76	61

4.8 Child Care

As discussed previously in the section on employment, we found that a significant proportion of respondents indicated that child care was a barrier to obtaining full-time employment. Here we summarize the responses to additional questions regarding child care.

Exhibit 4-36 shows the types of primary child care arrangements used by the three groups of survey respondents. At second interview, we observe very similar patterns of child care



arrangements for leavers and the informally diverted, with adult relatives being the most common providers of care.

Exhibit 4-37 shows whether the respondents with child care arrangements changed their primary providers during the preceding six months. By this measure, the transition families had the most stability in providers. About 20 percent of the leavers and informally diverted families reported changing providers at the first interview, with the percentage of leavers staying the same at the second interview, but increasing to 39 percent for the informally diverted families.

Exhibit 4-38 shows whether the respondents with child care arrangements incurred out-of-pocket expenses for child care. The proportion was smallest for the transition cases, probably because most of these children were in the CalWORKs Program, where they were eligible for subsidized child care. Thirty-two percent of the leavers and informally diverted families with

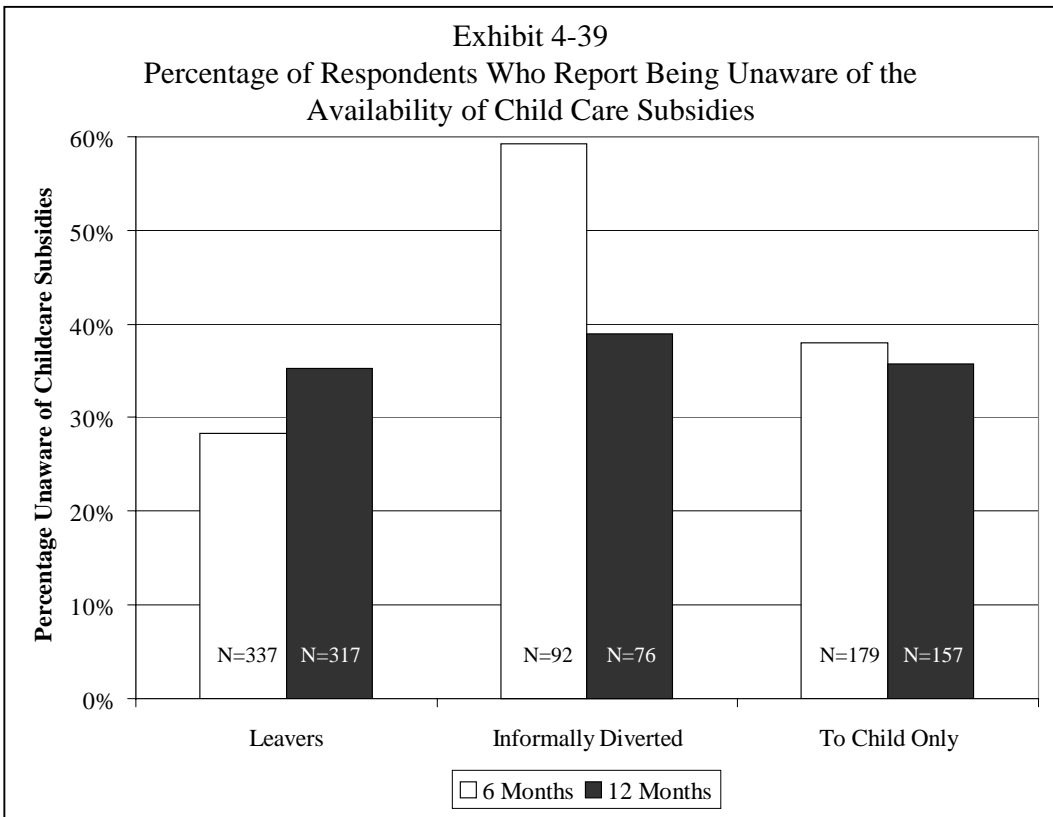
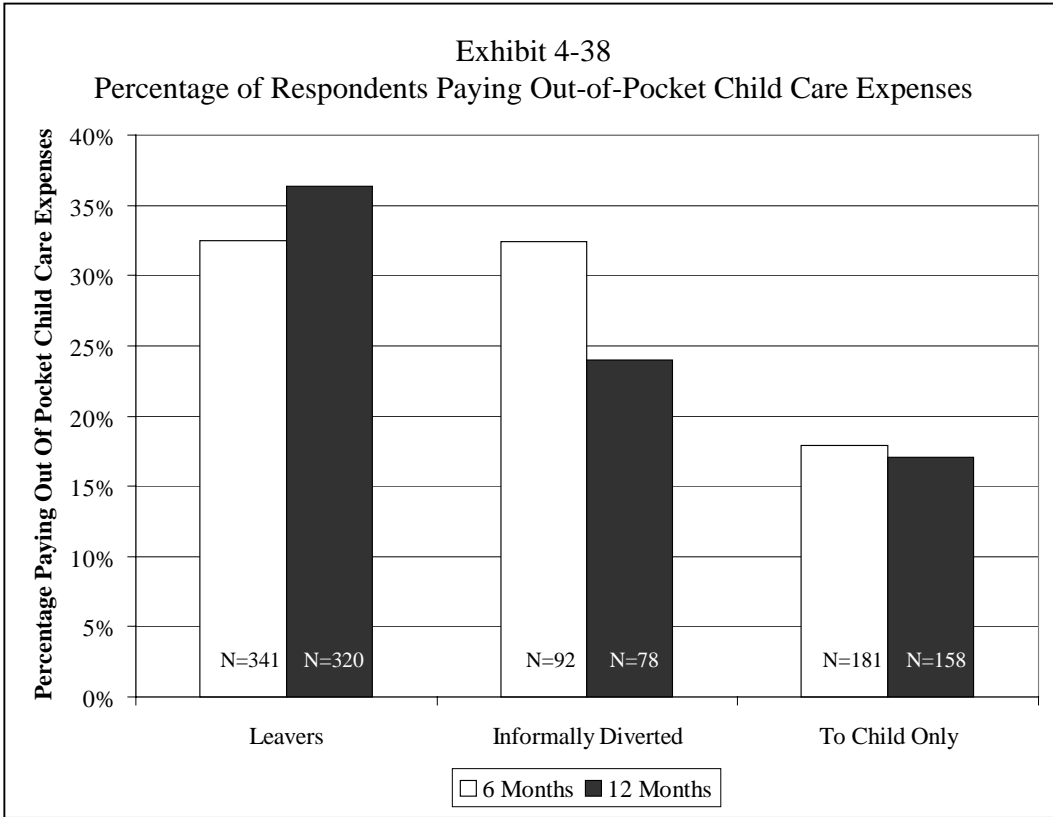
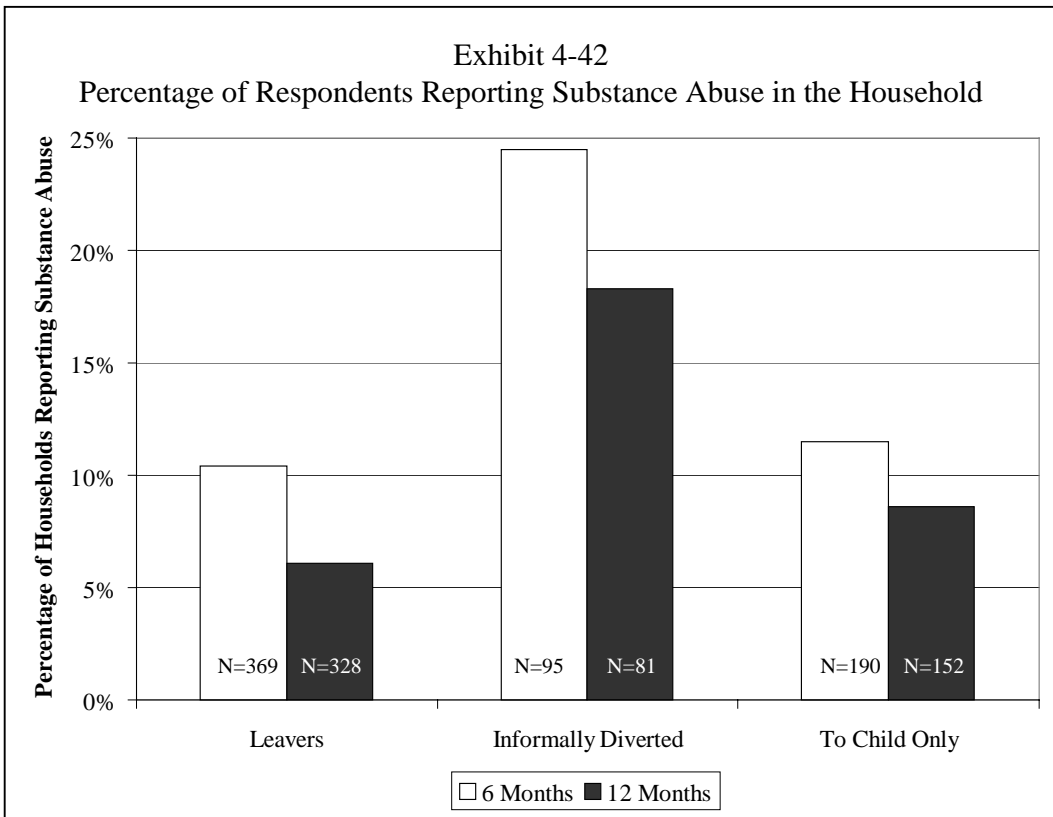
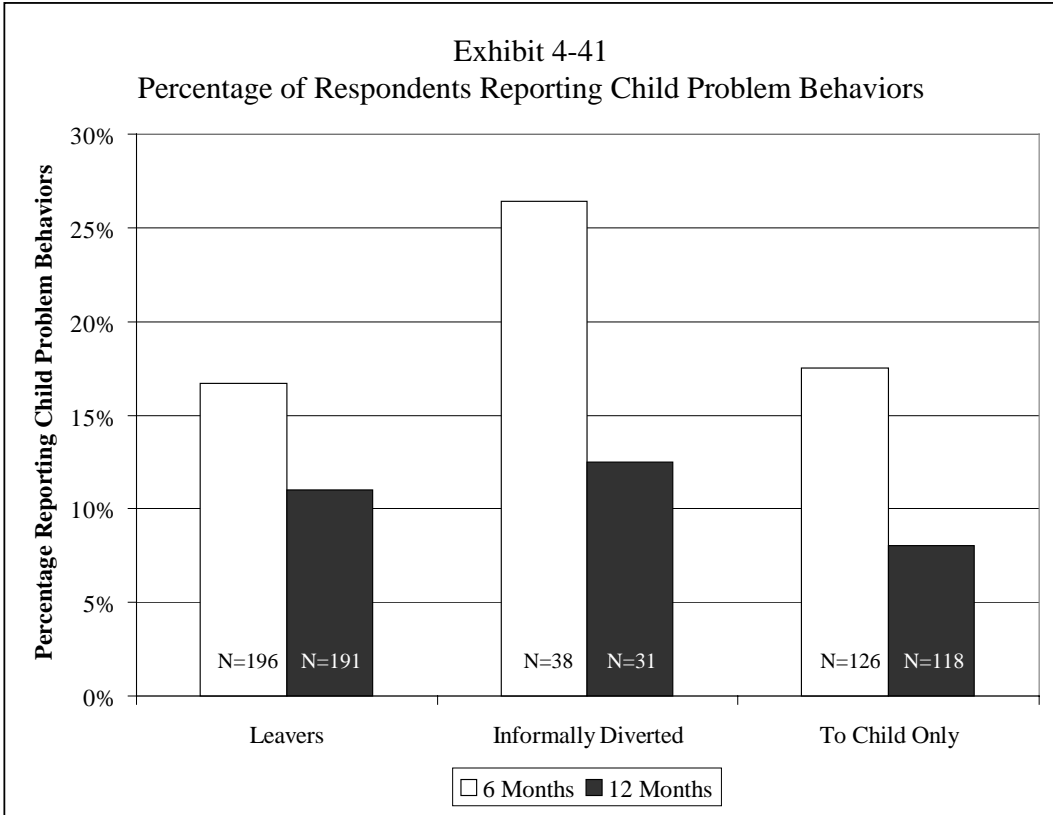


Exhibit 4-40		
Child Age 5-13 Left Unsupervised		
Number of Hours Unsupervised in Prior Month		
Frequency (%) Tabulations		
	6 Months	12 Months
Leavers		
• 0 Hours	89%	83%
• 1-19 Hours	4%	7%
• 20+ Hours	7%	10%
N=	343	320
Informally Diverted		
• 0 Hours	88%	91%
• 1-19 Hours	11%	6%
• 20+ Hours	1%	3%
N=	93	74
To Child Only		
• 0 Hours	81%	77%
• 1-19 Hours	12%	11%
• 20+ Hours	7%	13%
N=	182	153

child care indicated at the first interview that they incurred out-of-pocket expenses, with the percentage increasing at the following interview for the leavers and decreasing for the informally diverted families.

Exhibit 4-39 shows the percentage of respondents who indicated that they were not aware of any government subsidies that would help pay for child care for families that left welfare or to try to help families stay off welfare. Initially, awareness was much lower for the informally diverted families, but awareness increased for this group at the 12-month interview, to the point where there was not much difference among the three survey groups. It is noteworthy that about 30 to 35 percent of the leavers and transition respondents were unaware of such subsidies, even though they are available to CalWORKs families who leave the program.

Exhibit 4-40 shows the extent to which the focal child (ages 5 through 13) in the family was left alone during the preceding month. At the first interview, about 7 percent of the leavers



and transition respondents, and only 1 percent of the informally diverted respondents, reported leaving the child alone more than 20 hours during the month. The percentages increased to 10, 12, and 3 percent, respectively, at the second interview.

4.9 Child and Family Well-Being

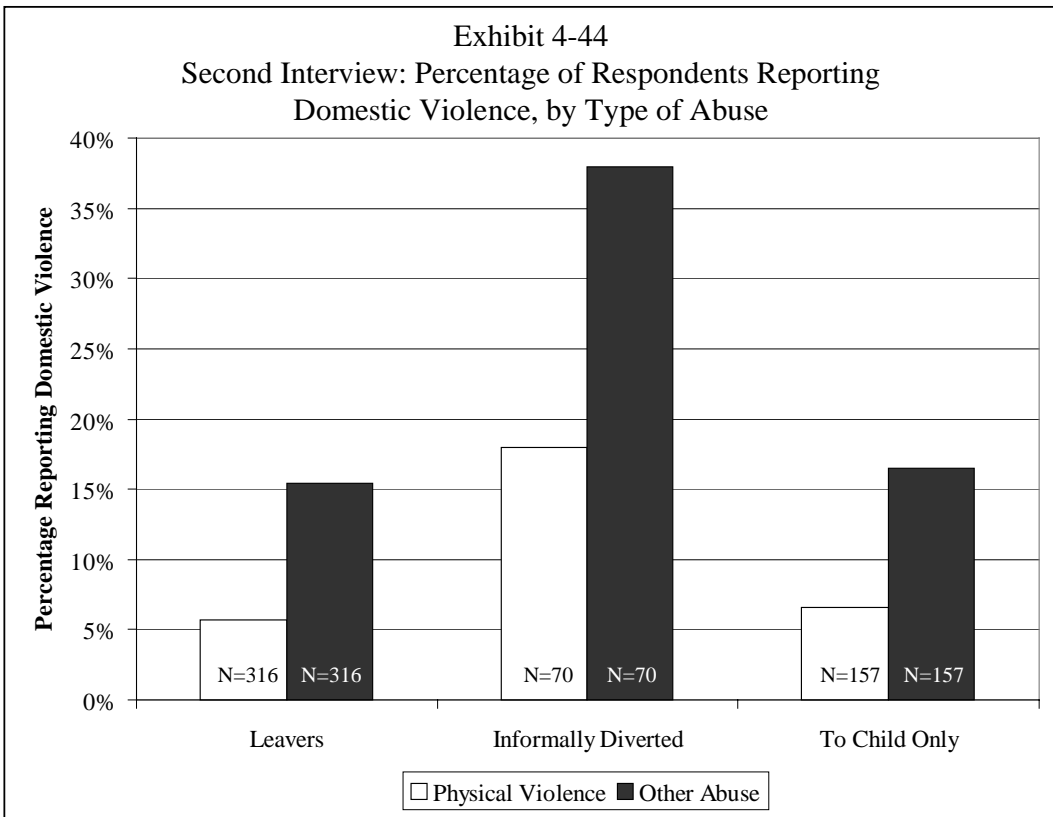
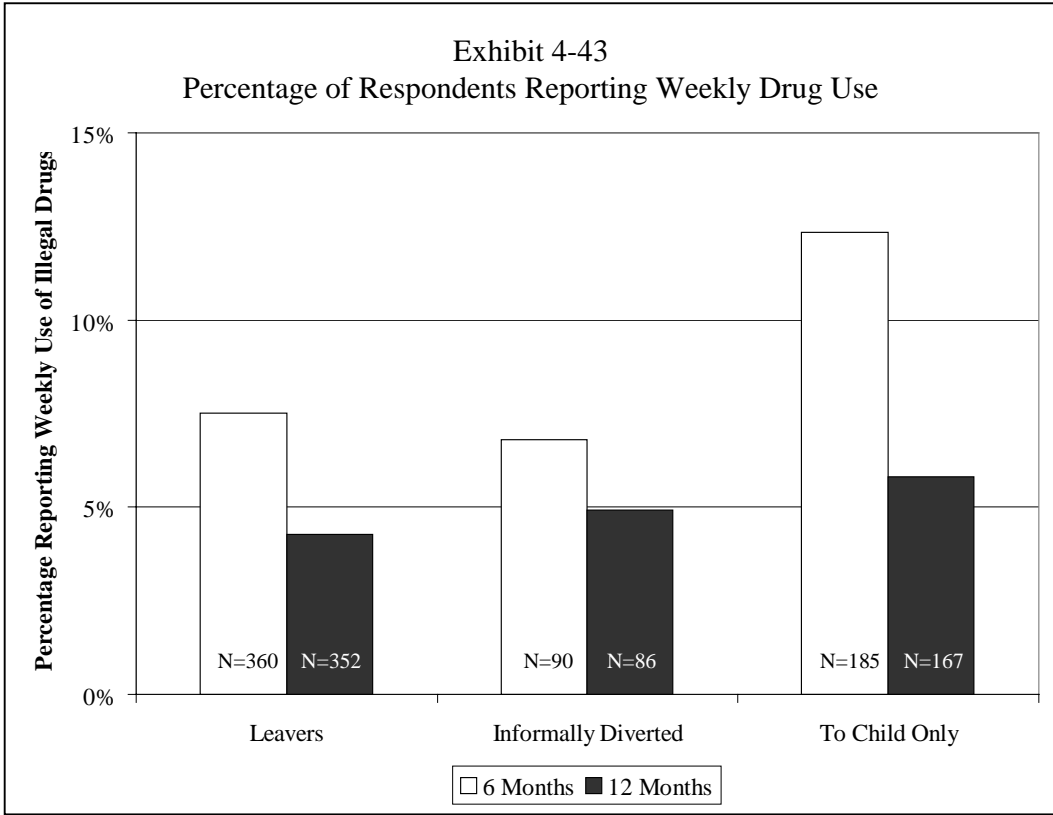
Exhibit 4-41 shows the proportion of respondents reporting that the focal child in the family had engaged in risk behaviors in the preceding six months.²¹ At the first interview, a much higher percentage of the informally diverted families reported such behaviors, compared to the other two groups. Conditions improved at the second interview for all three survey groups, particularly for the informally diverted families.

Exhibit 4-42 shows whether respondents reported that they or any other adults in their household had problems of substance abuse.²² For all three survey groups, the proportion of respondents reporting these problems declined at the 12-month interview. Similarly, Exhibit 4-43 shows declines in the proportion of respondents reporting that they use illegal drugs on a weekly basis.

Exhibit 4-44 shows the proportion of respondents indicating, at the 12-month interview, the presence of domestic violence in their household (comparable data for the 6-month interview are not available). We separated the responses into two categories of domestic violence: physical abuse and other forms of abuse (such as emotional abuse). Similar to the pattern for substance abuse, we can see that the informally diverted respondents reported a much higher incidence of domestic violence.

²¹ Risk behaviors include being suspended or expelled from school, getting into trouble with police, having a problem with alcohol or drugs, doing something illegal to get money, dropping out of school, and getting pregnant or getting someone else pregnant.

²² 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 affirmative response to either of these questions as an indication of substance abuse problems in the household.



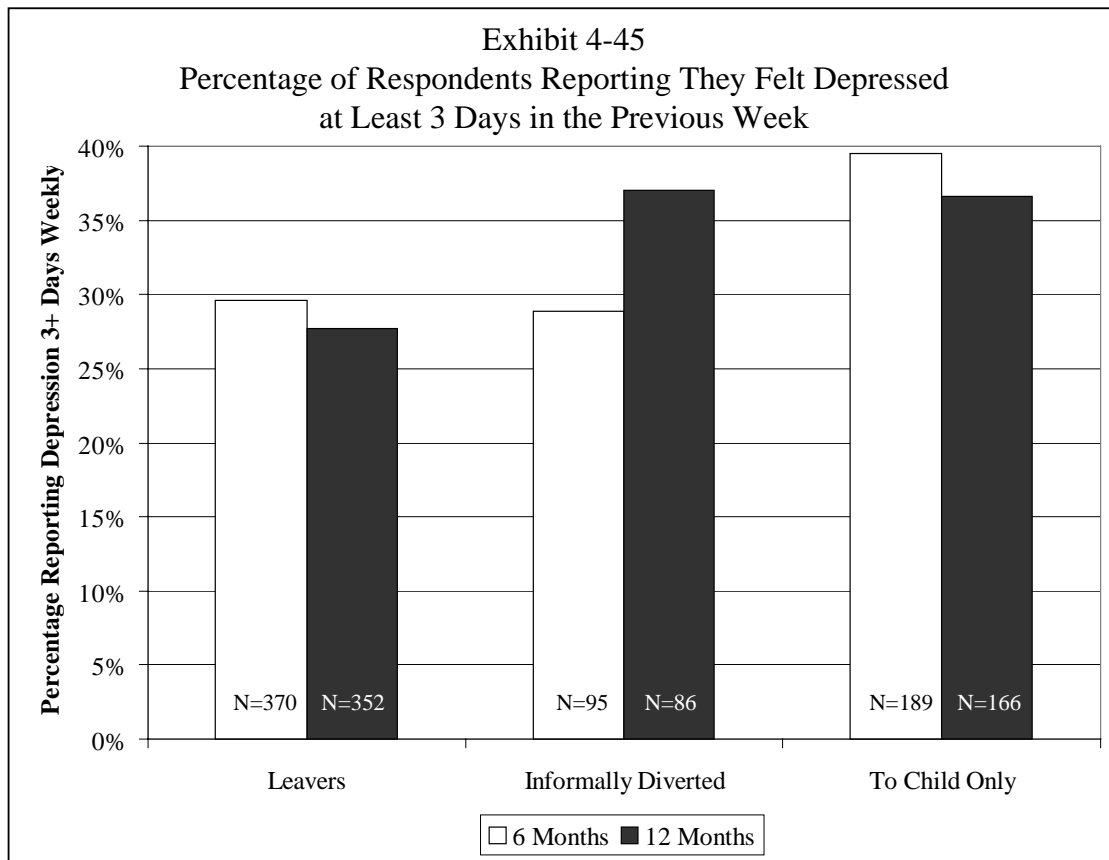


Exhibit 4-45 shows the percentage of respondents indicating that they felt depressed at least three days during the past week. The proportions are relatively high for all groups, particularly for the informally diverted and transition cases.

4.10 Summary

Exhibit 4-46 provides a summary snapshot of whether selected circumstances improved or got worse between the first and second interview, for each of the three survey groups. The exhibit shows a general tendency for circumstances to improve, particularly for the leavers and the informally diverted.

Exhibit 4-47 compares selected circumstances at 12 months for each of the three groups of households, with Exhibit 4-48 providing a snapshot summary of the relative circumstances of leavers and the informally diverted at the 12-month interview. Generally, the leavers appeared to

Exhibit 4-46
Change in Circumstances – First to Second Interview

	Better	About the Same	Worse
Leavers			
CalWORKs Recidivism		✓	
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance	✓		
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing	✓		
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		
Informally Diverted			
CalWORKs “Recidivism”	✓		
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance			✓
Child Health Insurance	✓		
Substandard Housing			✓
Crowded Housing	✓		
Stable Child Care			✓
Child Risk Behaviors	✓		
Substance Abuse	✓		
Transition to Child-Only			
Respondent Employed			✓
Household Has Earnings		✓	
Household Median Earnings	✓		
Income Relative to Poverty		✓	
Respondent Health Insurance		✓	
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing		✓	
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		

Exhibit 4-47
Selected Circumstances at 12 Months

	Leavers	Informally Diverted	Transition to Child Only
Receiving CalWORKs	22%	25%	69%
Respondent Employed	67%	53%	34%
Household Has Earnings	84%	87%	48%
Household Median Earnings (for households with earnings)	\$1,600	\$2,000	\$1,100
Income Relative to Poverty	140%	146%	87%
Respondent Uninsured	25%	25%	16%
Children Uninsured	14%	14%	12%
Substandard Housing	14%	28%	19%
Crowded Housing	15%	24%	18%
Excessive Rent Burden	19%	16%	27%
Stable Child Care	79%	61%	89%
Child Risk Behaviors	11%	12%	8%
Household Substance Abuse	6%	18%	9%
Domestic Violence (Physical)	6%	18%	7%

be faring best, although in the most comprehensive measure of income – household income related to the poverty level – the informally diverted families were faring best at the second interview.

Other noteworthy findings, primarily from the 12-month interviews, include:

- At the 12-month interview, the leavers’ median household income was 140 percent of the federal poverty level, and the informally diverted families’ median income was 146 percent of the poverty level. A high percentage of these households (about 85 percent) had earnings. For the transition cases, the median income was below the poverty line, with most of these families still on CalWORKs. Of the transition households *not* on CalWORKs, a high percentage (about 75 percent) had earnings.

Exhibit 4-48
Comparison of Selected Circumstances at 12 Months
Leavers and Informally Diverted

	Leavers Better	About the Same	Informally Diverted Better
CalWORKs “Recidivism”	✓		
Respondent Employed	✓		
Household Has Earnings		✓	
Household Median Earnings			✓
Income Relative to Poverty			✓
Respondent Health Insurance		✓	
Child Health Insurance		✓	
Substandard Housing	✓		
Crowded Housing	✓		
Excessive Rent Burden			✓
Stable Child Care	✓		
Child Risk Behaviors		✓	
Substance Abuse	✓		
Domestic Violence	✓		

- Obtaining child care was frequently cited as a barrier to full-time employment, particularly among informally diverted households with no earnings.
- In spite of their relatively high *median* incomes (in relation to the poverty level), 12 percent of the leavers and 20 percent of the informally diverted households had incomes below 70 percent of the poverty line, at the time of the 12-month interview. Surprisingly, 70 to 75 percent of these families were *not* on CalWORKs at that time.
- Of those leaver households that were not back on aid at the 12-month interview but which appeared likely to be eligible to return to CalWORKs (incomes below the poverty line), about one-third had no household earnings – almost identical to the proportion of leaver families that did return to CalWORKs. These poor “non-recidivist” leaver respondents were less likely to report problems related to family well-being.

- A significant number of respondents in very poor families indicated that they did not have health insurance coverage, even though we would expect almost all of them to be eligible for Medi-Cal.
- A large proportion of the families eligible for food stamps were not receiving them, although take up improved from first to second interview.
- A significant number of respondents, including those in households with earnings, were not aware of the Earned Income Tax Credit.

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 from or denial of CalWORKs assistance. In other words, how are a family's characteristics at exit (or denial) associated with post-exit (post-denial) 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 five 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 (no earnings in household)
5. No health insurance coverage for respondent or child

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.²³ A positive entry for a particular characteristic indicates that a household with that characteristic is more likely to experience the outcome under consideration. For example, in the examination of crowded housing among leavers (Exhibit 5-1, column 2), households with three or more children are 25 percentage points more likely to experience crowding, relative to households with two or fewer children in the exiting assistance unit. The exhibits also use asterisks to indicate which effects

²³ 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	Lacks Health Coverage	At Least 1 Problem	At Least 2 Problems
Primary Language:							
• Spanish	-9%	39% **	3%	-6%	-12%	7%	22%
• English	Ref. ¹	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Ethnicity:							
• African-American	5%	-1%	-2%	5%	-3%	2%	4%
• Latino/Hispanic	-1%	-2%	9%	1%	10%	1%	5%
• White/Other	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Time on Aid:							
• 0-12	-5%	-4%	-2%	-9% *	12%	1%	-9%
• 13-36	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
• 37-60	1%	-11% **	-7%	-1%	-7%	-7%	-4%
Number of Children:							
• 1-2	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
• 3+	3%	25% **	8%	1%	14% **	16% **	26% **
Administrative Exit Reason:							
• Failed To Provide Info	5%	4%	-5%	-6%	-3%	4%	-1%
• Earnings	-3%	2%	-12% **	-9% *	-5%	1%	-19% **
• Client Request/Non-coop	-3%	-11% *	-12% **	-4%	-6%	-14%	-15% *
• Other	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Earnings in Exit Quarter	-20% **	-6%	-9% *	-18% **	-11% *	-29% **	-25% **

¹Reference category. (Other values shown are relative to this characteristic.)

*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	Lacks Health Coverage	At Least 1 Problem	At Least 2 Problems
Ethnicity:							
• African-American	-5%	9%	-2%	19% **	-18%	-3%	-1%
• Latino/Hispanic	-12%	41% **	-19%	N/A	-8%	8%	-10%
• White/Other	Ref. ¹	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Time on Aid:							
• No Prior Aid Receipt	-13%	-8%	-7%	-9%	1%	-19% *	-11%
• Prior Aid Receipt	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Number of Children:							
• 1-2	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
• 3+	17%	10%	21%*	-6%	-5%	-1%	13%
Administrative Denial Reason:							
• Failed To Comply	20%	-13%	11%	-4%	3%	8%	6%
• Failed To Complete App	11%	-14%	-3%	-6%	-12%	-2%	-15%
• Withdrew Application	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.
Earnings in Exit Quarter	-10%	13%	-8%	-9%	9%	-7%	-12%

¹Reference category. (Other values shown are relative to this characteristic.)

*Statistically significant at the 10% level.

**Statistically significant at the 5% level.

are estimated to be different from zero at standard confidence levels, with one asterisk indicating the 90-percent and two asterisks the 95-percent confidence level.

5.1 Leavers

In our characteristics profile, we included variables measuring the respondent’s primary language, ethnicity, and time on aid in the previous 60 months, the number of children in the exiting assistance unit, the administrative reason for exit, and the presence of earnings by at least one adult in the assistance unit in the quarter containing the exit month.²⁴

CalWORKs Recidivism. Having earnings in the exit quarter is the only statistically significant variable related to recidivism. Specifically, cases with earnings in the exit quarter were 20 percentage points less likely to go back on aid than were leaver families in which no adult had earnings at exit. It is interesting to note that some of the other variables – such as length of time on aid and family size – were not predictors of recidivism.

Income Below Poverty Level. As would be expected, families that left aid because of earnings, and households with earnings at exit, were less likely to be below the poverty level at the 12-month interview. We also found that families leaving aid due to client request or program noncompliance were less likely to be below the poverty level. It is interesting to note that long-term recipients of aid were not more likely to be in poverty.

Crowded Housing. We found, not surprisingly, that respondents with three or more children were much more likely to indicate that they were living in crowded housing conditions. In addition, households in which the primary language is Spanish were much more likely to be living in crowded housing conditions after they leave CalWORKs. This does not appear to be income-related, as we found no strong relationship between income relative to poverty and

²⁴ The omitted “reference” categories were (1) primary language = English, (2) ethnicity = White or Other, (3) time on aid = 13-36 months, (4) number of children = 1 or 2, and (5) reason for exit = Other.

Spanish as the primary language. We also note that while we controlled for whether the household had three or more children, it is still possible that households in which Spanish is the primary language tend to have larger family sizes. Another hypothesis is that these families are more likely to live in multiple or extended family living situations; but we found very little difference in our sample. Finally, we found that respondents who left aid due to client request or program noncompliance were somewhat less likely to live in crowded housing conditions.

Household With No Earnings (Employment). We see the expected relationship between earnings at exit and earnings at the time of the second interview. We also found that leavers who were short-term recipients of aid were more likely to have earnings at the 12-month interview.

Lack of Health Insurance Coverage. Leavers who had earnings at exit were more likely to have health insurance coverage for themselves and their children at the time of the second interview. Families with three or more children were less likely to have coverage for the respondent and all children in the household, compared to families with fewer children.

Families Experiencing At Least One of the Five Problems. We also conducted an analysis to determine whether any characteristics are associated with the likelihood of experiencing at least one of the five problems discussed above. We first note that about two-thirds of leavers experienced at least one of these problems. Only two of our characteristics, however, were found to be significantly related to the likelihood of experiencing one or more problems: Households with earnings at exit were much less likely to have encountered at least one problem at the time of the second interview, and families with three or more children were more likely to have experienced at least one problem.

Families Experiencing At Least Two of the Five Problems. This index permits us to determine whether any characteristics are associated with encountering a broader array of

problems. Here we found four significant variables. Not surprisingly, those leavers who had earnings when they left CalWORKs and, similarly, those who were categorized as leaving the program because of earnings were much less likely to experience at least two of the problems at the time of the second interview. We also found that families with three or more children were much more likely to experience at least two of the problems. Finally, we found that families leaving CalWORKs because of client request or noncompliance were less likely to experience at least two problems.

5.2 Informally Diverted Families

Exhibit 5-2 summarizes the results of our analysis for the informally diverted families. In our characteristics profile, we included variables measuring the respondent's ethnicity and time on aid in the previous 60 months, the number of children in the exiting assistance unit, the administrative reason for denial of cash aid, and the presence of earnings by at least one adult in the assistance unit in the quarter containing the denial month.²⁵ We note that although many estimated effects are relatively large, few are statistically significant at standard confidence levels because of the smaller sample sizes for the informally diverted.

Subsequent Enrollment in CalWORKs. While families who were denied cash aid because they did not comply with the application process and families with three or more children were much more likely to be enrolled in CalWORKs by the time of the second interview, the differences were not statistically significant at the 10 percent threshold.

Income Below Poverty Level. Informally diverted families with three or more children were much more likely to be below the poverty level at the time of the second interview, while

²⁵ The omitted "reference" categories were (1) ethnicity = White or Other, (2) time on aid = at least 1 month, (3) number of children = 1 or 2, and (4) reason for denial = Withdrawal by Applicant.

being of Latino/Hispanic ethnicity is associated with a lower probability of having income below the poverty level.

Crowded Housing. We found that Latino/Hispanic families were much more likely to be living in crowded housing conditions at the time of the second interview. Recall that in our analysis of the leavers, we did not find a relationship between Latino/Hispanic ethnicity and crowded housing conditions, once we controlled for Spanish as the primary language (the most significant variable). We are unable to include Spanish as the primary language in our analysis of the informally diverted group, however, because of the small number of respondents who fell into this category. Thus, it is possible – and we believe likely – that had we been able to include this variable in our analysis of the informally diverted families, the results would have been similar to what we found for the leavers.

Household With No Earnings (Employment). African-American households were more likely to have no earnings at the time of the second interview. We note that this relationship was not statistically significant in the case of the leavers. Because of the small number of informally diverted Latino/Hispanic families in our sample, we were unable to include this characteristic in our analysis of the employment variable.

Lack of Health Insurance Coverage. None of the variables were statistically significant at the 10 percent level; but with this caveat we note that African-American families were more likely to have health coverage.

Families Experiencing At Least One of the Five Problems. We first note that about three-fourths of the informally diverted families had at least one of the five problems at the time of the second interview. Only one of the variables, however, was significant: informally diverted applicants with no history of previous AFDC/CalWORKs receipt were 19 percentage

points less likely to encounter at least one problem than were informally diverted applicants who had been on aid.

Families Experiencing At Least Two of the Five Problems. Although several variables were associated with relatively large estimated relationships (“point estimates”), none was statistically significant at the 10 percent level. With that caveat, we note that families with earnings in the exit quarter, with Latino/Hispanic respondents, with no prior history of aid receipt, and that were denied aid because they failed to complete the application process, were less likely to experience two or more problems. On the other hand, families with three or more children in the exiting assistance unit were more likely to experience two or more problems at the second interview.

5.3 Summary

The indices that reflect encounters with at least one or two of the five problem areas are the best indicators of families that are likely to face problems after exit/denial. The findings suggest that the best predictors of such problems among the leavers are an absence of earnings at exit from the program and having three or more children in the family. These characteristics could be used, for example, in developing a strategy to target post-assistance (also referred to as post-employment) support services for leavers. 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, long-term recipients of aid were *not* more likely to subsequently encounter problems. For the informally diverted applicants, the best predictor of subsequently encountering at least one of the five problems is a history of previous aid. The relationship, however, was not as strong – and not statistically significant – with respect to experiencing two or more problems.

6 CONCLUSION

It is encouraging that, for the most part, circumstances improved among our three groups of families over the course of the study. At the 12-month interview, leavers were doing somewhat better than the informally diverted families, but in both groups of families the median household income was significantly above the poverty line, and a very high percentage of the households had earnings. Nevertheless, 12 percent of the leavers and 20 percent of the informally diverted households were very poor (defined as having incomes below 70 percent of the poverty level). In spite of their low incomes, about three-fourths of these families were not on CalWORKs at that time, and many of the survey respondents in these poor families (about 30 percent of the leavers and informally diverted families) indicated that they did not have health insurance coverage.

The question of why many families in poverty choose not to go on CalWORKs warrants further research. In examining this question for our sample of leavers, we found that those who did not go back on aid were less likely to report problems with child care and transportation as barriers to full-time employment and less likely to report problems related to family well-being, compared to poor families that had returned to aid. This led us to hypothesize that problems related to well-being, or problems that can induce stress in the family, may play some independent role in a family's decision to return to the CalWORKs Program.

From a policy perspective, our findings related to the take-up of public assistance benefits after exit/denial are important. We found that a large proportion of families eligible for Food Stamps were not applying for them, and a significant number of our survey respondents were not even aware of the Earned Income Tax Credit. This points to the need for policies aimed at

providing families on CalWORKs, as well as applicants who are denied assistance, with information about the potential availability of these benefits.

While circumstances generally were improving for the cases that had transitioned to child-only status, their median income at the time of the 12-month interview was below the poverty line. Most of these cases (which were primarily sanctioned families) were still on CalWORKs at that time. We found a positive relationship between family size and the likelihood that these cases remained on CalWORKs. This provides some support for the hypothesis that the relative impact of the CalWORKs sanction – which is proportionately smaller as family size increases – has a behavioral effect on a family’s motivation to get off of aid. In other words, larger families may be more likely to “accept” or tolerate the CalWORKs sanction than would a smaller family, where the elimination of the adult from the assistance unit has a bigger impact relative to the size of the grant. This pattern may also indicate that respondents with more children find it more difficult to participate in program requirements because of issues related to child care.

Our findings clearly suggest that families transitioning to child-only status should represent an area of concern, which is not surprising given that most of them were subject to sanctions under CalWORKs. The finding that a very high proportion of these families had been long-term aid recipients prior to the point of transition could be useful in any efforts to identify CalWORKs families at risk of sanction for purposes of developing preventive policies, such as targeted home visiting programs, that are designed to uncover and address the factors causing non-compliance.

In our work on profiling families likely to face problems after leaving or being denied CalWORKs assistance, we found the best predictors for the leavers are an absence of earnings at

exit and having three or more children. This 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, the best predictor is a history of previous aid (AFDC or CalWORKs). CalWORKs welfare-to-work workers could use this characteristic as a flag 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.