

Illinois Study of Former TANF Clients

Final Report Executive Summary

Prepared by



Institute for Public Affairs
University of Illinois at Springfield

in collaboration with
School of Social Work
University of Illinois at Urbana-Champaign

for



Illinois Department of Human Services

George H. Ryan, Governor
Linda Renee Baker, Secretary
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Executive Report

Overview

In 1998, the Illinois Department of Human Services (IDHS) was awarded a grant from the United States Department of Health and Human Services (DHHS) to conduct research into the status of individuals and families who leave the Illinois Temporary Assistance for Needy Families (TANF) program. Illinois' goal was to respond to the questions:

1. Who is leaving TANF?
2. Why are people leaving TANF?
3. What are the employment experiences of TANF leavers?
4. Who returns to TANF cash assistance and why?
5. What services and supports do TANF leavers use and need?
6. What is the overall well-being of clients after exiting TANF?

These questions are addressed both through administrative data analysis and from interviews with a stratified random sample of TANF leavers. Administrative data were analyzed for all cases that closed from July 1997 to December 1998. A total of over 137,000 unique cases closed during this 18-month period, with some cases closing multiple times during this study period.

The administrative data files contain background characteristics on TANF leavers, as well as information on use of or contact with other service systems both before and after TANF exit. These other service systems include food stamps, Medicaid, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), child care, employment and training programs, programs for substance abuse, and foster care. In addition, employment patterns are examined through the use of Illinois Department of Employment Security (IDES) wage files, which include quarterly earnings reports for individuals.

The survey interviews provide more extensive information about the experiences of 514 persons who left TANF in December 1998, the last of the 18 months in the study period. For example, the survey data provide information on reasons for welfare exit and return, employment experiences and wage rates, medical coverage, child care needs and arrangements, child support, hardships encountered both before and after leaving welfare, measures of subjective well-being, and several other factors. These 514 leavers were interviewed six to eight months after leaving TANF. The sample was stratified between Cook County, which includes the city of Chicago, and the rest of the state, hereafter referred to as downstate. The survey response rate was 51 percent, with the large majority of non-responses due to an inability to locate TANF leavers.

TANF Policy Environment for this Study

Interpreting the findings of this study requires an understanding of the policy environment for TANF cash assistance in Illinois. One year after implementation of state TANF programs, Illinois had the third highest TANF caseload in the country. Like most states, Illinois emphasizes rapid attachment to the labor force through mandatory job searches soon after recipients enter the program. However, Illinois also has been recognized for the extent to which its policies are designed to reward and reinforce TANF participants' work efforts. For example, TANF recipients who combine work with welfare are able to keep most of their TANF benefits, with their grant payments being reduced only \$1 for every \$3 in earned income. Allowing TANF recipients to retain the other \$2 for every \$3 earned is more generous than the earning disregard policies of most other states. Also, unlike most other states, Illinois does not have a time limit for receipt of TANF as long as a recipient is working.

Illinois policy also emphasizes providing support services for those transitioning off TANF. For example, those leaving TANF for work are granted Medicaid coverage for six months, with a renewal available for an additional six months. Also, working leavers with children under 13 years old are eligible for day care assistance, with a sliding scale based on income.

The primary goal of these policies is to support the transition of TANF recipients to personal and financial self-sufficiency. With this policy goal in mind, the following sections highlight major findings related to each of the six questions the study addresses.

Who Is Leaving TANF?

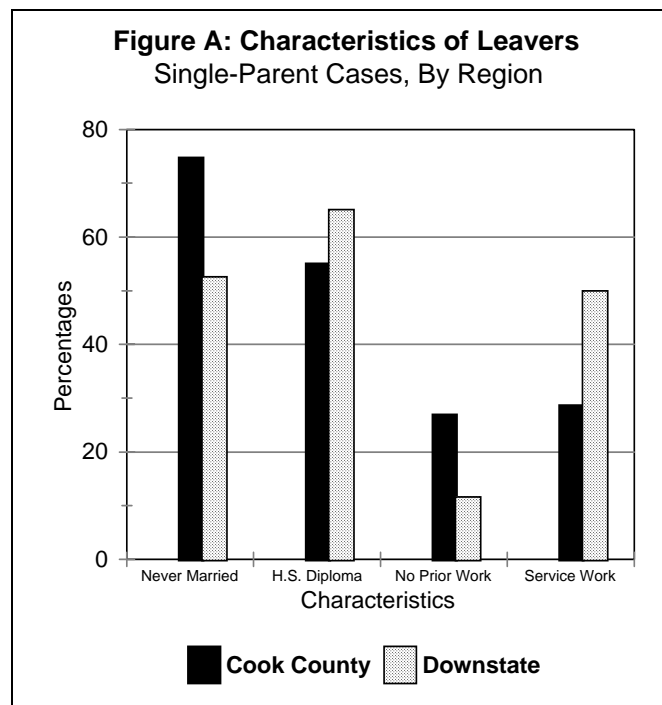
A total of 137,330 unique cases closed during the 18-month study period. In that approximately 28 percent of these cases closed two or more times during the study period, there were 151,010 total case closings during the 18 months. Ninety-one (91) percent of these closures were single-parent cases. Fifty-eight (58) percent of these single-parent case closures occurred in Cook County, while 42 percent were closed downstate. Because single-parent cases constitute over 90 percent of all cases, many of the findings below are reported for this important subgroup of all leavers.

Comparisons between TANF leavers and those who remained on TANF indicate that TANF leavers were relatively advantaged in terms of education and work experience compared to those who remained on TANF. Similarly, those who left TANF during early months were more advantaged than those leaving during later months in the study period. This suggests the importance of carefully evaluating the needs and experiences of future TANF leavers, as they may be less prepared to exit TANF successfully.

- The median age of the primary adult in the closed cases was 29, and 92 percent were female. Sixty-three (63) percent of all closed cases had at least one child under age 6. Sixty-one (61) percent of leavers had never been married, with marriage rates considerably higher downstate.
- The racial composition of all closed cases was 53 percent African-American, 37 percent white, and 10 percent Hispanic. African-Americans comprised an even greater percentage of single-parent closed cases (56%), while whites comprised over

two-thirds of two-parent closed cases. Cook County leavers on single-parent cases were much more likely to be African-American (74%), while downstate leavers were more likely to be white (63%).

- Focusing on single-parent cases, 65 percent have never been married; almost 60 percent of TANF leavers on single-parent cases had at least completed high school or a GED; and nearly 80 percent had some work experience. Cook County leavers had lower levels of both education and work experience than downstate leavers (see Figure A). For example, 27 percent of Cook County leavers on single-parent cases had no prior work experience at the time of exit, as compared to 12 percent of downstate leavers. This suggests that Cook County leavers may experience greater obstacles in maintaining successful TANF exits.



Data Source: IDHS Client Database (CDB)

- The most recent employment experience for leavers on single-parent cases, as recorded in administrative data, was often in the service sector (38%) and as laborers (19%). Service sector experience was particularly common among downstate leavers, with 50 percent recorded as having their most recent employment experience in the service sector.
- Examining by quarter the characteristics of leavers on single-parent cases across the study period, we find that leavers in later quarters were more likely to have not finished high school, to live in Cook County, to never have been married, and to have no work experience. While several of these trends are relatively small, they suggest that later leavers on average may face greater difficulties than early leavers.

- Those who remained on TANF during the study period likewise appeared more disadvantaged than TANF leavers. For example, those remaining on TANF were nearly twice as likely to lack employment experience than those who left, and also were much less likely to have completed high school. Those who remained on were also more likely to reside in Cook County and to have never been married. This suggests that future leavers may face more difficult challenges in the labor market, which is of particular concern as people face time limits. It likewise indicates the importance of skill development for many who remain on TANF.

Why Are People Leaving TANF?

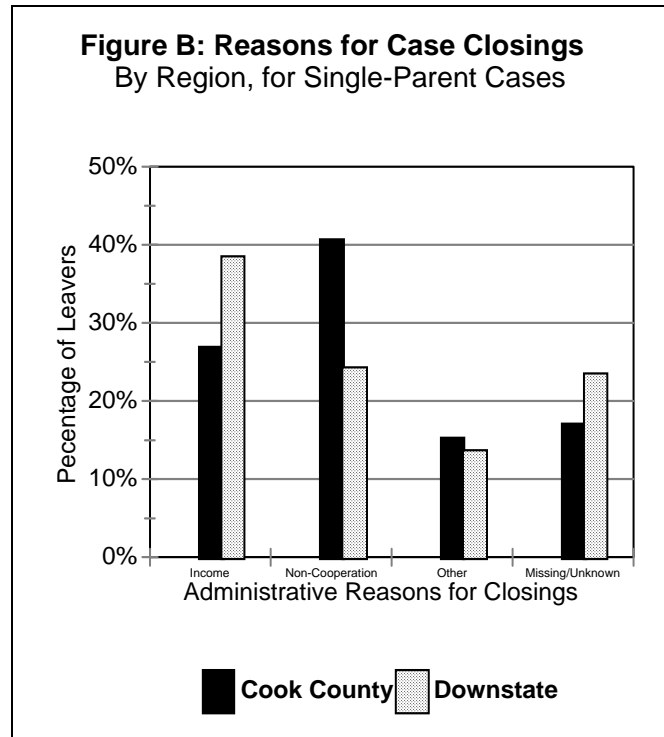
Most people leave TANF for one of two reasons: either they increase their earnings or their cases are closed because of non-cooperation. Examination of administrative data for the 18-month study period shows that about one-third of TANF cases closed for each of these reasons. Survey findings suggest that earned income reasons for closures play a larger role in TANF exits than the administrative data suggest. Consistent with the administrative data, nearly one-third of leavers said they had been cut off from TANF. However, slightly over one-half of survey leavers cited jobs and making money as a reason they left welfare. Furthermore, over one-third of those coded in the administrative data as having closed due to non-cooperation mentioned an income reason when surveyed. It seems likely that some leavers who experience earnings increases subsequently fail to cooperate with IDHS, which results in a case closure attributed to non-cooperation.

Case closure reasons differed according to geographic area and recipient characteristics. Cook County TANF leavers were more likely than downstate leavers to have left due to non-cooperation and less likely to have left because of income gains. The identified adults on cases closed due to non-cooperation were both less educated and less likely to have employment experience than those on cases closed for income reasons. This suggests that persons closing due to non-cooperation may have relatively poorer prospects of obtaining employment after leaving TANF than other TANF leavers. Additional research regarding the primary reasons for, and agency responses to, non-cooperation therefore would be useful.

A summary of reasons people leave TANF includes the following points.

- According to the administrative data, one-third of all unique cases closed during the study period closed due to increased earned income, and another third closed due to non-cooperation. An additional 14 percent closed for other reasons, while closing reasons were missing or unknown for 21 percent of cases. Survey leavers were more likely to cite employment-related reasons for leaving, with 53 percent offering such reasons.
- Single-parent cases were less likely than two-parent cases to close due to earned income increases (32% versus 44%), and more likely to close due to non-cooperation (34% versus 19%). Leavers whose cases closed due to non-cooperation also were more likely to have limited education and little work experience than leavers who left due to increased earned income.

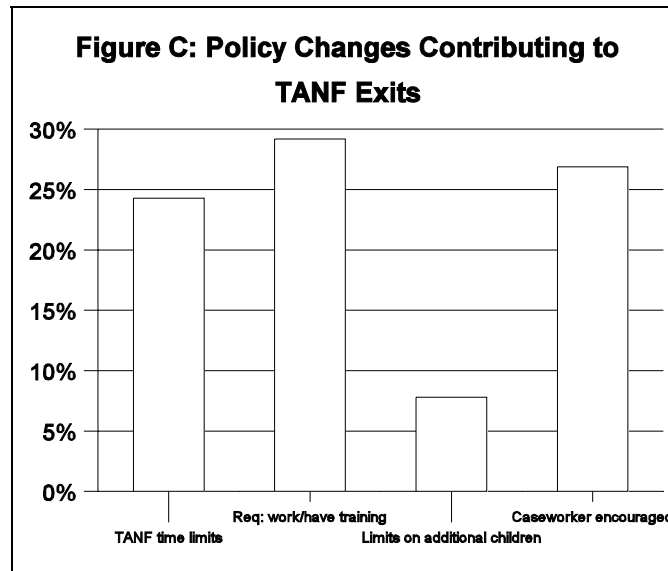
- Cook County leavers on single-parent cases were more likely than downstate leavers to leave TANF because of non-cooperation (see Figure B). In contrast, downstate leavers were more likely than Cook County leavers to have cases closed for excess earned income. As a result, Cook County single-parent cases were more likely to close due to non-cooperation than to earned income (41% versus 27%), while the reverse was true for downstate leavers.



Data Source: IDHS Client Database (CDB)

- Examining case closure reasons across the six study quarters, non-cooperation became a more frequent closure reason in later quarters. For example, non-cooperation reasons increased from 29 percent to 39 percent of all closures between the third quarter of 1997 and the fourth quarter of 1998. Income closing reasons remained fairly stable at about one-third of all closures.
- Forty-four (44) percent of surveyed leavers indicated that they left TANF because of more money. Leavers were also asked if they had been influenced by the following welfare reform policy changes: time limits, work and training requirements, and caps on payments for additional children (see Figure C). Twenty-nine (29) percent said they were influenced by work and training requirements, and 24 percent were influenced by time limits. Only 8 percent said family caps on additional payments influenced their decision to leave TANF.

- Slightly over half of survey leavers said that their caseworkers had encouraged them to leave TANF, and of these about half indicated that such encouragement contributed to their TANF exit. Overall, 27 percent said that their caseworker had encouraged them *and* the encouragement contributed to their TANF exit (see Figure C). Downstate leavers were much more likely than Cook County leavers to cite caseworker encouragement (64% versus 48%). However, those Cook County leavers who cited caseworker encouragement were just as likely as their downstate counterparts to indicate that these caseworker actions contributed to their exits. Therefore, further investigation should examine whether casework practices differ between Cook County and downstate and should explore the reasons for any differences that may emerge.



Data Source: Survey Research Office, University of Illinois at Springfield

- When regional differences were controlled for, racial differences in closure reasons generally were minor. The one exception is that downstate Hispanic leavers were more likely to close for non-cooperation reasons than downstate African-American leavers, who, in turn, were slightly more likely to close for non-cooperation than downstate white leavers.
- Hispanic leavers were only half as likely as white leavers to report that their caseworkers had encouraged them to leave TANF. The implications of such a difference in caseworker-client communications need to be studied, but it is noteworthy that the percentage of case closings for non-cooperation was particularly high for Hispanic leavers.

What Are the Employment Experiences of TANF Leavers?

As is reflected in the findings on other study questions, the extent and quality of employment critically affects most measures of well-being for TANF leavers, as well as the stability of TANF exits. Consequently, both administrative and survey measures focused heavily on leaver employment experiences (administrative wage data were obtained from the Illinois Department of Employment Security, or IDES).

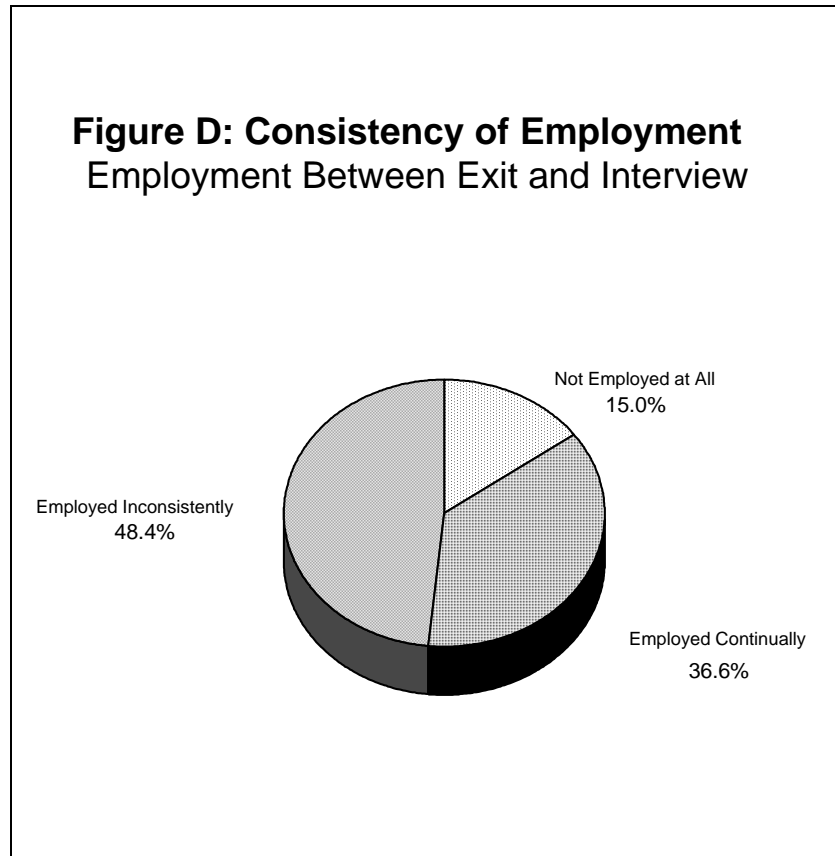
Study employment findings offer reasons both for optimism and concern. On the positive side, high percentages of leavers worked for at least some time after exiting TANF. Further, median earnings for those who worked grew in the later quarters of the study period, as did the median hourly wage rates reported by survey leavers. Those who worked also typically reported generating full-time work from a single job. In addition, aggregate employment levels were only slightly higher in the quarter of exit than in the quarter before exit, suggesting that many leavers first combined work and TANF before exiting.

However, employment patterns tended to be unstable, and the percentages of leavers with employment did not increase in subsequent quarters after exit. For example, in the fourth quarter after exit, only 54 percent of leavers had any earnings in the administrative data files (note that findings about wage outcomes four quarters after exit apply only to those who left TANF in the first three quarters of the study; wage data were available up to the first quarter of 1999). In addition, while wages typically were well above the minimum wage, they generally were inadequate alone to lift leaver families above the poverty level. Employment barriers also were commonly reported, with child care, transportation, and job proximity all problematic. These findings point to the need to develop both stable and better paying jobs for low-income workers and also underscore the importance of support services and income support policies that reinforce work efforts. Given the frequent instability of jobs, the flexibility of social service systems to respond quickly and effectively as worker needs change may be critical to the success of TANF exits.

Employment Patterns

- About 55 percent of leavers had IDES wages in the quarter they exited TANF. Survey respondents reported slightly higher employment levels at exit, with 63 percent employed. The aggregate percentage of working leavers remained stable in the quarters following exit, so that 54 percent of those with available data (those who left TANF between July 1997 and March 1998) had IDES wages in the fourth quarter after exit.
- Because leavers move in and out of employment, 69 percent of those with available data (those who left TANF between July 1997 and March 1998) had IDES wages in at least one quarter in the first year after exit. Eighty-five (85) percent of survey leavers reported some work in the first 6 to 8 months after leaving TANF.

- Survey findings showed considerable job instability in the 6 to 8 months following TANF exit. Only 37 percent of survey leavers worked continually in the 6 to 8 months after exit, while 48 percent worked inconsistently (see Figure D). Similarly, only 39 percent of single-parent cases had IDES wages reported for all four quarters in the first year after their first exit in the study period.



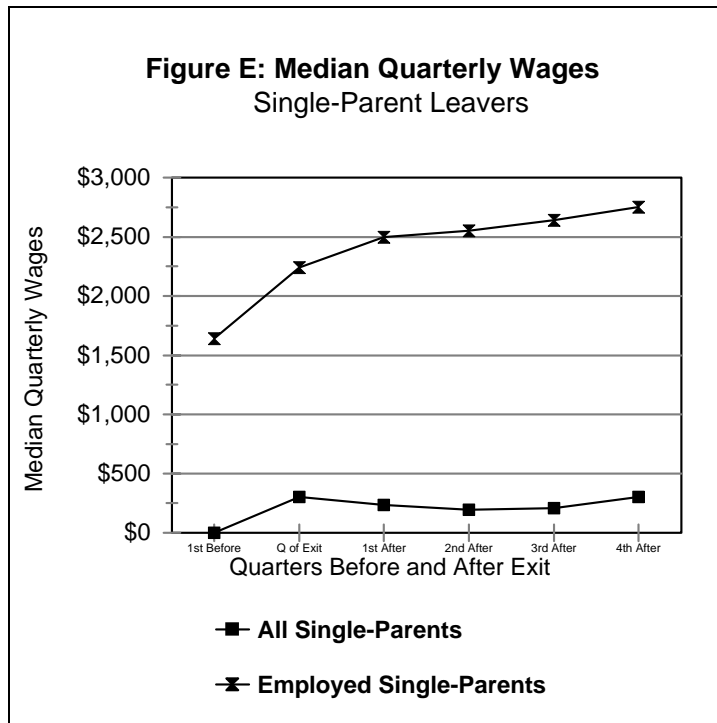
Data Source: Survey Research Office, University of Illinois at Springfield

- IDES reported employment for leavers in the quarter before their exit was only about 6 percent lower than in the exit quarter. This suggests that many TANF leavers already were working before leaving. Survey findings showed that 58 percent of those leavers who were employed at exit had worked at least some in the six months before exit. This underscores the importance of income disregards and training policies that allow recipients to gain work experience before leaving TANF.
- Single-parent leavers were slightly more likely to have IDES wages in the exit quarter than the identified leaver in two-parent families (55% versus 51%). However, due to the presence of a second adult, at least one person was working in 70 percent of the two-parent cases at exit.

- IDES quarterly wage patterns varied dramatically by reason for case closure. While 84 percent of cases that had closed for income reasons had recorded earnings in the quarter of exit, only 39 percent of those cases that were closed for non-cooperation had recorded earnings in the quarter of exit.
- Leavers in Cook County were less likely to have IDES wages in the exit quarter than downstate leavers (52% versus 60%). This difference had narrowed to about 4 percent by the fourth quarter after exit, largely because downstate employment rates decreased. Survey data showed that while similar percentages in both regions worked at least some time following TANF exit, Cook County leavers were more likely to have worked only inconsistently.

Earnings Levels and Hours Worked

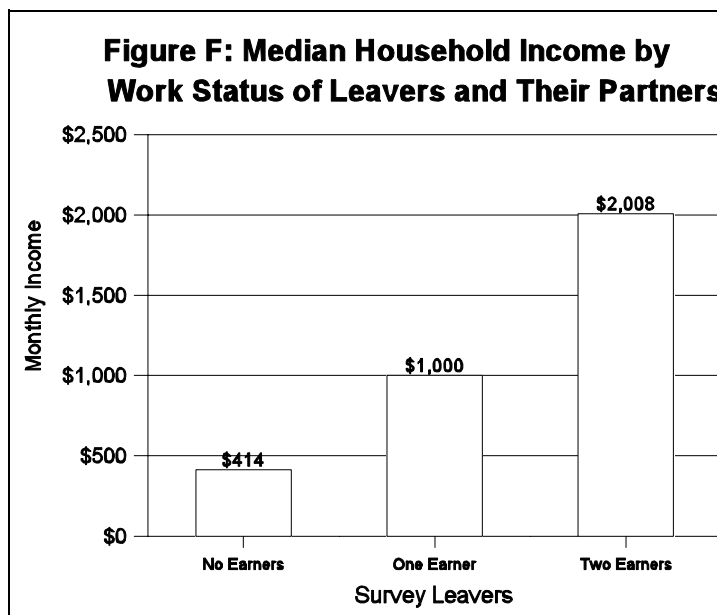
- The administrative data analysis showed that median quarterly earnings at exit for all cases in which at least one person was working was \$2,289 (mean quarterly income was \$2,525). Because employment is often intermittent, fewer than half of these working leavers earn the yearly equivalent, or \$9,156, of this quarterly median. By the fourth quarter after exit, median quarterly earnings had grown by \$560 to \$2,849. This equates to \$11,396 per year, and, with other analyses of those who remained employed, suggests that many who are able to remain employed experienced wage gains.
- Because many leavers did not work or worked only sporadically, the median IDES wage income for all leavers (including those with no earnings) was much lower than for those employed, only \$301 in the exit quarter and \$302 four quarters later. This equates to \$1,200 per year. Using data on single-parent cases, Figure E illustrates the difference in viewing median income of all TANF leavers versus the median income of those with reported wages, highlighting the importance of addressing the employment needs of the majority of TANF leavers.



All cohorts have data for 1st quarter after exit; later cohorts drop out of analyses for 2nd, 3rd, and 4th quarters after exit.

Data Source: IDES Quarterly Wage File and IDHS Client Database (CDB)

- Median monthly household income reported by survey leavers was \$895 (\$10,740 per year if income were consistent for 12 months). Median monthly household income rose substantially as work effort increased. Median income for survey leavers who were not working was only \$414. This rose to \$1,000 for families with one earner and \$2,008 for families with two earners (see Figure F).



Data Source: Survey Research Office, University of Illinois at Springfield

- Survey respondents reported median hourly pay rates of \$7.00 on the main job they had at exit. This median rate had grown to \$7.41 by the time of interviews 6 to 8 months after exit. Working survey leavers averaged 37 hours on the job both at exit and when interviewed. Over 90 percent of working leavers generated this full-time work from a single job.
- Given the 1998 federal poverty guidelines (i.e., \$13,650 for a family of 3), wages alone typically were not high enough to lift a family above the poverty level. For example, only 16 percent of leavers on single-parent cases had quarterly IDES wages in the exit quarter that would exceed the poverty level if maintained for a full year. This rose to 19 percent in the quarter after exit and, for those with available data (those who left TANF between July 1997 and March 1998), to 22 percent in the fourth quarter after exit having wages that would exceed the poverty level.
- Median IDES wage earnings, using earnings of all adults on the case, were higher for two-parent than single-parent cases because of the earnings of the second adult. In the exit quarter, median earnings for two-parent cases were \$3,152, as compared to \$2,447 for single-parent cases. This difference grew substantially in the quarters after exit, so that by the fourth quarter two-parent cases earned a median of \$4,269 and single-parent cases earned \$3,010.
- Wage levels were considerably higher in Cook County than downstate, probably reflecting the higher wage structure in Cook County. For example, median hourly pay rates at exit were \$7.18 for Cook County survey leavers, as opposed to \$6.25 for downstate leavers.
- Job changes usually led to wage increases. For example, among survey leavers who changed jobs, 62 percent reported higher wages after the job change. However, many leavers also left jobs without having another job lined up. Of those who worked inconsistently during the study period, 43 percent had left a job without having another one to go to.

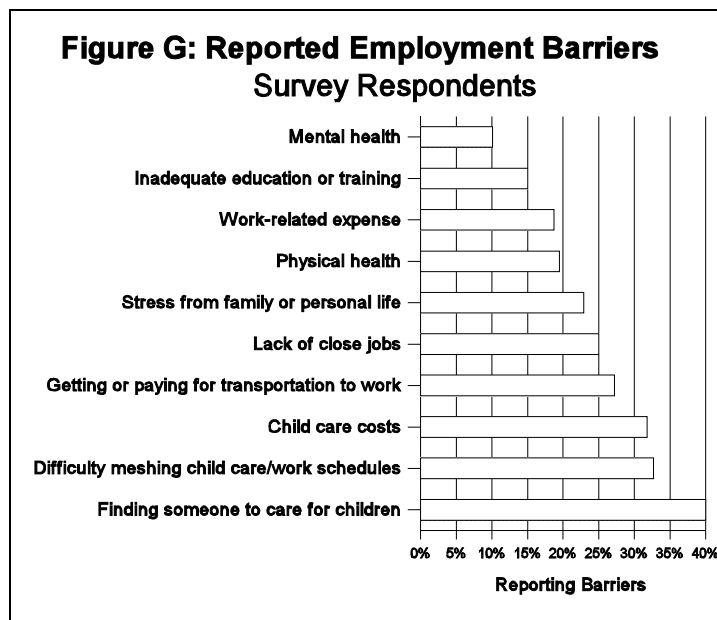
Education and Training

- About 70 percent of surveyed leavers said they had completed some type of training or attended school in the two years before being interviewed. The most common training involved work attitudes and expectations (44% of leavers); training for how to look for a job, interview, and prepare resumes (36%); and actual job search activities (27%).
- Twenty-seven (27) percent of survey leavers had received either a high school diploma, GED, or degree beyond high school in the two years before being interviewed. This appears to be important, as persons without a high school diploma were less likely to have IDES wages in the exit quarter than those with a high school diploma or more. Lack of education also was associated with recidivism.

- Of those survey leavers who received any type of education or training in the two years before being interviewed, about half thought the training had helped them get a job. Forty-three (43) percent said such training had helped them keep a job, and 72 percent thought that it would help them get a job in the future.

Employment Barriers

- As illustrated in Figure G, child care barriers were common with survey leavers. Forty (40) percent reported problems in finding someone to care for their children, while about one-third cited cost problems and one-third mentioned difficulties in meshing child care with their work schedules. Lack of transportation, lack of jobs in close proximity to leavers’ homes, and stress from their family or personal lives were each cited as employment barriers by about one-quarter of survey respondents.



Data Source: Survey Research Office, University of Illinois at Springfield

- Table A indicates that leavers who were unemployed when interviewed were more likely to report each employment barrier than employed leavers were. For example, over half of unemployed leavers said they had trouble finding someone to care for their children. Forty-six percent of unemployed leavers said the lack of close jobs was a problem, and 41 percent of unemployed leavers cited transportation problems in getting to work.
- Some employment problems remained substantial even for those who were employed. For example, between one-quarter and one-third of employed leavers reported problems with finding someone to care for their children, paying for child care, and finding child care for the hours they worked.

Table A: Percentage of Survey Respondents Reporting Selected Employment Barriers by Employment Status when Interviewed

	Employed	Unemployed
Paying for child care	29.2%	36.8%
Finding someone to care for children	33.2%	51.6%
Fit between work and child care	27.2%	42.2%
Transportation to/from child care	14.9%	29.9%
Physical health	12.6%	31.7%
Mental health	5.8%	17.5%
Getting or paying for transportation to work	19.4%	40.7%
Work-related expenses	12.9%	28.7%
Inadequate education or training	8.3%	27.0%
Lack of close jobs	12.9%	45.7%
Stress from family or personal life	17.5%	31.7%
<i>Weighted n</i>	325	189

- Over one-fourth of survey leavers said that they had been in an abusive domestic relationship at some time. Downstate leavers were much more likely than Cook County leavers to say that they had been in an abusive relationship. Forty-three (43) percent of downstate leavers indicated they had been involved in abusive relationships, as compared with 20 percent of those in Cook County. Of those who had been abused, 35 percent statewide said the abuse had created problems in getting or keeping a job.

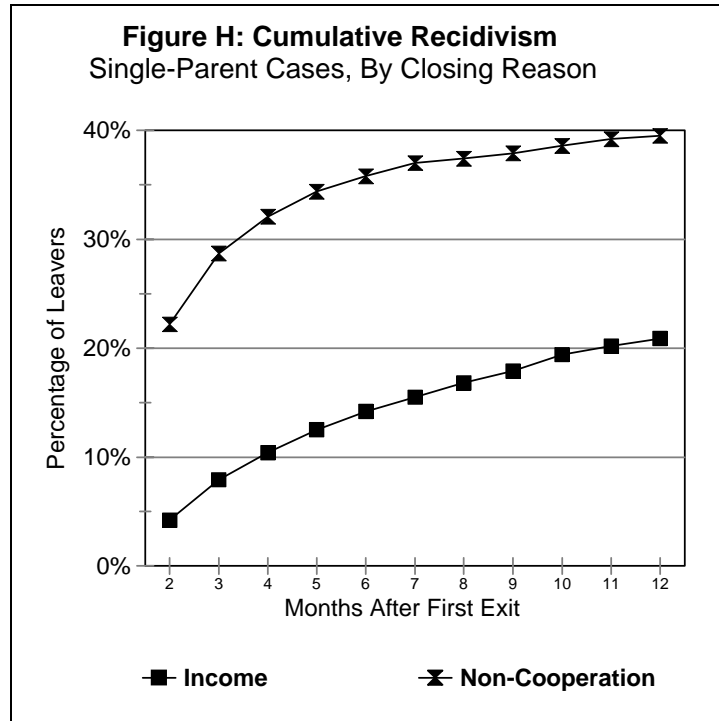
Who Returns to TANF Cash Assistance and Why?

In the pre-TANF program environment, research had established that cycling on and off welfare was common. This issue has taken on greater importance with TANF, particularly given lifetime time limits. Consequently, examining the prevalence of TANF recidivism, as well as the factors that make recidivism more or less likely, was an important focus of this study.

While most persons who left TANF during the study period remained off TANF one year later, 28 percent returned to TANF at least once. Recidivism rates were much higher in Cook County than downstate, and higher among single-parent than two-parent cases. Surveyed recidivists most typically said that they returned to TANF because of various employment difficulties or simply because they lacked financial resources. In addition, administrative data analysis indicated that those who left TANF for non-cooperation reasons were much more likely to return than those who left for earned income reasons. This may suggest that many persons who exit for non-cooperation reasons return after rectifying the problems that resulted in case closure.

Several client characteristics were found to be related to recidivism, when other variables were controlled for. Those with no prior work experience or experience only in service or as laborers were more likely to return than workers with other types of employment experience. Those who did not complete high school also were more likely to recycle, as were African-Americans. These findings suggest that those who leave TANF without sufficient education and experience often encounter difficulties, which underscores the importance of sound education and training programs. More research is needed to examine why African-American leavers are more likely to recidivate.

- Twenty-eight (28) percent of study leavers returned to TANF at least once in the first year after exiting (12-month follow-up data are available for those who exited TANF from July 1997 to July 1998). Most recidivism occurs within six months of exit; 23 percent of study leavers had returned to TANF within six months. Because some of these recidivists subsequently left TANF again, the percentage of leavers who were back on TANF in any given month was lower. Beginning three months after exit, about 15 to 18 percent of study leavers were back on TANF in any given month. Because most recidivism occurs soon after exit, further investigation should examine whether the provision of support services or other targeted assistance after exit could improve exit stability.
- Single-parent leavers were much more likely to recidivate than two-parent leavers. While 24 percent of single-parent cases returned within 6 months, only 13 percent of two-parent cases returned during this period.
- Cook County leavers were more likely to return to TANF than downstate leavers. Around 28 percent of Cook County leavers on single-parent cases returned to TANF at least once within 6 months of exit, as compared to 17 percent of downstate leavers. When other factors were controlled for, Cook County leavers and leavers in the rural south region were more likely than leavers in other regions to recidivate.
- Cases that closed due to non-cooperation were much more likely to return to TANF than those that closed due to earned income (see Figure H). Over 36 percent of the cases that closed due to non-cooperation returned to cash assistance at some point during the first 6 months after exit, as compared to 14 percent of cases closed due to earned income.



*All cohorts have data for seven months after exit; later cohorts drop out of analyses on eight or more months after exit.
Data Source: IDHS Client Database (CDB)*

- No clear recidivism patterns emerged among monthly cohorts during the study period. That is, while recidivism rates varied between monthly cohorts, there was no trend toward either increasing or decreasing recidivism for monthly cohorts during the study period.
- Survey leavers were asked to describe why they had returned. Employment difficulties were most often cited, with over 40 percent of the returnees indicating they could not find enough work or else had lost a job. In addition, over one-fourth said that they were broke or needed money to support their families; many of these persons also probably experienced employment difficulties. Child care problems were mentioned by 12 percent of returnees, while 10 percent indicated health or medical problems and 10 percent were pregnant or had another child.

What Services and Supports Do TANF Leavers Use and Need?

Given that TANF leavers typically exit into low paying jobs with few benefits attached, the availability of public supports to assist leavers is particularly important. This has been widely recognized in welfare reform debates and has received public policy support through expansions in Medicaid coverage for the working poor and poor children, publicly funded child care programs, the Earned Income Tax Credit, and other social services. Because leavers who return

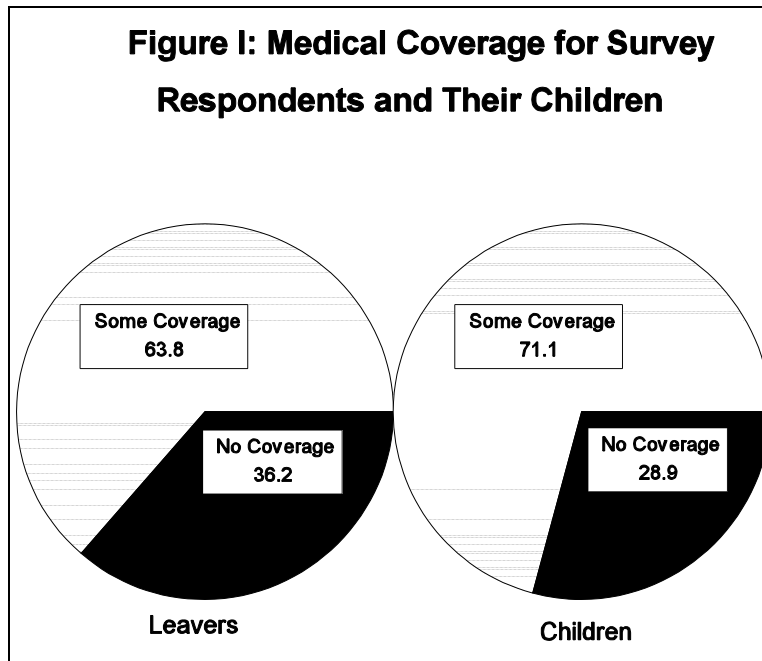
to TANF generally do so in the first six months after exiting, assuring that leavers have access to the benefits and services for which they are eligible may be important in preventing TANF returns. At any rate, developing sound organizational strategies for assuring that leavers are knowledgeable about and can easily obtain the services for which they are eligible is a critical role for public bureaucracies and service agencies as policy attention has turned to encouraging work efforts.

Administrative data analysis shows that leavers made use of a variety of public supports after leaving TANF, including Medicaid, food stamps, and child care subsidies. However, use of some of these supports dropped dramatically as persons left TANF, despite the fact that many leavers should continue to be eligible. In addition, many leavers reported employment barriers related to the lack of these services. Survey data similarly found low utilization of and knowledge about the Earned Income Tax Credit, the most important income support available for working leavers. Most leavers also do not receive child support, or if they do so, receive only sporadic and small amounts.

Survey data indicate that the low use of services after TANF exit results from several factors. Many leavers indicated that they simply did not need the services. However, others indicated that they did not think they were eligible for services, or otherwise demonstrated a lack of knowledge about available services. Others expressed a dislike for the hassles involved in obtaining or keeping benefits. While some inconvenience is involved in applying for any service, more research is needed on the adequacy of application procedures, timeliness of enrollments, and quality of service in the support programs available to TANF leavers. These factors all may be critical to leaver decisions to participate in the services designed to help them maintain self-sufficiency. A careful study of the information provided to leavers about the support services and the timing of such communications for informing TANF leavers about available programs also is needed.

Overview of Service Receipt Patterns

- *Medical coverage.* Sixty-four (64) percent of surveyed leavers had some form of medical coverage, with 47 percent indicating they received Medicaid and 22 percent receiving at least some private coverage (see Figure I). Children's coverage was slightly higher at 71 percent. Thus, 36 percent of leavers and 29 percent of their children lacked health insurance coverage of any kind when interviewed. Of those leavers who were employed when interviewed, only 31 percent were receiving any private health care coverage. This illustrates the importance of public health care coverage for TANF leavers, as leavers typically work in jobs that do not provide health care coverage.



Survey Research Office, University of Illinois at Springfield

- Medicaid.* While nearly all TANF leavers received Medicaid in the month before their exits, administrative data analysis of all cases demonstrated that coverage in the month of exit dropped to about 43 percent. When cases that return to TANF are excluded, use of Medicaid peaked at 50 percent three months after exit. Medicaid use then gradually declined until only 29 percent of cases received Medicaid 12 months after exit (data for one year after exit available for those who left TANF between July 1997 and July 1998). Part of this decline probably is due to the loss of Medicaid Transitional Assistance at six months and 12 months, although children in many such cases should continue to be eligible. When viewed cumulatively across the first year after exit, 58 percent of non-returning TANF exiters used Medicaid at some point.
- Types of Child Care Used.* Fifty-five percent of surveyed leavers had at least one child under 6, and 41 percent had a child aged 6 to 12, so establishing reliable child care relationships was critical for working TANF leavers. Relatives other than a spouse were easily the most commonly used source of child care (51% for children under 6 and 46% for children 6 to 12), followed by babysitters. Child care centers were used by only 11 percent of those with a child under 6 and 5 percent of those with a child 6 to 12.

About three-fifths of survey leavers with children under 13 said they could always count on their child care arrangements, and another one-fifth said they usually could count on their arrangements. However, unemployed leavers were much less satisfied with the dependability of their child care arrangements. For example, only 43 percent of unemployed leavers with a child under 6 years indicated that they could always count on their child care. This again underscores the critical role that adequate child care plays in employment outcomes.

- *Child Care Subsidies.* Child care subsidies are available from the IDHS for working TANF leavers with children under age 13, as well as for working TANF recipients and those involved in education and training activities. About 18 percent of leavers with a child under 13 (age at first exit in the study period) received child care subsidies in the quarter before leaving TANF. This percentage increased only marginally to 21 percent in the quarter of exit and then stood at 19 percent two quarters after exit. Given that child care was the most widely noted employment barrier by survey leavers, more investigation is needed regarding the reasons that more leavers are not receiving these subsidies.

Most survey leavers had children eligible to receive child care subsidies. Survey leavers were asked if they had to pay for their child care, and 44 percent indicated that they did. Average weekly out-of-pocket costs for those who paid were \$49.03, which equates to \$211 per month. Of those who paid for care, only 40 percent said that they received help from the government or a social service agency with these expenses. This is consistent with the administrative data on child care usage described above and suggests that there may be underuse of available services.

- *Food Stamps.* While 87 percent of TANF leavers received food stamps in the month before exiting, this involvement dropped after exit. The exact nature of the decrease is difficult to determine in that one form of payment—one-month issuances—was not included in the data analyzed, but it appears that around 30 percent received food stamps in the second month after they exited. The percentage of leavers who received food stamps gradually rose to about 35 percent six months after exit, but this rise resulted almost exclusively from the fact that leavers who returned to TANF began receiving food stamps again. If such returnees are excluded, only 22 percent of leavers received food stamps in the second month after exit. This rate remained stable for each of the subsequent months in the first year after exit (data for one year after exit are available for those who left TANF between July 1997 and July 1998). Cumulative food stamp use was somewhat higher, with 40 percent of non-returning leavers using food stamps at some time in the first year after exit.
- *Earned Income Tax Credit (EITC).* While 85 percent of survey leavers had worked at some time since leaving TANF, only 41 percent reported receiving the Earned Income Tax Credit and only 47 percent had a clear idea of what the credit was.
- *Child Support.* Only 31 percent of leavers with an absent parent said that they received money from an absent parent either informally or through the child support system. Among those with established court orders, only 26 percent said that they regularly received the full amount. The median amount received in the last month by those who had received payments was \$157.
- *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).* Forty-seven (47) percent of cases with a child under six (age at first TANF exit in the study period) were using WIC in the quarter before they exited TANF. This use

declined to 44 percent in the quarter of exit and to 34 percent in the second quarter after exit.

- *Family Case Management Services.* Sixteen (16) percent of TANF leavers were receiving family case management services in the quarter before exit. This percentage remained stable for the quarter of exit and then declined slightly to 13 percent two quarters after exit. These services are provided to pregnant women and infants to ensure access to health care, health education, and other services.
- *Other Income Supports and Services.* Survey leavers were asked if they had used a variety of other income supports and services both before and after leaving TANF. As noted in Table B, these included Supplemental Security Income (SSI), Social Security, General Assistance, WIC, school lunch programs, foster care, unemployment benefits, home heating assistance, public housing, and meals from shelters. Usage rates varied considerably, with the highest rates for school lunch programs (40 percent used after exit), WIC (20 percent), public housing (14 percent), home heating assistance (13 percent), and SSI (12 percent). These usage patterns generally changed only marginally before and after exit.

Table B: Receipt of Selected Benefits and Services Before and After Leaving TANF

	Total	
	Before Leaving	After Exit
Supplemental Security Income (SSI)	10.5%	11.8%
Social Security	5.7%	7.0%
Retirement/pension fund	1.8%	1.4%
General assistance	3.1%	1.4%
WIC supplemental nutritional benefits	26.7%	19.5%
School lunch program	42.5%	40.1%
Foster care payments	1.6%	1.5%
Military/veteran's benefits	1.2%	1.1%
Worker's compensation	0.0%	0.4%
Unemployment benefits	3.6%	4.0%
Home heating assistance	13.6%	12.5%
Rent subsidy/public housing	16.1%	13.6%
Free housing from parent/relative	13.3%	11.8%
Help paying bills from family/friends	15.8%	14.3%
Gifts of money or food from family/friends	29.6%	26.6%
Gifts of money or food from church	8.3%	10.0%
Meals or food from shelters, inc.	14.6%	11.5%
Other benefits/supports	2.8%	1.9%
<i>weighted n</i>	<i>514</i>	<i>514</i>

Differences in Selected Services Use Patterns by Case Closure Reason

Administrative data analyses allowed the comparison of Medicaid and food stamp usage patterns according to reasons for case closure. For both programs, subsequent use varied substantially by case action reason, with those closed for earned income reasons more likely to receive these services than those closed due to non-cooperation. While a portion of these differences may reflect conscious policy choices favoring those who exit welfare due to employment, more research is needed on reasons for low Medicaid and food stamp utilization for leavers whose cases close for other reasons.

- *Food Stamps.* Cases that closed for earned income or “unknown” reasons were much more likely to receive food stamps after exit than cases closed due to non-cooperation. While 28 percent of single-parent cases that closed due to earned income, and remained closed two months after exit, received food stamps in the second month after TANF exit, 7 percent of those closed for non-cooperation, and who remained off TANF for at least two months, received food stamps in the same month.

This gap between cases closed for earned income reasons and cases closed for non-cooperation reasons narrowed in subsequent months. Nonetheless, those who exited due to earned income have usage rates 12 percentage points above those closed due to non-cooperation one year after exit (data for year after exit available for those who left TANF between July 1997 and July 1998). When viewed cumulatively across the first year after exit for single-parent cases that did not return to TANF assistance, 49 percent of cases closed because of earned income had used food stamps at one time or another, compared to only 22 percent for similar cases closed due to non-cooperation.

- *Medicaid.* Differences in Medicaid use by case closure reasons are dramatic. While Medicaid coverage in the month of exit was 42 percent for all single-parent cases, because of the automatic extension given to those whose cases were closed due to earned income reasons, this earned income group had 99 percent coverage by Medicaid. In comparison, only 4 percent of cases closed for non-cooperation continued to receive Medicaid in the month of case closure. Thirty-eight (38) percent of those cases closed for unknown reasons and 10 percent of those closed for other reasons received Medicaid in the month of closure.

Differences in Medicaid use between earned income and non-cooperation closures narrowed substantially by the end of the first year. Whereas the Medicaid participation rate for single-parent cases that closed due to earnings, and were not active in a given month, stood at 34 percent after twelve months, participation for non-returning single-parent leavers whose cases had closed due to non-cooperation increased to 20 percent twelve months after exit.

When examined cumulatively across the first year of exit, 99 percent of non-returning single parent cases that left due to earned income received Medicaid at one time or another. In comparison, only 22 percent of non-returning cases that closed due to non-cooperation received Medicaid at some point.

Differences in Selected Services Use Patterns by Region

Service usage patterns varied substantially between Cook County and downstate leavers for several types of services, with higher percentages of downstate leavers generally using services. This may be partially attributable to the higher percentages of Cook County cases that closed due to non-cooperation, but this difference does not appear to explain all differences. More research is needed on whether Cook County and downstate administrative practices differ with regard to informing leavers about services and assisting with service access.

- *Food Stamps.* Downstate single-parent leavers were more likely than Cook County leavers to use food stamps after exit. For example, when excluding those who returned to TANF assistance, 29 percent of downstate single-parent leavers received food stamps two months after exit, whereas only 15 percent of Cook County single-parent cases received food stamps two months after exit.

Cumulative food stamp usage rates also differed by region. While 48 percent of downstate leavers who did not return to TANF within 12 months used food stamps in the first year after exit, only 31 percent of similar Cook County leavers did so (data for year after exit available for those who left TANF between July 1997 and July 1998).

- *Medicaid and Medical Coverage.* About 52 percent of single-parent, non-returning downstate leavers received Medicaid in the month they left TANF, as compared to 34 percent of Cook County leavers. This difference narrowed in the first year after exit, with 33 percent of non-returning downstate leavers and 24 percent of Cook County leavers receiving Medicaid one year after exit. When examined cumulatively, 64 percent of downstate leavers who remained off assistance for at least 12 months and 49 percent of similar Cook County leavers received Medicaid at some point during the first year after leaving TANF.

Survey data likewise revealed lower prevalence of medical coverage for Cook County leavers. While 70 percent of downstate leavers had some medical coverage when interviewed, only 61 percent of Cook County leavers had medical coverage. Most of this difference was attributable to lower Medicaid use by Cook County leavers, as private insurance use in these two regions varied only slightly. While coverage was higher for children than adults in both Cook County and downstate, Cook County leaver children were less likely than their downstate counterparts to have medical coverage (69% versus 74%).

- *Earned Income Tax Credit.* Downstate survey leavers were more likely than Cook County leavers to have received the EITC (56% versus 35%). While part of this difference results from the higher percentages of downstate leavers who worked, most of this difference requires another explanation. One reason for the lower Cook County rates may be the knowledge differences about the EITC. Only 41 percent of Cook County leavers said they knew what the EITC was, as compared to 62 percent of downstate leavers.
- *Child Care.* Survey leavers in both Cook County and downstate relied primarily on relatives other than a spouse or partner for child care, and percentages using this form of care were similar. One difference in child care methods utilized was that Cook County leavers were much less likely to use child care centers and more likely to use babysitters. Because downstate leavers were more likely to be married or live with a partner, they more often were able to get help with child care from a spouse or partner. While the percentages of leavers in both regions who paid for child care and associated out-of-pocket costs were similar, Cook County survey leavers thought their

child care arrangements were less dependable than downstate leavers. For example, whereas 73 percent of downstate leavers with a child under age six said they could always count on their day care arrangements, the comparable figure for Cook County leavers was only 55 percent.

- *Other Income Supports and Services.* Cook County and downstate survey leavers showed similar usage patterns on most other income supports and services. Downstate leavers were more likely to report receiving WIC than Cook County leavers both before and after leaving TANF (26% versus 17% after exit). They also were about twice as likely to receive rent subsidies or live in public housing (21% versus 11% after exit), and slightly more likely to have received food from shelters (16% versus 10% after exit).

Differences in Selected Services–Use Patterns by Type of Case

Administrative data analysis was used to analyze differences in food stamp and Medicaid use by two-parent versus single-parent families. Utilization rates were higher for two-parent cases for both of these services.

- By two months after TANF exit, 27 percent of non-returning two-parent cases and 21 percent of single-parent cases received food stamps. This difference had narrowed to 3 percentage points one year after exit (data for year after exit available for those who left TANF between July 1997 and July 1998).
- Two-parent cases were much more likely to use Medicaid than single-parent cases. In the month of TANF exit, 57 percent of two-parent cases were receiving Medicaid, as compared to only 42 percent of single-parent cases. One year after exit, 35 percent of non-returning two-parent cases and 29 percent of similar single-parent cases were receiving Medicaid (data for year after exit available for those who left TANF between July 1997 and July 1998).

Reasons for Not Using Services

Some of the usage patterns discussed are partially explainable in terms of leavers not needing services or else being ineligible for them. However, survey data also revealed other reasons that leavers sometimes do not receive Medicaid and food stamps.

- Of those survey leavers who had not received Medicaid since leaving welfare, 45 percent said either that they did not need it or want it, in some instances because they had other insurance. The other most common reasons reported for not having received Medicaid since exiting TANF were not believing they were eligible (21%) and believing that applying was too much hassle or too time consuming (16%).

- Of the survey leavers who had not received food stamps since leaving TANF, 27 percent said they had not applied because it was too much hassle or too time consuming. Another 24 percent did not believe they would qualify, and 24 percent said they no longer needed food stamps. In addition, 10 percent indicated they did not want food stamps because of their desire to be self-sufficient, and 9 percent had been told they did not qualify or else had been cut off.

What Is the Overall Well-being of Clients After Exiting TANF?

Because administrative data generally do not provide information on subjective assessments of problems and life experiences, the survey contained many questions on the hardships leavers experienced both before and after leaving TANF. Survey questions also asked leavers for comparative assessments of well-being before and after TANF exit.

Incidences of most hardships were similar or declined at least marginally after leaving TANF. For example, leavers were less likely to report difficulties with getting behind in rent, going without utilities, and having inadequate resources for food after leaving TANF. In comparing their well-being when interviewed to when they left TANF six to eight months earlier, many more respondents indicated they were better off than worse off on a variety of dimensions, including feelings about working, self-esteem, family well-being, the amount of money they had, relationships with children, housing, and health. These measures of hardship and well-being were consistently related to employment status, in that those who were employed consistently reported fewer hardships and greater well-being than those who were employed inconsistently or not at all.

An important exception to perceived improvements in well-being concerned problems in obtaining needed health care, which increased slightly after leaving TANF. This points to the broader issue of poor health care coverage for the working poor, and also underscores the need for both policy and practice procedures to assure that those eligible for health care after leaving TANF are aware of eligibility and application procedures.

While well-being appeared to improve along many dimensions, the hardship and well-being questions nonetheless suggested the precarious nature of life for many TANF leavers. For example, 38 percent of survey leavers said they had gotten behind in their rent or house payments since leaving TANF, 44 percent said they experienced food shortages, 31 percent said someone in their home could not get medical treatment, and 13 percent had moved because they could not pay for housing.

The surveys uncovered the following information about the well-being of TANF leavers.

- For each of the housing measures included, TANF leavers were less likely to report hardships for the period after leaving TANF than for the six months before leaving. Most notably, the percentage who indicated falling behind in rent or housing payments fell from 45 to 38 percent, and those who said they went without utilities fell from 27 to 14 percent. Thirteen (13) percent said they had to move after leaving welfare due to financial problems, and 11 percent had to stay with family and relatives. These figures represented slight declines from the six-month period before leaving welfare.

- Nine (9) percent of leavers said that they had become ineligible for public housing after leaving TANF. Survey questions did not allow analysis of the extent to which moves from public housing represented changes in housing quality or strains on limited family incomes. Further research on these issues would be helpful in establishing the impacts and interactions between TANF and public housing policies.
- Other hardships changed only modestly between the six months before leaving TANF and the 6 to 8 months after leaving. The largest difference was a decline in the percentage who said food did not last through the month, from 51 percent in the six months before exit to a still alarmingly high 44 percent after leaving TANF. For both the periods before and after leaving TANF, nearly one-fourth of leavers said somebody had cut the size of meals or skipped meals in the last month. Sizeable minorities also reported having children that lived apart because they could not afford to care for them (9% before leaving and 8% after leaving).
- The one area in which reported hardships increased concerned the inability of someone in the household to get needed medical treatment, which increased from 26 percent in the six months before leaving TANF to 31 percent after leaving. This finding is consistent with a question asking respondents to compare their relative well-being at the time of interview to when they left TANF. The availability of medical care for themselves and their children were the only areas of comparative well-being where circumstances did not improve substantially.
- Measures of perceived well-being at the time of exit versus the time of interview generally showed striking increases in perceived well-being. Over half of respondents said they were better off in terms of feelings about working (66%), self-esteem (59%), overall family well-being (57%), amount of money (51%), and ability to provide for family (51%). The corresponding percentages that said they were worse off ranged from 5 to 19 percent. Respondents also were much more likely to say that their health and their children's feelings toward them had improved rather than worsened since the time they left TANF.
- Leaver levels of life satisfaction varied considerably depending on the topic. Twenty-six (26) percent were very satisfied and 76 percent were at least somewhat satisfied with their lives in general. The highest levels of life satisfaction were found on questions related to children: 86 percent were very satisfied with the quality of relationship with their children, 81 percent with the health of their children, and 62 percent with how their children were doing in school. Areas in which the lowest percentages of respondents reported being very satisfied included housing conditions (34%), quality of health care (36%), neighborhood (33%), and household's financial condition (16%).
- For nearly all of the measures of hardship and well-being, unemployed and inconsistently employed leavers voiced more problems and less satisfaction than

employed leavers. Further, with regard to hardships before and after leaving TANF, hardships for those who were consistently unemployed generally increased after leaving TANF, while all such hardships declined for those who consistently maintained employment. As might be expected, those who worked inconsistently fell between the consistently employed and the consistently unemployed on most hardship measures.

- Reports of hardships and relative well-being generally were similar for Cook County and downstate leavers. Cook County leavers were slightly more likely to report housing hardships than downstate leavers, but both geographic regions followed the patterns of hardships declining at least slightly in the period after leaving welfare. Downstate leavers reported more negative changes in receipt of medical treatment and household members skipping meals or cutting meal size after leaving TANF. In terms of well-being when interviewed compared to when leaving TANF, Cook County leavers were more likely than downstate leavers to say that their feelings about working, their children's feelings toward them, and their health had improved since leaving TANF.