

A Study of Washington State TANF Departures And Welfare Reform

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TABLE OF CONTENTS

| | |
|--|-----------|
| EXECUTIVE SUMMARY..... | 1 |
| KEY FINDINGS..... | 1 |
| COHORT I RESULTS | 9 |
| TANF ASSISTANCE | 9 |
| RECIDIVISM | 9 |
| EMPLOYMENT OUTCOMES..... | 10 |
| WAGE PROGRESSION..... | 12 |
| JOB RETENTION | 13 |
| OTHER PUBLIC ASSISTANCE | 13 |
| COHORT II RESULTS | 15 |
| TANF ASSISTANCE | 15 |
| RECIDIVISM | 15 |
| EMPLOYMENT OUTCOMES..... | 16 |
| WAGE PROGRESSION..... | 17 |
| JOB RETENTION | 19 |
| FOOD STAMP ASSISTANCE | 20 |
| COHORTS I AND II SUMMARY RESULTS (SINGLE AND TWO PARENT CASES) | 21 |
| “NATURAL DIVERSION” RESULTS..... | 24 |
| CASH DIVERSION..... | 28 |
| FUTURE ANALYSIS | 29 |
| APPENDIX..... | 30 |
| SINGLE PARENT SUMMARY RESULTS..... | 30 |
| RESEARCH DESIGN..... | 35 |
| SHORT -TERM RECIPIENTS AND LONG-TERM RECIPIENTS..... | 36 |

Executive Summary

The Washington State Department of Social and Health Services conducted this study for an interim report for the Washington State TANF Exit Study project funded by the Department of Health and Human Services. This study has two main focuses: to monitor the post-exit outcomes of three TANF cohorts and to examine a natural diversion population.

First, this study tracks wage progression, job retention, job entry, recidivism, and other well-being characteristics of TANF recipients in a cohort framework. We select three groups of TANF clients who received TANF cash assistance in either the fourth quarter of 1996 (Cohort I), the fourth quarter of 1997 (Cohort II), or the fourth quarter of 1998 (Cohort III). In November of 1997, the State of Washington implemented a WorkFirst program in response to the 1996 federal welfare reform laws. Cohort I, therefore, is representative of the period prior to welfare reform. Cohort II is intended to measure the effects of the early implementation of the state's WorkFirst program. Cohort III is indicative of fully implemented welfare reform; results from the third cohort will be presented in a future report. Each cohort will be tracked for 12 months prior to and 12 months after the selection quarter, yielding 27 months total when one includes the selection quarter itself. Each cohort is divided into two groups: those who left TANF for at least two months immediately following receipt of benefits during the selection quarter (the exit group) and those who remained on assistance (the ongoing group). We evaluate the wage progression, employment successes and well-being of the cohorts by linking data on employment, income, and receipt of other assistance.

Second, this study examines a natural diversion population, a group of individuals who are not receiving TANF cash assistance, even though they have characteristics that make them look as though they are eligible. They are referred to as a "natural diversion" population because their diversion from TANF is not a direct result of policy intervention; eligibility does not preclude the potential clients from receiving TANF but the people themselves have chosen not to enroll. Washington State also has a cash diversion program that allows eligible TANF clients to cash in a major portion of their monthly benefit as a lump sum at the beginning of a 12-month period. The cash diversion program has been implemented recently and there is not yet enough data for us to analyze this group in a meaningful way.

The summary results of the two cohorts are provided in Table 1 and Table 2, which follow the "Key Findings" section. These tables, as well as the findings throughout the report, are for single parent and two-parent cases. The results for single-parent cases only are reported in tables in the appendix.

Key Findings

Cohort Results

Cohort I clients are selected from a pre-reform period, while Cohort II clients are selected from an early implementation period of the state welfare reform. Given the similar economic factors in our state between the Cohort I and Cohort II periods, the differences between Cohort I and Cohort II are possibly a result of the early implementation of the state's welfare reform. One new state policy in particular may be influential; some working TANF recipients, who would have been ineligible under the old eligibility criteria, to continue receiving TANF benefits because 50% of earnings are disregarded in determining TANF eligibility.

- The data suggest that the exit groups have relatively constant characteristics, before and after welfare reform, while the ongoing groups have been affected by policy changes. Perhaps the exit group is dominated by people who indeed require only temporary assistance and who are merely passing through the welfare system because of unusual circumstances. The employment and assistance attributes of the exit groups are relatively unchanged before and after welfare reform. The ongoing groups, however, may be influenced more by state welfare reform, particularly the 50% earnings disregard and work requirements, since differences are observed between the ongoing groups in the two cohorts. These findings support further research using a refined exit definition. The ongoing

category could be further divided into ongoing cohort members who exit and ongoing cohort members who remain on assistance. Such a distinction would help clarify if certain sub-populations are driving these results.

- Using the two-month exit rule, the exit rates of Cohort I and Cohort II in the selection quarters were 14.6% and 17% respectively. Considering the homogeneous labor market conditions in both Cohort I and Cohort II periods, the increase in Cohort II's exit rate was possibly influenced by welfare policy changes which occurred during Cohort II's selection quarter. One such policy change was the implementation of time limits.
- The rate of return to TANF assistance within 12 months after an exit decreased from 28.8% in Cohort I to 23.2% in Cohort II. Again, since the state economy had been strong in both the fourth quarters of 1996 and 1997, a likely factor of this decreased recidivism may be the early implementation of state welfare reform that includes time limits and work requirements.
- The quarterly employment rates of the Cohort I and II exit groups were similar to each other, averaging 36% in the pre-selection period and climbing to an average of 52% in the post-selection period. The similarity of the employment rates between the two exit groups could be explained by two reasons: 1) state welfare programs did not extend beyond departure from assistance, and 2) state welfare reform had not yet been implemented during the pre-selection periods for both cohorts. The results of a future exit group might reflect a difference if the state introduces post-employment or post-exit programs to help exiters retain or enhance their employment.
- As for the ongoing groups, Cohort II averaged 25% employment compared to 22% of Cohort I during the pre-selection period. In the post-selection period, the employment of the ongoing group in Cohort II averaged 41% while it was only 33% for the ongoing group in Cohort I. Although the employment rates increased for both Cohort I and II after the selection quarter, the improvement was much greater in Cohort II than in Cohort I. Part of ongoing Cohort II's improvement may be attributable to the 50% earnings disregard policy included in the state welfare reform.
- The job entry rate of the ongoing group in Cohort II averaged 19% in the post-selection quarters, 9% higher than the average in the pre-selection period. The job entry rate of the ongoing group in Cohort I averaged 14% in the post-selection quarters, 6% higher than the average in the pre-selection period. The higher job entry rate for ongoing Cohort II indicates that state welfare reform programs may have encourages welfare clients to find new jobs, particularly for those who stayed on TANF assistance. Other than welfare reform, there were no noticeable changes in other state economic factors or policies.
- The job retention rate of ongoing Cohort II in the post-selection quarters was on average 73%, 19% higher than the pre-selection period average. The job retention rate of ongoing Cohort I in the post-selection quarters was on average 70%, 20% higher than the average in the pre-selection period. The job retention rates for the exit groups were similar between the two cohorts. The results fail to support concerns that welfare reform might push people to accept less desirable or less stable, temporary jobs.
- The median wage of exit Cohort II during the post-selection period (a quarterly average) was \$2,661. This is \$92 less than exit Cohort I in its post selection period. Ongoing Cohort I had a median wage that was \$1,540 in the post-selection quarters (quarterly average), \$24 more than ongoing Cohort II. The fact that Cohort II groups have lower median wages than the corresponding groups in Cohort I might be explained in part by job skill differences. Welfare reform may have accelerated the departure of people with more job skills, resulting in a smaller proportion of people with desirable job skills in Cohort II. In other words, the wage decline may be attributable partly to skill level variance between the cohorts and partly to more competition for job opportunities available for less skilled workers.

Table 1: Summary of Cohort I Results (All¹)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (Pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (Post) |
|---------------------------|---------------|----------------------|---------|---------|---------|--------------------|----------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1995 Q4 | 1996 Q1 | 1996 Q2 | 1996 Q3 | | | 1996 Q4 | 1997 Q1 | 1997 Q2 | 1997 Q3 | |
| (n=105165) | | | | | | | | | | | | |
| Employment | Exit Group | 34% | 30% | 34% | 45% | 36% | 54% | 51% | 52% | 53% | 52% | 52% |
| | Ongoing Group | 24% | 20% | 22% | 23% | 22% | 24% | 24% | 31% | 36% | 40% | 33% |
| Ever Employed | Exit Group | 59.2% | | | | | 68.5% | | | | | |
| | Ongoing Group | 39.3% | | | | | 48.4% | | | | | |
| Job Entry | Exit Group | -- | 9% | 16% | 26% | 17% | 28% | 12% | 16% | 15% | 13% | 14% |
| | Ongoing Group | -- | 6% | 9% | 10% | 8% | 11% | 10% | 15% | 15% | 15% | 14% |
| Job Retention | Exit Group | 55% | 63% | 70% | 73% | 65% | 74% | 78% | 78% | -- | -- | 78% |
| | Ongoing Group | 47% | 51% | 57% | 45% | 50% | 55% | 69% | 71% | -- | -- | 70% |
| Mean Wage | Exit Group | \$2,200 | \$1,956 | \$1,814 | \$1,730 | \$1,925 | \$2,556 | \$2,780 | \$2,968 | \$3,085 | \$3,337 | \$3,043 |
| | Ongoing Group | \$1,847 | \$1,654 | \$1,587 | \$1,498 | \$1,646 | \$1,353 | \$1,577 | \$1,983 | \$2,133 | \$2,343 | \$2,009 |
| Median Wage | Exit Group | \$1,685 | \$1,468 | \$1,324 | \$1,354 | \$1,458 | \$2,343 | \$2,545 | \$2,723 | \$2,762 | \$2,983 | \$2,753 |
| | Ongoing Group | \$1,332 | \$1,146 | \$1,098 | \$1,004 | \$1,145 | \$976 | \$1,137 | \$1,534 | \$1,637 | \$1,850 | \$1,540 |
| Wage Progression | Exit Group | -- | -13% | -10% | 2% | -7% | 73% | 9% | 7% | 1% | 8% | 6% |
| | Ongoing Group | -- | -14% | -4% | -9% | -9% | -3% | 17% | 35% | 7% | 13% | 18% |
| Receiving TANF | Exit Group | 57% | 63% | 73% | 90% | 71% | 100% | 12% | 18% | 20% | 21% | 18% |
| | Ongoing Group | 69% | 74% | 80% | 87% | 77% | 100% | 100% | 86% | 73% | 66% | 81% |
| Recidivism | Exit Group | | | | | | | 12% | 8% | 5% | 4% | 28.8% ² |
| Time On Assistance | Exit Group | 7.7 months | | | | | | 1.7 months | | | | |
| | Ongoing Group | 8.8 months | | | | | | 9.1 months | | | | |

-- not applicable

¹ Includes both single and two parent cases.

² In 1997 (the 12 months following the selection quarter).

Table 2: Summary of Cohort II Results (All)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (Pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (Post) |
|---------------------------|---------------|----------------------|---------|---------|---------|-----------------|-------------------|-----------------------|---------|---------|---------|--------------------|
| | | 1996 Q4 | 1997 Q1 | 1997 Q2 | 1997 Q3 | | | 1997 Q4 | 1998 Q1 | 1998 Q2 | 1998 Q3 | |
| (n=91244) | | | | | | | | | | | | |
| Employment | Exit Group | 34% | 30% | 35% | 47% | 37% | 56% | 51% | 52% | 53% | x | 52% |
| | Ongoing Group | 25% | 22% | 25% | 28% | 25% | 32% | 33% | 42% | 47% | x | 41% |
| Ever Employed | Exit Group | 64.4% | | | | | | 73.9% | | | | |
| | Ongoing Group | 46.6% | | | | | | 67.6% | | | | |
| Job Entry | Exit Group | -- | 9% | 17% | 28% | 18% | 29% | 12% | 16% | 15% | x | 14% |
| | Ongoing Group | -- | 7% | 11% | 13% | 10% | 16% | 15% | 21% | 20% | x | 19% |
| Job Retention | Exit Group | 55% | 63% | 69% | 71% | 65% | 73% | 78% | x | -- | -- | 78% |
| | Ongoing Group | 51% | 56% | 55% | 53% | 54% | 63% | 73% | x | -- | -- | 73% |
| Mean Wage | Exit Group | \$2,190 | \$1,923 | \$1,865 | \$1,659 | \$1,909 | \$2,610 | \$2,710 | \$2,937 | \$3,045 | \$3,018 | \$2,928 |
| | Ongoing Group | \$1,816 | \$1,602 | \$1,595 | \$1,422 | \$1,609 | \$1,341 | \$1,490 | \$1,867 | \$2,137 | \$2,184 | \$1,919 |
| Median Wage | Exit Group | \$1,597 | \$1,389 | \$1,349 | \$1,256 | \$1,398 | \$2,418 | \$2,522 | \$2,726 | \$2,775 | \$2,621 | \$2,661 |
| | Ongoing Group | \$1,299 | \$1,130 | \$1,122 | \$960 | \$1,128 | \$1,013 | \$1,124 | \$1,455 | \$1,732 | \$1,755 | \$1,516 |
| Wage Progression | Exit Group | -- | -13% | -3% | -7% | -8% | 92% | 4% | 8% | 2% | x | 5% |
| | Ongoing Group | -- | -13% | -1% | -14% | -9% | 6% | 11% | 30% | 19% | x | 20% |
| Receiving TANF | Exit Group | 60% | 66% | 75% | 90% | 73% | 100% | 8% | 14% | 16% | 16% | 14% |
| | Ongoing Group | 71% | 75% | 80% | 87% | 78% | 100% | 100% | 84% | 70% | 57% | 78% |
| Recidivism | Exit Group | | | | | | | 8% | 7% | 5% | 3% | 23.2% ³ |
| Time On Assistance | Exit Group | 7.9 months | | | | | | 1.2 months | | | | |
| | Ongoing Group | 8.8 months | | | | | | 8.5 months | | | | |

-- not applicable

x: data not yet complete

³ In 1998 (the 12 months following the selection quarter).

Short-term Recipients vs. Long-term Recipients

Rather than strictly adhering to the Exit/Ongoing definition, it may also be insightful to use different classifications and observe TANF status across the months following the selection quarter. Two possibilities are short-term recipients and long-term recipients. Long-term recipients are the cohort members who were *on* TANF continuously for all 12 months following the selection quarter. The short-term recipients are the cohort members who were *off* TANF continuously for all 12 months following the selection quarter; they received benefits at least once during the selection quarter, but their stay on welfare was only temporary and they did not return for at least the following year.

- Approximately 60% of Cohort I were *on* TANF consecutively for the 6 months following the selection quarter. Around 40% of Cohort I were on TANF consecutively for 12 consecutive months or more after the selection quarter. As for Cohort II, around 55% were on TANF consecutively for the 6 months after the selection quarter. Around 30% of Cohort II were on TANF consecutively for 12 months or more after the selection quarter.
- Around 11.8% of Cohort I were *off* TANF continuously for the 6 months following the selection quarter. Approximately 10.4% of Cohort I were off TANF for 12 consecutive months after the selection quarter. In Cohort II, around 14.4% were off TANF for 6 months continuously after the selection quarter, and 13.1% off TANF for at least 12 months continuously following the selection quarter.
- Cohort II trends indicate that, relative to Cohort I, a smaller percentage of clients are staying on TANF continuously, while a greater percentage are staying off TANF once they have exited. Relative to Cohort I, approximately 2.5% more of Cohort II have stayed off TANF continuously; the shift in trend lines is nearly parallel.
- Given similar state economic conditions between the selection periods of Cohort I and II, these results consistently indicate that welfare reform had an impact on TANF recipients' tendency to remain on assistance as well as to remain off assistance. Future analysis of Cohort III (those who received TANF in the 4th quarter of 1998) will offer additional insight into the continuation trends of welfare recipients. That is, it will be interesting to see if the full-implementation of welfare reform (reflected in Cohort III) shows an even greater increase in clients who remain off TANF continuously, or if the percentage will reach a plateau.

The following tables (Table 3 and Table 4) are employment outcomes for short-term and long-term recipients. Short-term recipients comprise 10.6% of Cohort I and 13.2% of Cohort II; these are clients who did not receive TANF benefits in the 12 months following the selection quarter. The long-term recipients are 41.5% of Cohort I and 31.3% of Cohort II; these clients were on TANF for at least 12 months consecutively following the selection quarter. These two groups are examined to see the employment characteristics of the most desired group (short-term) and the least desired group (long-term). The comparisons of these groups suggest that:

- Quarterly earnings of approximately \$2,500 may be necessary for an average client to leave assistance and not to come back on assistance.
- Quarterly earnings below \$1,000 may prevent an average TANF client from leaving TANF assistance.
- Changes in employment outcomes in 1997 Q4 for the continuously ongoing group may be a result of state welfare reform implemented in that quarter. In particular, a new state policy was implemented that uses only 50% of earnings in determining TANF eligibility and it may have a significant impact on the continuously ongoing group.
- Noticeable changes in employment and retention rates for the continuously ongoing groups between Cohort I and Cohort II may be a result of state welfare reform implemented in 1997 Q4.

Table 3: Employment Outcomes for Cohort I Short-term and Long-term TANF recipients (subcategories)

| <i>Quarter</i> | <i>Median Wages (in 1998\$)</i> | | <i>Employment Rate (%)</i> | | <i>Job Retention Rate (%) (to 2nd subsequent quarter)</i> | |
|----------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|---|-----------------------------|
| | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> |
| 1995 Q4 | 1749 | 1120 | 33 | 18 | 56 | 41 |
| 1996 Q1 | 1536 | 941 | 29 | 15 | 63 | 43 |
| 1996 Q2 | 1369 | 849 | 33 | 16 | 70 | 37 |
| 1996 Q3 | 1409 | 746 | 44 | 16 | 75 | 33 |
| 1996 Q4 | 2479 | 670 | 54 | 15 | 79 | 39 |
| 1997 Q1 | 2858 | 609 | 52 | 12 | 84 | 52 |
| 1997 Q2 | 3129 | 708 | 54 | 16 | 83 | 55 |
| 1997 Q3 | 3220 | 728 | 54 | 20 | NA | NA |
| 1997 Q4 | 3416 | 1008 | 53 | 27 | NA | NA |

Table 4: Employment Outcomes for Cohort II Short-term and Long-term TANF recipients (subcategories)

| <i>Quarter</i> | <i>Median Wages (in 1998\$)</i> | | <i>Employment Rate (%)</i> | | <i>Job Retention Rate (%) (to 2nd subsequent quarter)</i> | |
|----------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|---|-----------------------------|
| | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> | <i>Short-term Recipients</i> | <i>Long-term Recipients</i> |
| 1996 Q4 | 1621 | 992 | 33 | 19 | 57 | 44 |
| 1997 Q1 | 1440 | 896 | 29 | 16 | 63 | 49 |
| 1997 Q2 | 1376 | 872 | 34 | 19 | 69 | 46 |
| 1997 Q3 | 1274 | 752 | 45 | 21 | 73 | 42 |
| 1997 Q4 | 2507 | 739 | 55 | 22 | 76 | 50 |
| 1998 Q1 | 2787 | 688 | 51 | 20 | 82 | 60 |
| 1998 Q2 | 3092 | 799 | 52 | 26 | -- | -- |
| 1998 Q3 | 3210.73 | 879 | 53 | 32 | NA | NA |
| 1998 Q4 | 3061 | 1076 | 34 | 24 | NA | NA |

NA: Not Applicable -- : data not yet complete

Natural Diversion

- Some of the observed decline in TANF caseloads may be due to potentially eligible persons choosing not to apply for TANF benefits, a so-called ‘natural diversion’ from assistance. We seek to identify this naturally diverted population and examine its trend relative to the TANF caseload. While data are not available indicating TANF eligibility, single parent status and receipt of food stamps or Medicaid may be used as proxies for cash assistance eligibility.
- There are several ways to define the natural diversion population⁴ and each definition indicates that the naturally diverted population has increased since the implementation of welfare reform. The most general definition, clients who received food stamps and medical assistance but not TANF, reveals a 15% increase in the diverted population, from 10,586 in July 1997 to 12,155 in December 1998. In the same time period, the TANF caseload declined about 30% from 54,457 to 37,718.
- Another definition of natural diversion has clients receiving food stamps and medical assistance but also confines income levels to mimic TANF guidelines. The trend is less pronounced though still quite evident (a 9% increase from 9,993 to 10,914).
- The last definition of natural diversion includes clients receiving food stamps or medical but not TANF, but restricts the analysis to individuals who received TANF during at least one month of the study period. This definition yields a dramatic increase in the natural diversion population. This additional constraint insures that the populations are reasonably similar because the diverted people were recipients of TANF at one point. In this instance the diverted population increased 139% from 6,888 to 16,487.
- In upcoming research we will refine the criteria used to select the diverted population. More precise income guidelines and evaluating exit and entry into assistance are two possible methods of more appropriate identification of the diverted adults.
- The preliminary results indicate that the natural diversion population has increased since the onset of welfare reform. Further investigation may be necessary for us to determine if the naturally diverted population are in fact eligible, and if they are, why they elected not to apply for TANF benefits.
- We estimated the percent change in the natural diversion (look-like eligible) population in response to each 1% change in the TANF adult population using a logarithmic regression model⁵. Estimates are based on three different types of the natural diversion population. They are: (1) the population who received food stamps and medical assistance but not TANF, (2) the population who earned less than the payment standard in addition to meeting the criteria in (1), and (3) the population who did not receive TANF in the current month but did receive food stamps or medical assistance, and received TANF at least once in the other 17 months. The regression results show that there was 0.45% ($t = -17.6$), 0.30% ($t = -10.4$), 2.31% ($t = -13.2$) increase for every 1% decline in TANF adult population from July 1997 to December 1998, respectively for the types (1), (2), and (3).
- It is premature to conclude that the increase in the natural diversion population is a result of the decline in TANF caseload. The estimated relationship does not necessarily imply a causal relationship. However, it raises a legitimate policy question regarding the impact of welfare reform on the increase of the natural diversion population who look as though they are eligible based on their earnings and other program participation.

⁴ Each definition includes only single parent heads of household with children present.

⁵ Type (1), Degree of Freedom=16, R-square=0.95, F-value=310, Prob>F=0.0001

Type (2), Degree of Freedom=16, R-square=0.88, F-value=108, Prob>F=0.0001

Type (3), Degree of Freedom=16, R-square=0.92, F-value=173, Prob>F=0.0001

Table 5: Natural Diversion Findings

| <i>Population Definition</i> | <i>Single Parent Head of Household</i> | | <i>Single Parent Head of Household; Received TANF at least one month</i> | | <i>Single Parent Head of Household; Restricted Income</i> | |
|------------------------------|--|--------------------------------|--|-----------------------------|---|--------------------------------|
| | <i>TANF</i> | <i>Diverted (FS & Med)</i> | <i>TANF</i> | <i>Diverted (FS or Med)</i> | <i>TANF</i> | <i>Diverted (FS & Med)</i> |
| <i>Month</i> | | | | | | |
| Jul-97 | 54457 | 10586 | 54457 | 6888 | 54007 | 9993 |
| Aug-97 | 54200 | 10818 | 54200 | 7634 | 53632 | 10095 |
| Sep-97 | 54481 | 10484 | 54481 | 7636 | 53794 | 9888 |
| Oct-97 | 54026 | 10428 | 54026 | 7997 | 52802 | 9697 |
| Nov-97 | 53434 | 10612 | 53434 | 8604 | 52585 | 9972 |
| Dec-97 | 52242 | 10554 | 52242 | 9488 | 51213 | 9872 |
| Jan-98 | 51558 | 10671 | 51558 | 9795 | 50745 | 9977 |
| Feb-98 | 50343 | 10887 | 50343 | 10496 | 49641 | 10255 |
| Mar-98 | 49791 | 10867 | 49791 | 10871 | 48976 | 10279 |
| Apr-98 | 48762 | 11005 | 48762 | 11418 | 47595 | 10281 |
| May-98 | 47471 | 11159 | 47471 | 12054 | 45962 | 10333 |
| Jun-98 | 46145 | 11451 | 46145 | 13071 | 44876 | 10615 |
| Jul-98 | 44637 | 11596 | 44637 | 14215 | 42931 | 10534 |
| Aug-98 | 43532 | 11867 | 43532 | 14703 | 42279 | 10872 |
| Sep-98 | 41603 | 11820 | 41603 | 15792 | 40337 | 10858 |
| Oct-98 | 40547 | 12073 | 40547 | 15922 | 38834 | 10736 |
| Nov-98 | 38986 | 12261 | 38986 | 16520 | 37916 | 11192 |
| Dec-98 | 37718 | 12155 | 37718 | 16487 | 36426 | 10914 |
| <i>% change</i> | -31% | 15% | -31% | 139% | -33% | 9% |

Cohort I Results

Cohort I is composed of clients who received TANF benefits for at least one month during the fourth quarter of 1996. They will be tracked for one year prior to the selection quarter (fourth quarter of 1995 to the third quarter of 1996) and a year after the selection period (all four quarters of 1997). The cohort is divided into two groups: those who exited TANF subsequent to the selection period, and those who remained on assistance. Cohort I consists of 105,165 individuals, 14.6% of whom are classified in the exit group. The median age is 30 years, and 50% of the cohort are between 24 and 37 years of age. This group of TANF clients are representative of the pre-welfare reform period; the selection period and half of the follow-up time frame are prior to welfare reform implementation. Thus, the findings from this cohort are considered to be the analysis baseline.

TANF Assistance

The mean number of months on assistance in the pre- and post-selection periods (white and shaded areas, respectively) are illustrated in Figure 1. In both time periods the length of time on assistance for the exit group is shorter than the ongoing group. In the pre-selection period, the exit group was on assistance for an average of 7.7 months, 1.1 months fewer than the ongoing average of 8.8 months. However, in the post-selection period, the mean number of months on TANF for the ongoing group is dramatically higher than the exit group. That finding is not surprising given the leavers definition.

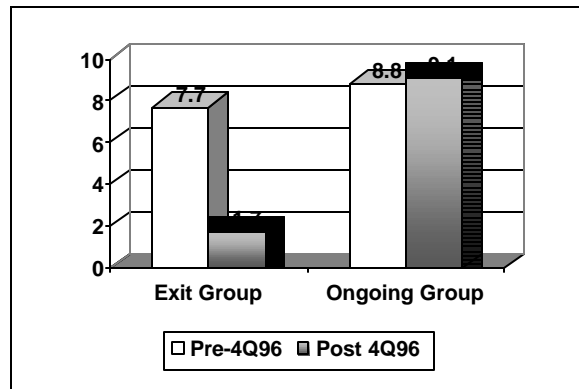


Figure 1: Cohort I Months on Assistance

Recidivism

An important measure of the success of welfare programs is whether or not a client returns to assistance after exiting. Of the Cohort I exit group, 71.2% did not return to assistance in the post selection calendar year. A more specific definition of recidivism, returning within the 12 months following the departure month, is slightly more appropriate because clients may have exited after October, November, or December. In other words the calendar year 1997 does not necessarily correspond to the 12 months following TANF exit. Using the precise 12 month definition, a slightly higher percentage of the exit group (72.3%) remains off assistance for a full year following their departure from TANF. Figure 2 shows the percentages of the exit group who returned in the different quarters of the subsequent calendar year. Recidivism information here is restricted to a slightly shorter definition than might ordinarily be considered because we follow the cohort for only 12 months following the selection quarter.

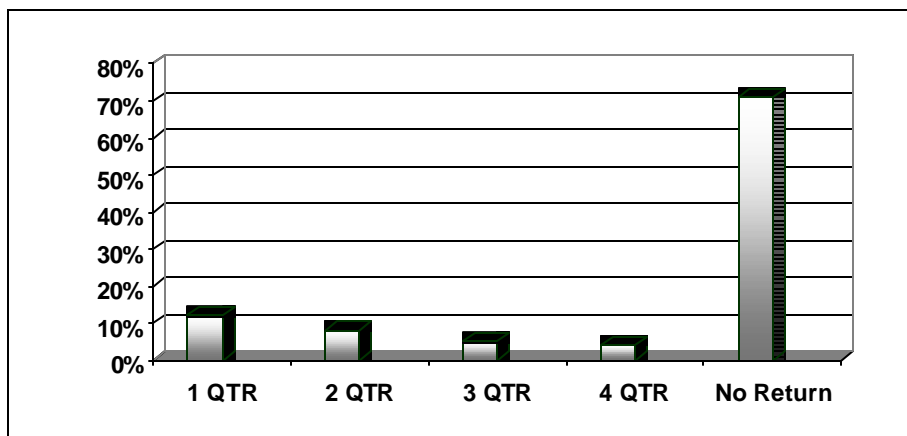


Figure 2: Exiters returning to TANF in subsequent calendar year

Employment Outcomes

Compared to the ongoing group, a higher percentage of the exit group is employed throughout the nine quarters of observation. Figure 3 illustrates the employment rates of Cohort I and there are some noticeable differences between the ongoing and exit groups. The exit group makes the greatest strides in employment just prior to the selection quarter; 34% of the exit group are employed in the second quarter of 1996, 45% in the third quarter and 54% in the fourth quarter. In the post-selection period, the employment rate fluctuates near fifty percent. The ongoing group does not experience such dramatic increases in employment until several months following the selection quarter. The percent employed rises from 24% to 31% between the first and second quarters of 1997 and rises to 40% by the last quarter of that year.⁶ Employment classification is determined from Employment Security data; if a client has an employer code listed for the quarter, then he or she is recorded as being employed.

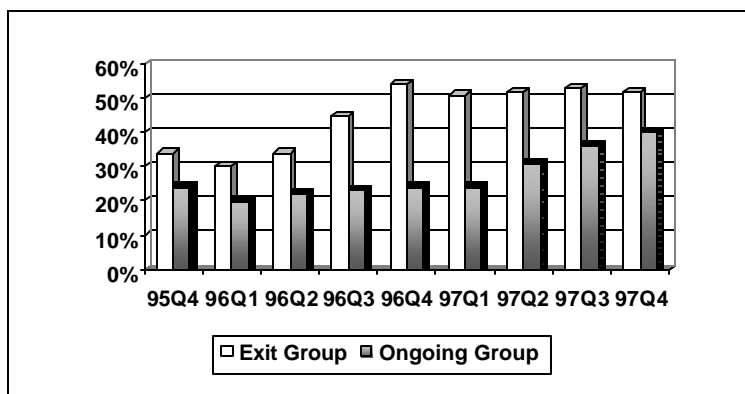


Figure 3: Cohort I Employment

⁶ This suggests that perhaps a more detailed exit-ongoing classification is merited; the ongoing group could be divided into clients who exited TANF shortly (but not immediately) after the fourth quarter of 1996. That level of analysis will not be considered at this time due to time constraints and the “two month leaver” definition dictated for the study.

Figure 4 illustrates new employment, which is defined as the percentage of clients employed in a quarter who were not employed the previous quarter. The new employment percentage for the exit group climbs steadily across the pre-selection period. This mirrors the general employment findings from Figure 3 that showed an increasing number of the exit group holding jobs in the pre-selection period. New employment in subsequent quarters (around 15%) indicates some employment turnover because the overall level of employment remains relatively constant.

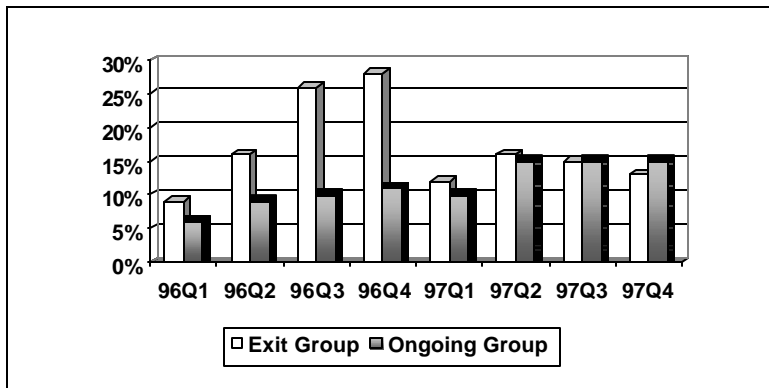


Figure 4: Cohort I New Employment

Ability to maintain employment is another measure of successful departure from assistance. Figure 5 illustrates how many consecutive quarters a client was employed, of those who held jobs during the selection quarter. Clients unemployed in that quarter are not included. Only 67% of the ongoing group who were employed in the selection quarter were still employed in the following three months. On the other hand, 61% of the exit group maintained jobs for at least five consecutive quarters. Within the ongoing group, the percentage holding jobs for five consecutive quarters is somewhat lower (43%). Job turnover will be evaluated more extensively in future analyses for this study.

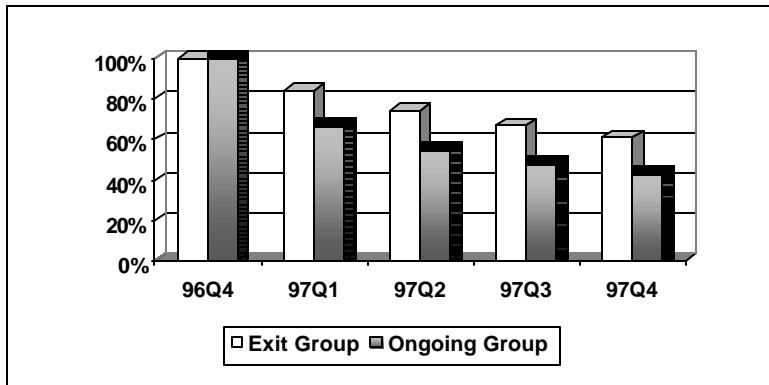


Figure 5: Employment Duration (beginning 4th quarter 1996) – Cohort I

Wage Progression

Figure 6 shows the median wages⁷ for employed members of Cohort I. While the graph indicates considerable wage growth for both groups, it does not necessarily reveal individual level wage improvements. The apparent increases could be driven by varying employment composition of the cohort. Wage improvement interpretations are less likely to be misleading if the wages of a specified group are followed across time. Figure 7 shows the median quarterly wage for TANF clients who were employed during the fourth quarter of 1996. The trends are similar to the previous graph, although the wages are somewhat higher when the sample is restricted to the group working in the fourth quarter of 1996. For both the exit and ongoing groups, the wage gains between the fourth quarters of 1996 and 1997 are more pronounced with the restricted sample.

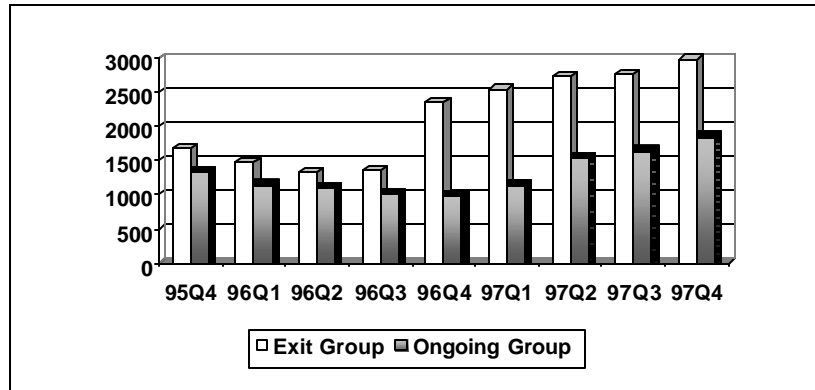


Figure 6: Median Wages (in 1998\$) – Cohort I

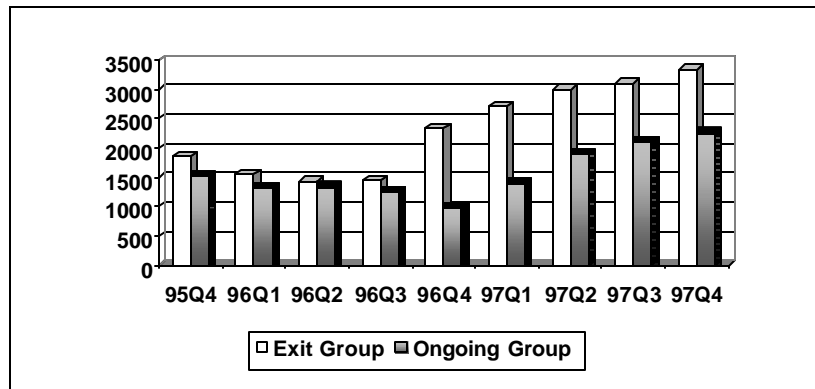


Figure 7: Median Wages (in 1998\$) – Cohort I employed during 4Q96

⁷ Employment Security wages are used, if available. If UI wage data are not reported, we include Caseload Analysis and Reporting Database (CARD) wage information, available beginning in July 1997.

Job Retention

Job retention is another important gauge of the success of WorkFirst. Given the available data, we have used two different definitions for job retention. The first is whether a client maintained employment⁸ across two consecutive quarters. A more stringent definition requires that the person have employment for three consecutive quarters; this provides greater insurance that he or she maintained employment for a longer period of time, if not for three full quarters. Job retention trends are seen in Figure 8 and Figure 9. As one would expect, the percentage of clients retaining jobs across three quarters is lower than the percentage retaining jobs across just two quarters. For the ongoing group, job retention is lowest around the time of the selection quarter and increases to about 70%. The exit group improves across the time frame and levels off just under 80%. This is a noticeable distinction between the two groups; those who left TANF were much more likely to hold jobs over a period of time.

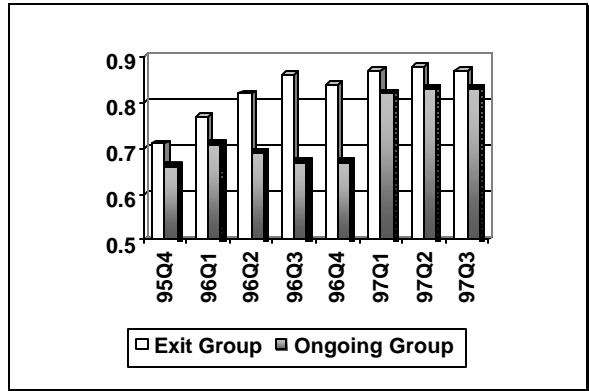


Figure 8: Cohort I Job Retention (to subsequent quarter)

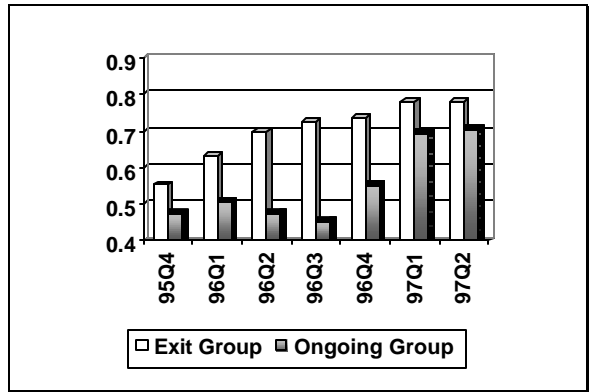


Figure 9: Cohort I Job Retention (to 2 subsequent quarters)

Other Public Assistance

Receipt of other public assistance is indicative of a client’s well-being. We have data on several types of assistance, such as alcohol and drug treatment, SSI, general assistance for pregnant women, assistance for

⁸ “Employment” is defined as any employer, not necessarily the same employer across the time frame.

unemployable clients, and support for children living with a legal guardian. Figure 10 and Figure 11 illustrate by exit status the percentage of Cohort I who received other types of assistance during the pre- and post- selection periods. The following graphs do not indicate duration on the assistance, but merely receipt at some point during the 12 month period.⁹ Note that "Child" represents general assistance for children living with legal guardians, "GA-Pregnancy" is general assistance for pregnant women, "GA-U" is general assistance for unemployable adults aged 18 to 65 years, "ADATSA" represents treatment for alcohol and drug abuse, and "SSI" is supplemental security income.

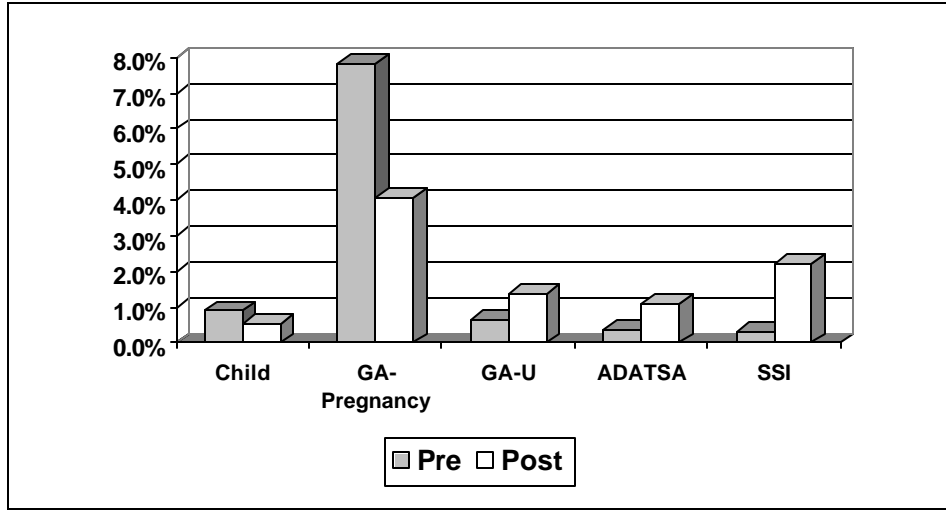


Figure 10: Receipt of Other Assistance (Cohort I Exit Group)

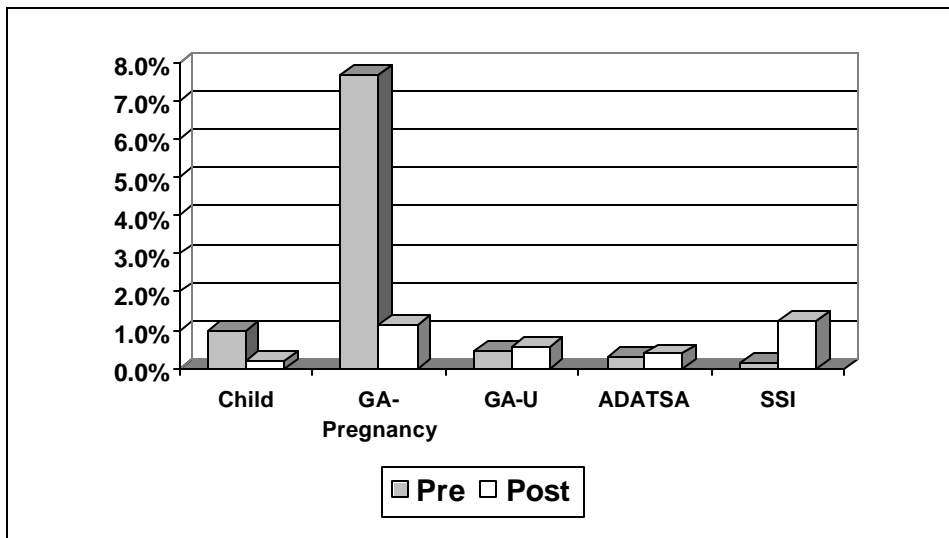


Figure 11: Receipt of Other Assistance (Cohort I Ongoing Group)

⁹ It is possible, therefore, to receive GA-U and be in the ongoing TANF group because benefits are not necessarily simultaneous.

Cohort II Results

Cohort II is drawn from the last quarter of 1997 and is intended to measure the effects of the early implementation of the state's WorkFirst program. Like Cohort I, they will be tracked for one year prior to the selection quarter (fourth quarter of 1996 to the third quarter of 1997) and a year after the selection period (all four quarters of 1998). They are also classified into an exit group and an ongoing group, depending on whether they received assistance in the months immediately following the selection quarter. Cohort II is smaller than Cohort I, reflecting the diminished TANF caseload. It consists of 91,244 individuals who received TANF during at least one month in the fourth quarter of 1997¹⁰ and it is 13% smaller than Cohort I. A slightly higher percentage of the cohort is classified in the exit category, 17%, compared to 14.6% the year before. The age distributions of the two cohorts are very similar.

TANF Assistance

The Cohort II exit group shows a significant decline in the number of months TANF was received in the months following the selection period. The exit group was on TANF an average of 7.9 months prior to the fourth quarter of 1997 and only 1.2 months in the post-selection period. Cohort II was on TANF for slightly longer than the first cohort in the pre-selection period, but the mean time on assistance is lower in the post-selection period. The increase in assistance prior to the exit quarter may be due in part to the higher exit rate; some of the clients with characteristics similar to the ongoing group were encouraged to exit because of changes in welfare policy. The ongoing group shows a slight decline in the number of months assistance was received after the selection quarter; this differs from the ongoing group in Cohort I, who were on assistance slightly longer in the post selection period. As with the findings in the first cohort, the exit group spent fewer months on assistance in the year preceding the selection quarter.

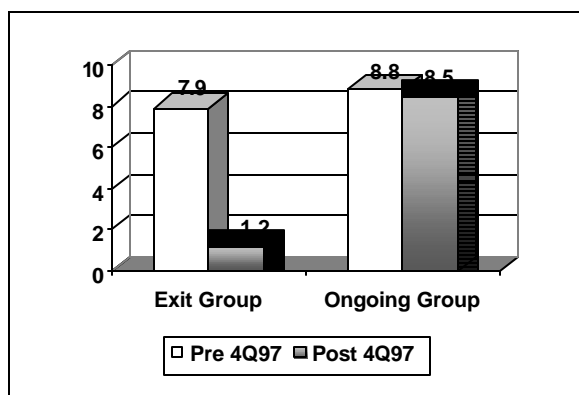


Figure 12: Cohort II Months on Assistance

Recidivism

In the second cohort, 77.7% of the exit group remained off assistance for at least 12 months following their departure. This is 5.4% higher than the first cohort. Fewer members of the second cohort returned in the third month after exit (4.9%, down from 7.6% in Cohort I). This indicates that after the implementation of welfare reform, TANF clients were more likely to stay off assistance for at least a year once they departed.

¹⁰ Note that it is possible for the same individual to be a member of both cohorts, if he or she received TANF during the 4th quarters of 1996 and 1997.

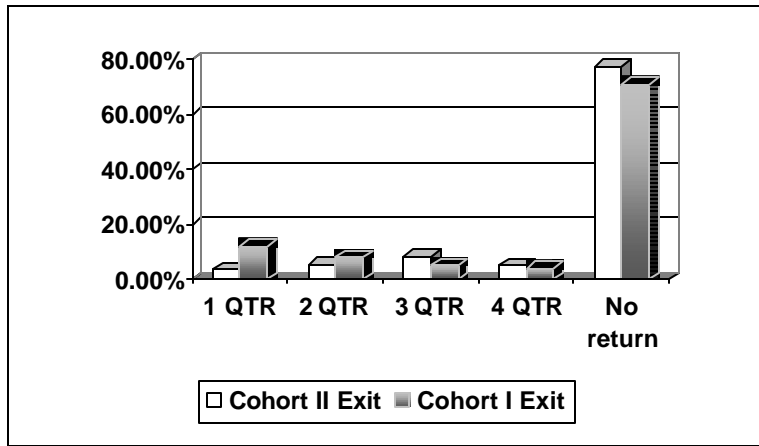


Figure 13: Time until return to TANF

Employment Outcomes

Figure 14 shows the employment rates of Cohort II¹¹. When compared to the ongoing group, the exiting group has higher employment rates for every quarter in the given study period. The employment rates for the exiters are quite similar to the rates recorded in the first cohort. The ongoing group, however, shows improvement, as illustrated in Figure 15. Beginning in the selection quarter and in the following year, 8 to 11% more of the ongoing group were employed than in the comparable time frame for the first cohort. The employment gap between the exit and ongoing groups narrowed somewhat in the months following the implementation of welfare reform. These results imply that perhaps the defined exit groups have similar characteristics and have been unaffected by welfare policy changes. It is possible that the ongoing group has, via policy changes and eligibility requirements, been helped or induced to seek more employment possibilities.

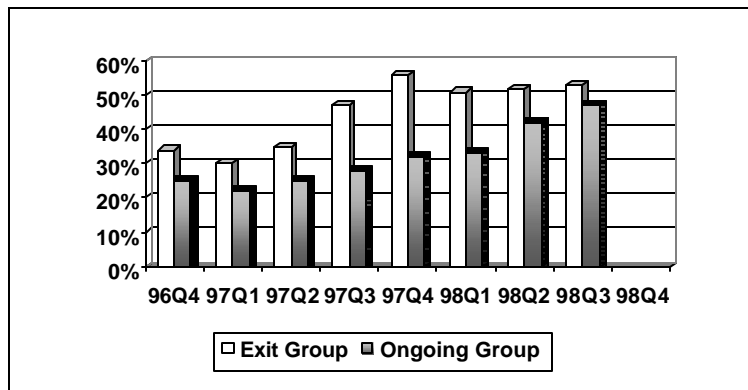


Figure 14: Cohort II Employment

¹¹ At the time of this report, data are not yet complete for 4th quarter 1998.

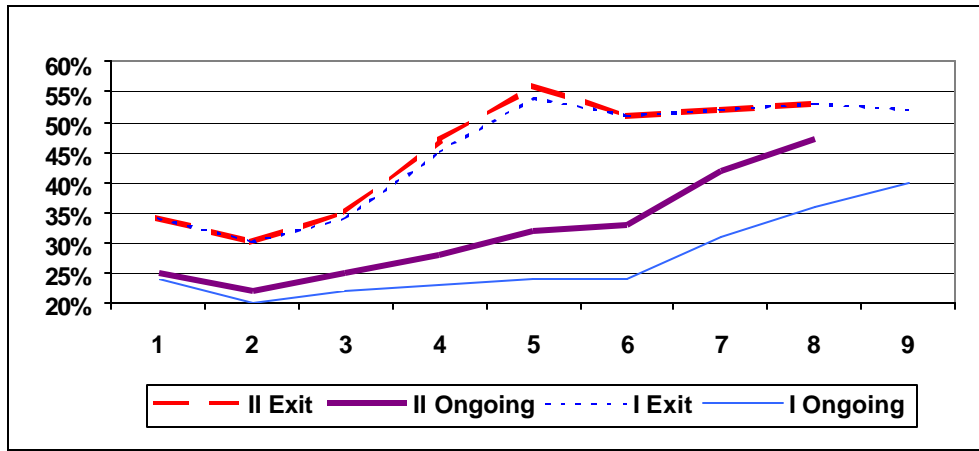


Figure 15: Comparison of Employment in Cohorts I and II

Job entry rates for Cohort II are illustrated in Figure 16. As with the employment results above, the ongoing group shows improvement in this employment outcome. Relative to the first cohort, job entry rates are up about 5% in the post-selection period. Job entry rates for the ongoing group actually exceed those of the exit group in the 1998 quarters. This may reflect job turnover: more of the ongoing group are getting new jobs, but they aren't retaining them. Future analysis will attempt to evaluate job turnover as well as a more refined definition of new employment. At this time, the summary statistics for consecutive quarters employed are not available because 4th quarter 1998 data are not yet complete.

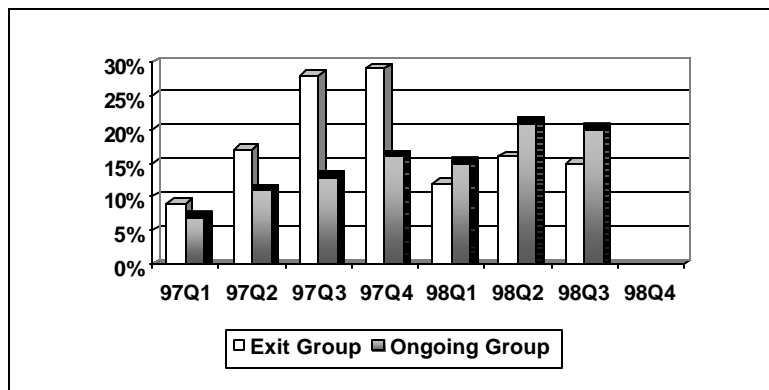


Figure 16: Cohort II Job Entry

Wage Progression

Wages for the exit group again jump during the fourth quarter 1997, as shown in Figure 17 and Figure 18. The wages of the ongoing group progress after the selection quarter, but remain at a level considerably lower than the exit group. Across Cohorts I and II, wage progression is quite similar within the ongoing groups and within the exit groups. Figure 19 shows median monthly wage (in 1998 dollars) for clients working in their respective selection quarters. Numbers one through four on the graph represent the quarters in the year prior to the cohort selection, the selection quarter itself is represented by the fifth point on the graph, and numbers six through eight are the first three quarters of the year following the selection period. The graph reveals that wage progression has not been altered since the implementation of welfare

reform. Evaluating the third cohort will probably shed some light in this area. The time frame represented in these first two cohorts may be too early to reflect wage variations due to job training and WorkFirst activities.

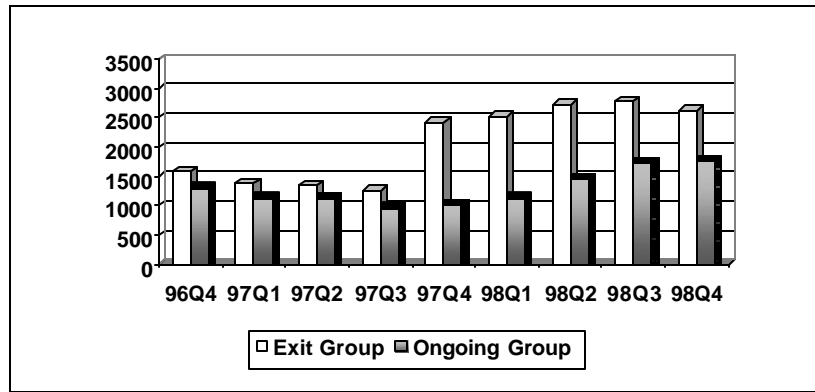


Figure 17: Cohort II Median Wages (in 1998\$)

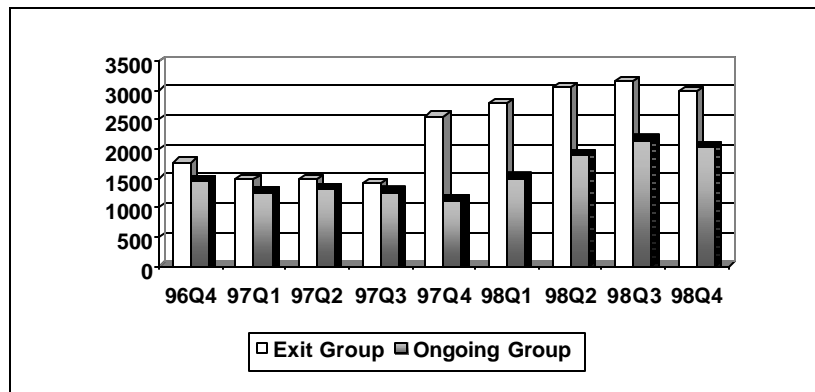


Figure 18: Wage Progression (in 1998\$) – Cohort II employed during 197Q4

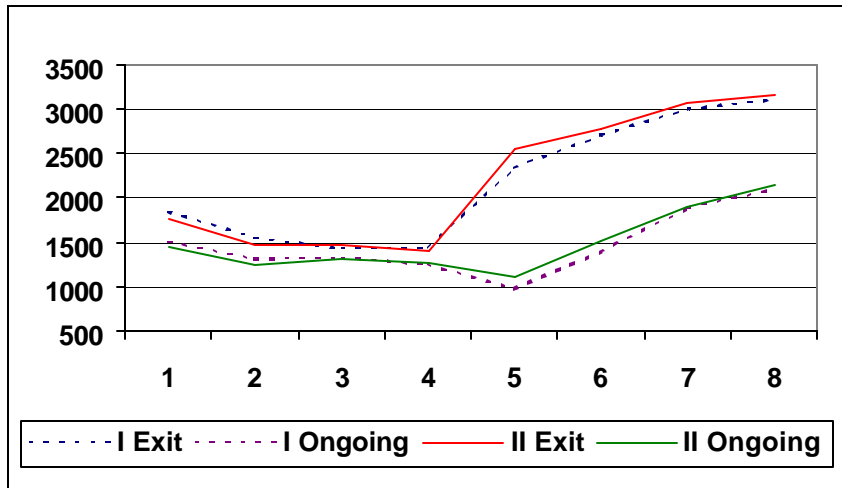


Figure 19: Wage Progression for Cohorts I and II in the post-selection

Job Retention

Job retention rates are very much alike for the exit groups in the first and second cohorts. The ongoing group in Cohort II, however, showed gains in three-quarter job retention. The ongoing group in Cohort II generally had job retention rates that were three to eight percent higher than Cohort I.

These findings reinforce the possibility that the exit groups have relatively constant characteristics, before and after welfare reform. It is possible that the leavers are generally on assistance only temporarily and thus employment and assistance attributes are unchanged. The ongoing group, however, may be more affected by time limits and work requirements and thus differences are observed across the two cohorts.

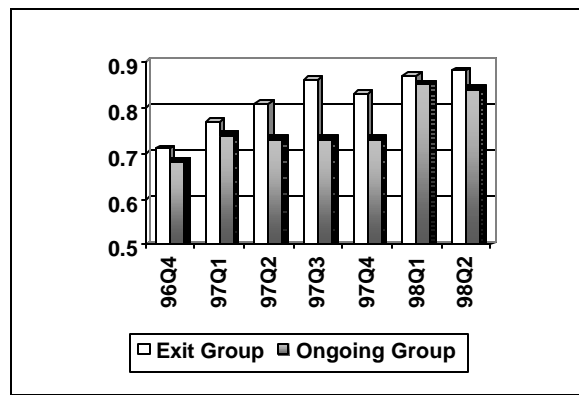


Figure 20: Cohort II Job Retention (to subsequent quarter)

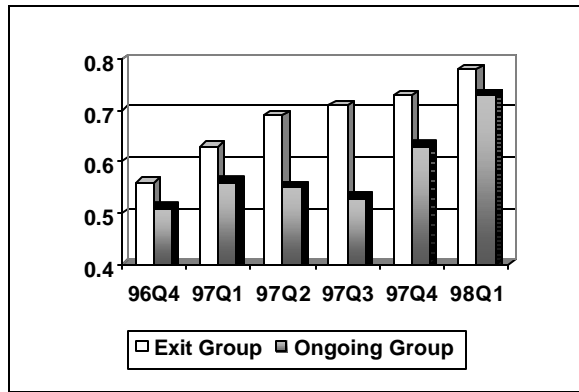


Figure 21: Cohort II Job Retention (to 2 subsequent quarters)

Food Stamp Assistance

In addition to TANF benefits, food stamp receipt across a period of time can be indicative of a client's need for public assistance. Figure 22 illustrates the percentage of Cohort II members who received food stamps in months between July 1997 and December 1998.¹² There is a clear drop in the number of exit group members who received food stamp assistance, but the percentage levels off around 30% one year later. The percentage of ongoing clients who received food stamp assistance declined as well, but the fall occurred later than the exit group decline and is not as dramatic. One year after the selection quarter, approximately 56% of the ongoing group were still receiving food stamp assistance.

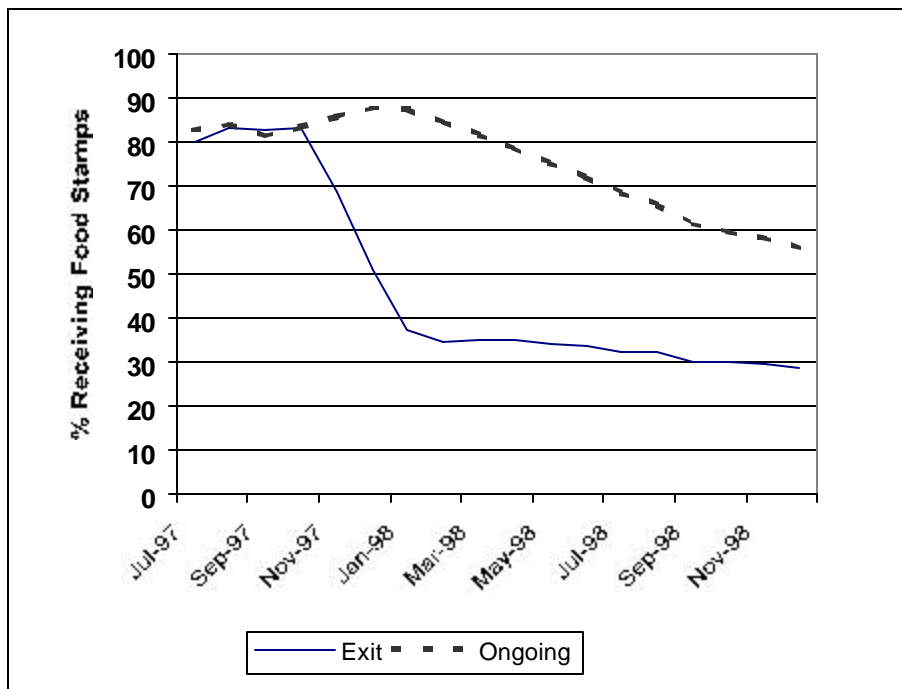


Figure 22: Receipt of Food Stamps - Cohort II

¹² Food stamp data are only available beginning in July 1997.

Cohorts I and II Summary Results (Single and two parent cases)

Table 6: Comparison of Exit Groups between Cohort I and Cohort II (All)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (post) |
|--------------------|-----------|----------------------|---------|---------|---------|--------------------|-------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | |
| Employment | Cohort I | 34% | 30% | 34% | 45% | 36% | 54% | 51% | 52% | 53% | 52% | 52% |
| | Cohort II | 34% | 30% | 35% | 47% | 37% | 56% | 51% | 52% | 53% | x | 52% |
| Job Entry | Cohort I | -- | 9% | 16% | 26% | 17% | 28% | 12% | 16% | 15% | 13% | 14% |
| | Cohort II | -- | 7% | 11% | 13% | 10% | 16% | 15% | 21% | 20% | x | 19% |
| Mean Wage | Cohort I | \$2,200 | \$1,956 | \$1,814 | \$1,730 | \$1,925 | \$2,556 | \$2,780 | \$2,968 | \$3,085 | \$3,337 | \$3,043 |
| | Cohort II | \$2,190 | \$1,923 | \$1,865 | \$1,659 | \$1,909 | \$2,610 | \$2,710 | \$2,937 | \$3,045 | \$3,018 | \$2,928 |
| Median Wage | Cohort I | \$1,685 | \$1,468 | \$1,324 | \$1,354 | \$1,458 | \$2,343 | \$2,545 | \$2,723 | \$2,762 | \$2,983 | \$2,753 |
| | Cohort II | \$1,597 | \$1,389 | \$1,349 | \$1,256 | \$1,398 | \$2,418 | \$2,522 | \$2,726 | \$2,775 | \$2,621 | \$2,661 |
| Job Retention | Cohort I | 55% | 63% | 70% | 73% | 65% | 74% | 78% | 78% | -- | -- | 78% |
| | Cohort II | 55% | 63% | 69% | 71% | 65% | 73% | 78% | x | -- | -- | 78% |
| Wage Progression | Cohort I | -- | -13% | -10% | 2% | -7% | 73% | 9% | 7% | 1% | 8% | 6% |
| | Cohort II | -- | -13% | -3% | -7% | -8% | 92% | 4% | 8% | 2% | x | 5% |
| Receiving TANF | Cohort I | 57% | 63% | 73% | 90% | 71% | 100% | 12% | 18% | 20% | 21% | 18% |
| | Cohort II | 60% | 66% | 75% | 90% | 73% | 100% | 8% | 14% | 16% | 16% | 14% |
| Recidivism | Cohort I | | | | | | | 12% | 8% | 5% | 4% | 28.8% |
| | Cohort II | | | | | | | 8% | 7% | 5% | 3% | 23.2% |
| Time On Assistance | Cohort I | 7.7 months | | | | | | 1.7 months | | | | |
| | Cohort II | 7.9 months | | | | | | 1.2 months | | | | |

Table 7: Comparison of Ongoing Groups between Cohort I and Cohort II (All)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (post) |
|--------------------|-----------|----------------------|---------|---------|---------|--------------------|-------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | |
| Employment | Cohort I | 24% | 20% | 22% | 23% | 22% | 24% | 24% | 31% | 36% | 40% | 33% |
| | Cohort II | 25% | 22% | 25% | 28% | 25% | 32% | 33% | 42% | 47% | x | 41% |
| Job Entry | Cohort I | -- | 6% | 9% | 10% | 8% | 11% | 10% | 15% | 15% | 15% | 14% |
| | Cohort II | -- | 7% | 11% | 13% | 10% | 16% | 15% | 21% | 20% | x | 19% |
| Mean Wage | Cohort I | \$1,847 | \$1,654 | \$1,587 | \$1,498 | \$1,646 | \$1,353 | \$1,577 | \$1,983 | \$2,133 | \$2,343 | \$2,009 |
| | Cohort II | \$1,816 | \$1,602 | \$1,595 | \$1,422 | \$1,609 | \$1,341 | \$1,490 | \$1,867 | \$2,137 | \$2,184 | \$1,919 |
| Median Wage | Cohort I | \$1,332 | \$1,146 | \$1,098 | \$1,004 | \$1,145 | \$976 | \$1,137 | \$1,534 | \$1,637 | \$1,850 | \$1,540 |
| | Cohort II | \$1,299 | \$1,130 | \$1,122 | \$960 | \$1,128 | \$1,013 | \$1,124 | \$1,455 | \$1,732 | \$1,755 | \$1,516 |
| Job Retention | Cohort I | 47% | 51% | 57% | 45% | 50% | 55% | 69% | 71% | -- | -- | 70% |
| | Cohort II | 51% | 56% | 55% | 53% | 54% | 63% | 73% | x | -- | -- | 73% |
| Receiving TANF | Cohort I | 69% | 74% | 80% | 87% | 77% | 100% | 100% | 86% | 73% | 66% | 81% |
| | Cohort II | 71% | 75% | 80% | 87% | 78% | 100% | 100% | 84% | 70% | 57% | 78% |
| Wage Progression | Cohort I | -- | -14% | -4% | -9% | -9% | -3% | 17% | 35% | 7% | 13% | 18% |
| | Cohort II | -- | -13% | -1% | -14% | -9% | 6% | 11% | 30% | 19% | x | 20% |
| Time On Assistance | Cohort I | 8.8 months | | | | | | 9.1 months | | | | |
| | Cohort II | 8.8 months | | | | | | 8.5 months | | | | |

Table 8: Comparison of Pre and Post Selection Periods (All)

| Measures | Subgroup | Cohort I | | | Cohort II | | |
|--|---------------|--------------------|---------------------|---------------|--------------------|---------------------|---------------|
| | | Pre-Selection Qtrs | Post-Selection Qtrs | Selection Qtr | Pre-Selection Qtrs | Post-Selection Qtrs | Selection Qtr |
| Employment | Exit Group | 58% | 66% | 54% | 60% | 63% | 56% |
| | Ongoing Group | 37% | 50% | 24% | 42% | 57% | 32% |
| Job Entry | Exit Group | 34% | 25% | 28% | 36% | 23% | 29% |
| | Ongoing Group | 20% | 38% | 11% | 23% | 40% | 16% |
| Mean Wage (avg of indiv level mean) | Exit Group | \$1,663 | \$2,728 | \$2,556 | \$1,622 | \$2,678 | \$2,610 |
| | Ongoing Group | \$1,419 | \$1,793 | \$1,353 | \$1,360 | \$1,759 | \$1,341 |
| Mean wage (mean of qtrly average) | Exit Group | \$1,925 | \$3,043 | -- | \$1,909 | \$2,928 | -- |
| | Ongoing Group | \$1,646 | \$2,009 | -- | \$1,609 | \$1,919 | -- |
| Median wage (median of indiv qtrly mean) | Exit Group | \$1,307 | \$2,380 | -- | \$1,265 | \$2,344 | -- |
| | Ongoing Group | \$1,036 | \$1,418 | -- | \$996 | \$1,403 | -- |
| Time On Assistance | Exit Group | 7.7 months | 1.7 months | 1.9 months | 7.9 months | 1.2 months | 1.9 months |
| | Ongoing Group | 8.8 months | 9.1 months | 2.8 months | 8.8 months | 8.5 months | 2.8 months |
| Receiving TANF | Exit Group | 92% | 29% | 100% | 93% | 23% | 100% |
| | Ongoing Group | 91% | 100% | 100% | 91% | 100% | 100% |

“Natural Diversion” Results

The Washington State TANF caseload has been declining since welfare reform was initiated in 1997. Some of this decline may be due to potentially eligible persons choosing not to apply for TANF benefits, a so-called ‘natural diversion’ from assistance. Reasons for opting not to apply might include being unwilling to satisfy requirements or not wanting to exhaust the lifetime limitation on benefits. So, while TANF caseload has dropped, it is possible that there is a rising population who are in some need of assistance but who have elected not to receive it.

We seek to identify this naturally diverted population and examine its trend relative to the TANF caseload. The population of interest are those people who are eligible for TANF but are not receiving benefits. The criteria we will use to identify this group are: (1) status as a single parent head of household with one or more children present, and (2) receiving food stamps and/or Medicaid, but not receiving TANF. We do not have data that indicate who is entitled to TANF assistance, so these alternative measures will be used as proxies.

Figure 23 illustrates the TANF population; the count represents people who were receiving TANF and were single parent heads of household with at least one child present. They may or may not have received medical assistance or food stamps. Figure 24 plots single parent heads of household who are not getting cash assistance but are receiving food stamps and medical assistance. Note that these graphs, and the similar ones that follow, have different scales on the axes. Different scales were used to make the trend clearer. The TANF population declines steadily across the time period while the naturally diverted group increases by about 15%.

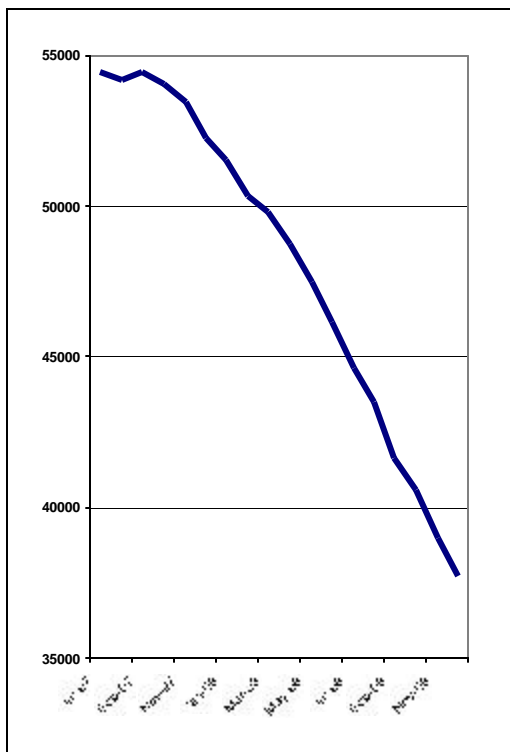


Figure 23: TANF Single Parents

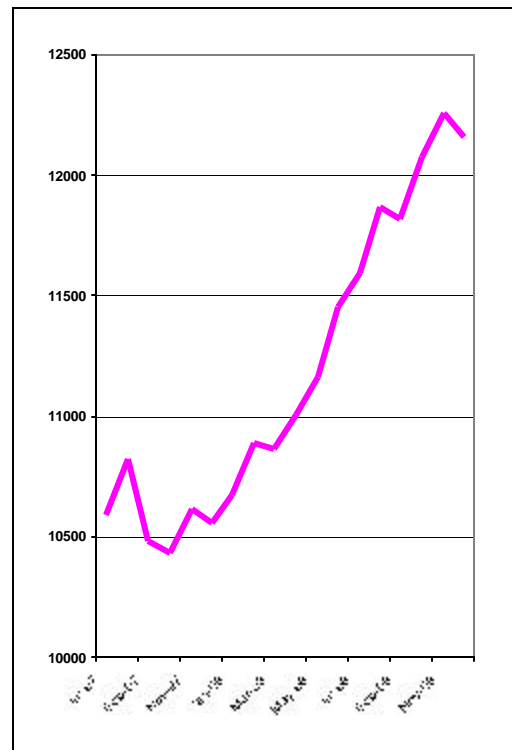


Figure 24: Natural Diversion Population – receiving food stamps and medical assistance but not TANF

The definition of the natural diversion population used in the previous figures may be refined somewhat. That is, perhaps the line in Figure 24 that depicts food stamp and medical assistance (but not TANF) is not reflective of the population that is eligible for TANF. One way to clarify the population would be to restrict it to those who received TANF at some point during the window; they are likely to be similar to the TANF population because they were in fact on TANF during at least one other month between July 1997 and December 1998.

Figure 26 is restricted to the population who received TANF at least once during the time frame. Because the people listed in this graph are only those who received TANF at some point, the restriction is additional verification that the population is comparable to the one we are trying to identify. Figure 24 is the TANF head of household caseload and is repeated from above for ease of comparison. The figure below on the right, representing the natural diversion population, illustrates the number of single parents receiving either food stamps or medical assistance but not receiving TANF. Cash assistance declines across the 18 month time frame; the caseload drops to 37,718 from 54,457, approximately a 30% decrease. The number of cases in the diverted group increases by almost 140% (10,000 people). The rising trend is more dramatic than the pattern seen with the more broad definition of the naturally diverted population (above).

The trend in the natural diversion population is not as apparent if the sample is restricted to those families with income levels lower than that dictated by TANF eligibility requirements, given a constant household size. The income restriction is another method of insuring that the populations being compared are indeed similar. TANF eligibility requirements state that 50% of a family's net income must be less than the payment standard. All households where the income of the single parent meets the eligibility requirement are presented in Figure 27. For example, a household size of three corresponds to a monthly payment standard of \$546 in 1998; for this comparison we will omit persons when 50% of their income exceeds that amount. Given those qualifications, an upward trend in the naturally diverted population is not as clear as with the other definitions. There is a modest, but volatile, upward trend after the low point in October 1997.

These three definitions of the natural diversion population are compiled in Figure 29. The natural diversion population where clients receive food stamps and medicaid *and* income is restricted to approximate TANF guidelines is roughly parallel to the population where the income restriction is lifted. A more dramatic increase is evident when the sample is restricted to those clients who received TANF at least once during the window of study (but not during the month of interest); this trend line is for clients receiving food stamps *or* medicaid. We will continue to refine these definitions. The ones represented here reveal that the observed increase in the natural diversion population appears even with varying definitions. In future research, we will continue to evaluate the definitions and test different specifications.

At this time, we do not assert that the results are robust because the findings are sensitive to how the population is defined. In upcoming research we will refine the criteria used to select the diverted population. More precise income guidelines and evaluating exit and entry into assistance are two possible methods of more appropriate identification of the diverted adults.

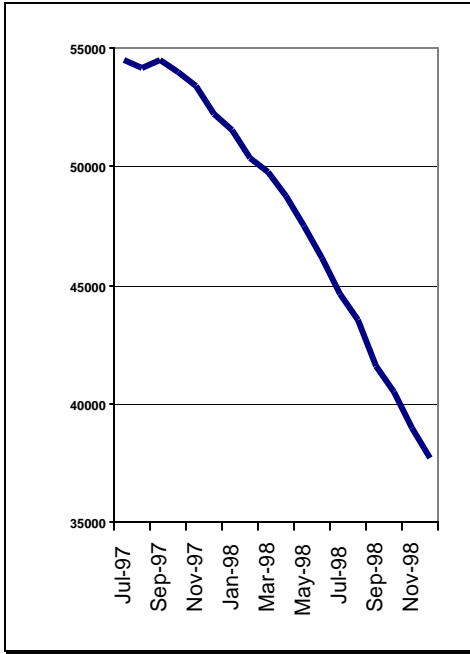


Figure 25: TANF Single Parents

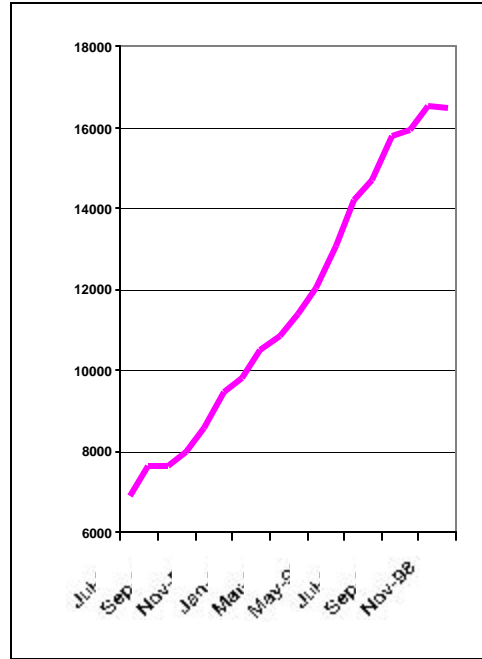


Figure 26: Natural Diversion – receiving food stamps or medical assistance but not TANF (TANF received at least once during the time frame)

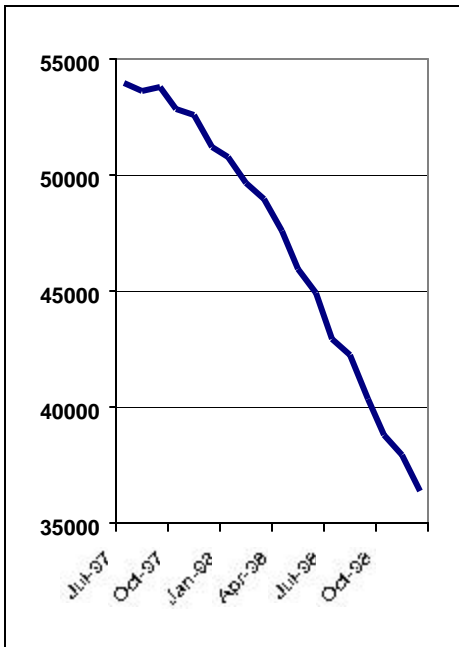


Figure 27: TANF Single Parents with restricted income

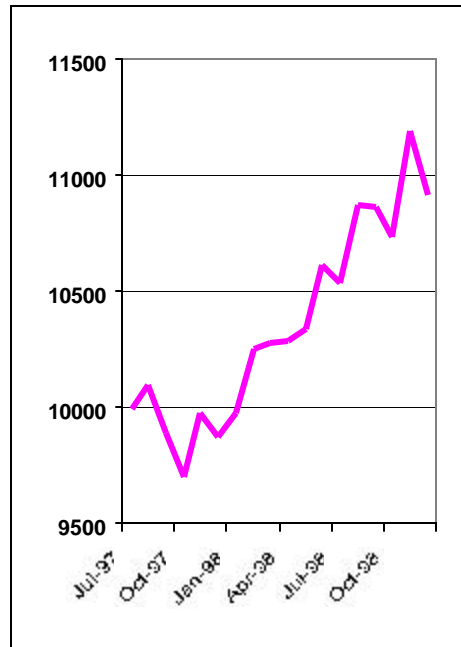


Figure 28: Natural Diversion – restricted income, receiving food stamps and medical assistance but not TANF

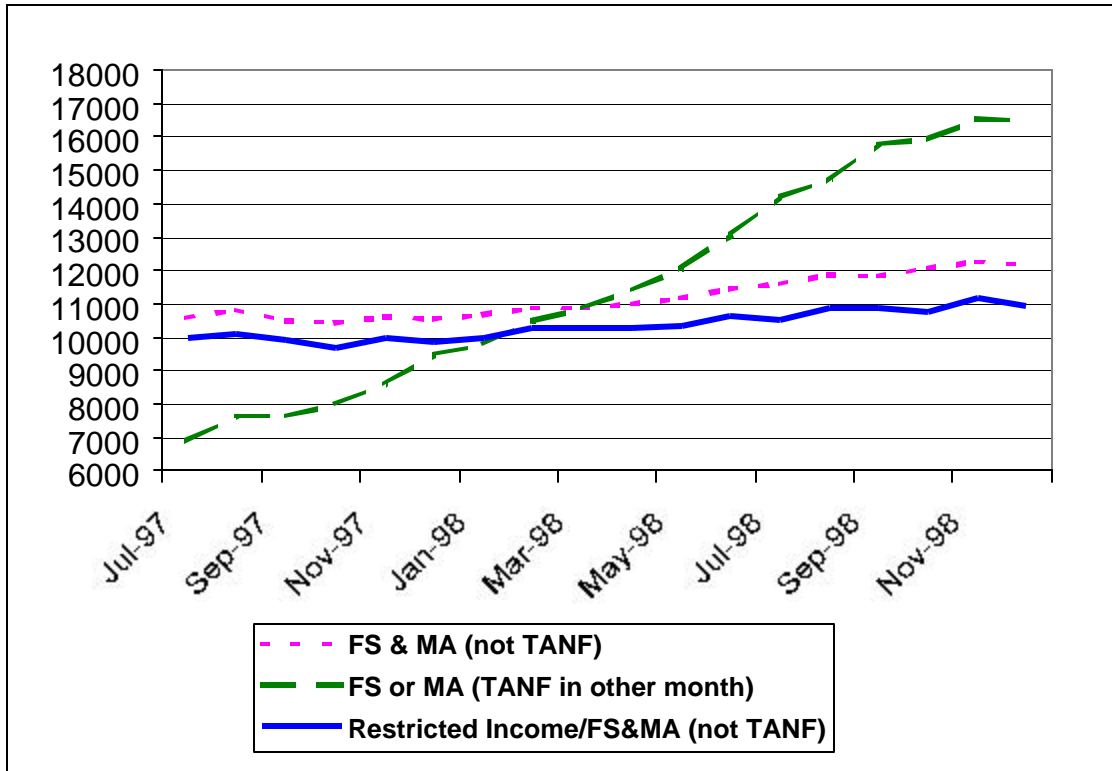


Figure 29: Natural Diversion Populations

Cash Diversion

Washington State allows eligible TANF clients to cash in a major portion of their monthly benefit as a lump sum at the beginning of a 12-month period. This is referred to as the “cash diversion” program; these clients would face penalties if they returned to TANF within the 12 month period. The program was implemented in August of 1997; thus far the cash diversion caseload has been a very small proportion of total cash assistance. Figure 30 illustrates the number of clients receiving cash diversion. A trend, either seasonal or general, is not yet apparent. The cash diversion cases represent less than 1% of the total TANF caseload. When more data are collected on this program as time progresses, we intend to do further study of clients who elect to receive this type of assistance. Possible areas of interest include returns to TANF, previous cash assistance, receipt of other assistance, and income trends for these clients.

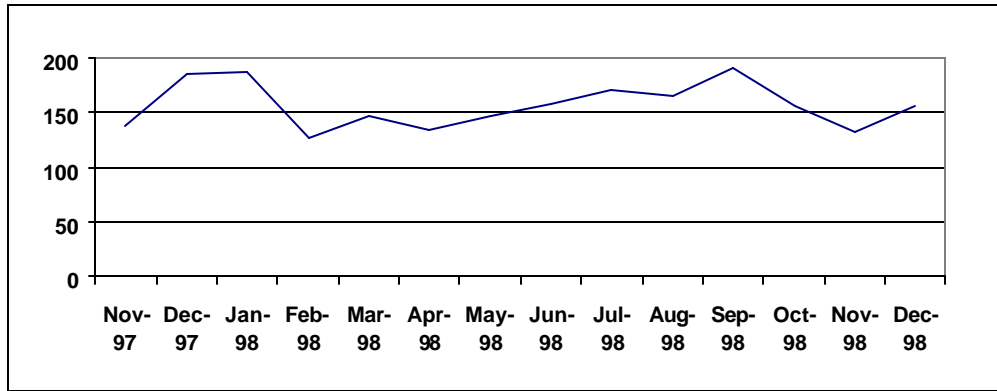


Figure 30: Cash Diversion Caseload

Future Analysis

This is an interim report. The final report, to be completed at the end of 1999, will be more comprehensive in its study of people leaving welfare. We will elaborate on some of the above findings and also explore some areas and data that have yet to be investigated. Future research may include:

- *Cohort III.* This cohort will be comprised of people who received TANF during the last quarter of 1998. As with the first two cohorts, we will track their employment and other data for 12 months before and 12 months following the selection quarter. This cohort is intended to represent the full implementation of WorkFirst.

By comparing the characteristics of Cohort III (from the new WorkFirst program) with the first two (under the old entitlement program and a transitional period), we can make inferences about the success of welfare reform. We can evaluate changes in clients' job opportunities, wage progression, well-being and other factors. The consistent cohort design allows us to insure the reliability of the results over time.

- *Other Assistance Data for Cohorts II and III.* In addition to the other assistance data for the first cohort (summarily reported above), we will incorporate Medicaid, and general assistance information for both of the latter cohorts.
- *Food Stamp Eligibility for Cohort III.* The Caseload Analysis and Reporting Database (CARD) contains food stamp information, although the data are unavailable prior to July of 1997. Food stamps are a reliable measure of client self-sufficiency and these data will greatly enrich our understanding of clients' well-being once they exit TANF.
- *Additional Exploration of Findings in Interim Report.* We will examine more thoroughly some of the findings in this report. For example, a more detailed exit-ongoing classification seems to be merited; the ongoing group could be sub-divided into ongoing and exit classes. This could help explain trends in wage data such as the dramatic increase in ongoing wages in the quarters following the selection period. Alternative variable definitions may be interesting as well; modifying the "employed" definition to encompass positive wages rather than an employer code may yield different results.
- *Recidivism or "Switches" on/off TANF.* In conjunction with the other analyses, it will be insightful to track a TANF client's movement on and off TANF assistance and to see if trends have changed across the period of study.
- *Child Care, Child Welfare, and Basic Health Plan.* We have been in contact with other state agencies and expect to acquire data that will broaden the picture with respect to family well-being. We anticipate being able to track cohort information relating to eligibility and enrollment in child care facilities, child abuse and family services intervention, and information about state health insurance.
- *Training Programs and Employment Outcomes.* We intend to determine which training programs and characteristics are associated with "successful" employment outcomes, such as improved job retention and wage growth.
- *Regression and Probit Analyses.* We will examine factors contributing to recidivism, employment, job retention, wage progression, and the probability of leaving TANF.
- *Extension of Natural Diversion Research.* The data for the natural diversion portion of this study will be extended through the latter part of 1999. Contingent on additional funding, additional research could be conducted verifying the existence of this population and exploring the reasons that potentially eligible persons have chosen not to receive cash assistance. In the meantime, we will explore more refined definitions of the diverted populations, such as more precise income guidelines, entry and exit into assistance, and possibly receipt of benefits other than food stamps and medical assistance.

Appendix

Single Parent Summary Results

Table 9: Summary of Cohort I Results (Single Parents)

| Measures (n=77698) | Subgroup | Pre-Selection Period | | | | Qtrly Avg (Pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (Post) |
|---------------------------|---------------|----------------------|---------|---------|---------|--------------------|----------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1995 Q4 | 1996 Q1 | 1996 Q2 | 1996 Q3 | | | 1996 Q4 | 1997 Q1 | 1997 Q2 | 1997 Q3 | |
| Employment | Exit Group | 33% | 29% | 33% | 44% | 35% | 55% | 52% | 52% | 52% | 52% | 52% |
| | Ongoing Group | 23% | 19% | 21% | 22% | 21% | 22% | 22% | 29% | 35% | 39% | 31% |
| Ever Employed | Exit Group | 58.5% | | | | | 68.2% | | | | | |
| | Ongoing Group | 38.2% | | | | | 47.1% | | | | | |
| Job Entry | Exit Group | -- | 9% | 15% | 26% | 17% | 30% | 12% | 15% | 14% | 13% | 14% |
| | Ongoing Group | -- | 6% | 9% | 10% | 8% | 10% | 10% | 15% | 16% | 16% | 14% |
| Job Retention | Exit Group | 56% | 62% | 69% | 75% | 66% | 75% | 78% | 78% | -- | -- | 78% |
| | Ongoing Group | 46% | 48% | 44% | 43% | 45% | 54% | 68% | 69% | -- | -- | 69% |
| Mean Wage | Exit Group | \$2,110 | \$1,885 | \$1,743 | \$1,600 | \$1,834 | \$2,448 | \$2,722 | \$2,862 | \$2,938 | \$3,196 | \$2,929 |
| | Ongoing Group | \$1,758 | \$1,591 | \$1,485 | \$1,379 | \$1,553 | \$1,260 | \$1,475 | \$1,848 | \$2,000 | \$2,221 | \$1,886 |
| Median Wage | Exit Group | \$1,606 | \$1,457 | \$1,292 | \$1,279 | \$1,408 | \$2,298 | \$2,527 | \$2,672 | \$2,645 | \$2,915 | \$2,690 |
| | Ongoing Group | \$1,274 | \$1,118 | \$1,017 | \$902 | \$1,078 | \$896 | \$1,065 | \$1,417 | \$1,534 | \$1,773 | \$1,447 |
| Wage Progression | Exit Group | -- | -9% | -11% | -1% | -7% | 80% | 10% | 6% | -1% | 10% | 6% |
| | Ongoing Group | -- | -12% | -9% | -11% | -11% | -1% | 19% | 33% | 8% | 16% | 19% |
| Receiving TANF | Exit Group | 60% | 64% | 74% | 91% | 72% | 100% | 12% | 19% | 22% | 23% | 19% |
| | Ongoing Group | 72% | 76% | 82% | 89% | 80% | 100% | 100% | 88% | 76% | 69% | 83% |
| Recidivism | Exit Group | | | | | | | 12% | 8% | 6% | 4% | 29.8% ¹³ |
| Time On Assistance | Exit Group | 7.9 months | | | | | | 1.8 months | | | | |
| | Ongoing Group | 9.1 months | | | | | | 9.3 months | | | | |

-- not applicable

¹³ Total recidivism in post-selection period.

Table 10: Summary of Cohort II Results (Single Parents)

| Measures (n=74160) | Subgroup | Pre-Selection Period | | | | Qtrly Avg (Pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (Post) |
|---------------------------|---------------|----------------------|---------|---------|---------|--------------------|----------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1996 Q4 | 1997 Q1 | 1997 Q2 | 1997 Q3 | | | 1997 Q4 | 1998 Q1 | 1998 Q2 | 1998 Q3 | |
| Employment | Exit Group | 33% | 30% | 34% | 46% | 36% | 56% | 51% | 52% | 53% | x | 52% |
| | Ongoing Group | 25% | 22% | 25% | 27% | 25% | 32% | 33% | 42% | 48% | x | 41% |
| Ever Employed | Exit Group | 60.8% | | | | | 68.9% | | | | | |
| | Ongoing Group | 43.6% | | | | | 61.5% | | | | | |
| Job Entry | Exit Group | -- | 9% | 16% | 28% | 18% | 30% | 12% | 15% | 15% | x | 14% |
| | Ongoing Group | -- | 7% | 11% | 13% | 10% | 17% | 15% | 21% | 21% | x | 19% |
| Job Retention | Exit Group | 56% | 62% | 69% | 72% | 65% | 73% | 78% | x | -- | -- | 78% |
| | Ongoing Group | 50% | 54% | 53% | 52% | 52% | 62% | 72% | x | -- | -- | 72% |
| Mean Wage | Exit Group | \$2,147 | \$1,913 | \$1,809 | \$1,584 | \$1,863 | \$2,556 | \$2,674 | \$2,900 | \$2,968 | \$2,954 | \$2,874 |
| | Ongoing Group | \$1,771 | \$1,583 | \$1,558 | \$1,359 | \$1,568 | \$1,284 | \$1,446 | \$1,810 | \$2,070 | \$2,126 | \$1,863 |
| Median Wage | Exit Group | \$1,584 | \$1,396 | \$1,304 | \$1,203 | \$1,372 | \$2,398 | \$2,524 | \$2,729 | \$2,719 | \$2,595 | \$2,642 |
| | Ongoing Group | \$1,259 | \$1,110 | \$1,087 | \$908 | \$1,091 | \$970 | \$1,089 | \$1,416 | \$1,683 | \$1,719 | \$1,477 |
| Wage Progression | Exit Group | -- | -12% | -7% | -8% | -9% | 99% | 5% | 8% | 0% | -4.6% | 2% |
| | Ongoing Group | -- | -12% | -2% | -16% | -10% | 7% | 12% | 30% | 19% | 2.1% | 16% |
| Receiving TANF | Exit Group | 59% | 64% | 73% | 90% | 72% | 100% | 8% | 14% | 17% | 16% | 14% |
| | Ongoing Group | 70% | 74% | 79% | 87% | 77% | 100% | 100% | 85% | 71% | 59% | 78% |
| Recidivism | Exit Group | | | | | | | 8% | 7% | 5% | 3% | 23.4% ¹⁴ |
| Time On Assistance | Exit Group | 7.8 months | | | | | | 1.3 months | | | | |
| | Ongoing Group | 8.7 months | | | | | | 8.6 months | | | | |

-- not applicable

x: data not yet complete

¹⁴ Total recidivism in post-selection period.

Table 11: Comparison of Exit Groups between Cohort I and Cohort II (Single Parents)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (post) |
|--------------------|-----------|----------------------|---------|---------|---------|--------------------|-------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | |
| Employment | Cohort I | 33% | 29% | 33% | 44% | 35% | 55% | 52% | 52% | 52% | 52% | 52% |
| | Cohort II | 33% | 30% | 34% | 46% | 36% | 56% | 51% | 52% | 53% | x | 52% |
| Ever Employed | Cohort I | 58.5% | | | | | | 68.2% | | | | |
| | Cohort II | 60.8% | | | | | | 68.9% | | | | |
| Job Entry | Cohort I | -- | 9% | 15% | 26% | 17% | 30% | 12% | 15% | 14% | 13% | 14% |
| | Cohort II | -- | 7% | 11% | 13% | 10% | 17% | 15% | 21% | 21% | x | 19% |
| Mean Wage | Cohort I | \$2,110 | \$1,885 | \$1,743 | \$1,600 | \$1,834 | \$2,448 | \$2,722 | \$2,862 | \$2,938 | \$3,196 | \$2,929 |
| | Cohort II | \$2,147 | \$1,913 | \$1,809 | \$1,584 | \$1,863 | \$2,556 | \$2,674 | \$2,900 | \$2,968 | \$2,954 | \$2,874 |
| Median Wage | Cohort I | \$1,606 | \$1,457 | \$1,292 | \$1,279 | \$1,408 | \$2,298 | \$2,527 | \$2,672 | \$2,645 | \$2,915 | \$2,690 |
| | Cohort II | \$1,584 | \$1,396 | \$1,304 | \$1,203 | \$1,372 | \$2,398 | \$2,524 | \$2,729 | \$2,719 | \$2,595 | \$2,642 |
| Job Retention | Cohort I | 56% | 62% | 69% | 75% | 66% | 75% | 78% | 78% | -- | -- | 78% |
| | Cohort II | 56% | 62% | 69% | 72% | 65% | 73% | 78% | x | -- | -- | 78% |
| Wage Progression | Cohort I | -- | -9% | -11% | -1% | -7% | 80% | 10% | 6% | -1% | 10% | 6% |
| | Cohort II | -- | -12% | -7% | -8% | -9% | 99% | 5% | 8% | 0% | -5% | 2% |
| Receiving TANF | Cohort I | 60% | 64% | 74% | 91% | 72% | 100% | 12% | 19% | 22% | 23% | 19% |
| | Cohort II | 59% | 64% | 73% | 90% | 72% | 100% | 8% | 14% | 17% | 16% | 14% |
| Recidivism | Cohort I | | | | | | | 12% | 8% | 6% | 4% | 29.8% |
| | Cohort II | | | | | | | 8% | 7% | 5% | 3% | 23.4% |
| Time On Assistance | Cohort I | 7.9 months | | | | | | 1.8 months | | | | |
| | Cohort II | 7.8 months | | | | | | 1.3 months | | | | |

Table 12: Comparison of Ongoing Groups between Cohort I and Cohort II (Single Parents)

| Measures | Subgroup | Pre-Selection Period | | | | Qtrly Avg (pre) | Selection Quarter | Post-Selection Period | | | | Qtrly Avg (post) |
|--------------------|-----------|----------------------|---------|---------|---------|--------------------|-------------------|-----------------------|---------|---------|---------|---------------------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | |
| Employment | Cohort I | 23% | 19% | 21% | 22% | 21% | 22% | 22% | 29% | 35% | 39% | 31% |
| | Cohort II | 25% | 22% | 25% | 27% | 25% | 32% | 33% | 42% | 48% | x | 41% |
| Ever Employed | Cohort I | 38.2% | | | | | 47.1% | | | | | |
| | Cohort II | 43.6% | | | | | 61.5% | | | | | |
| Job Entry | Cohort I | -- | 6% | 9% | 10% | 8% | 10% | 10% | 15% | 16% | 16% | 14% |
| | Cohort II | -- | 7% | 11% | 13% | 10% | 17% | 15% | 21% | 21% | x | 19% |
| Mean Wage | Cohort I | \$1,758 | \$1,591 | \$1,485 | \$1,379 | \$1,553 | \$1,260 | \$1,475 | \$1,848 | \$2,000 | \$2,221 | \$1,886 |
| | Cohort II | \$1,771 | \$1,583 | \$1,558 | \$1,359 | \$1,568 | \$1,284 | \$1,446 | \$1,810 | \$2,070 | \$2,126 | \$1,863 |
| Median Wage | Cohort I | \$1,274 | \$1,118 | \$1,017 | \$902 | \$1,078 | \$896 | \$1,065 | \$1,417 | \$1,534 | \$1,773 | \$1,447 |
| | Cohort II | \$1,259 | \$1,110 | \$1,087 | \$908 | \$1,091 | \$970 | \$1,089 | \$1,416 | \$1,683 | \$1,719 | \$1,477 |
| Job Retention | Cohort I | 46% | 48% | 44% | 43% | 45% | 54% | 68% | 69% | -- | -- | 69% |
| | Cohort II | 50% | 54% | 53% | 52% | 52% | 62% | 72% | x | -- | -- | 72% |
| Receiving TANF | Cohort I | 72% | 76% | 82% | 89% | 80% | 100% | 100% | 88% | 76% | 69% | 83% |
| | Cohort II | 70% | 74% | 79% | 87% | 77% | 100% | 100% | 85% | 71% | 59% | 78% |
| Wage Progression | Cohort I | -- | -12% | -9% | -11% | -11% | -1% | 19% | 33% | 8% | 16% | 19% |
| | Cohort II | -- | -12% | -2% | -16% | -10% | 7% | 12% | 30% | 19% | 2% | 16% |
| Time On Assistance | Cohort I | 9.1 months | | | | | 9.3 months | | | | | |
| | Cohort II | 8.7 months | | | | | 8.6 months | | | | | |

Table 13: Comparison of Pre and Post Selection Periods (Single Parents)

| Measures | Subgroup | Cohort I | | | Cohort II | | |
|--|---------------|--------------------|---------------------|---------------|--------------------|---------------------|---------------|
| | | Pre-Selection Qtrs | Post-Selection Qtrs | Selection Qtr | Pre-Selection Qtrs | Post-Selection Qtrs | Selection Qtr |
| Ever Employed | Exit Group | 59% | 68% | 55% | 61% | 69% | 56% |
| | Ongoing Group | 38% | 47% | 22% | 44% | 62% | 32% |
| Job Entry | Exit Group | 33% | 24% | 30% | 36% | 23% | 30% |
| | Ongoing Group | 19% | 39% | 10% | 23% | 41% | 17% |
| Mean Wage (avg of indiv level mean) | Exit Group | \$1,584 | \$2,625 | \$2,448 | \$1,562 | \$2,582 | \$2,556 |
| | Ongoing Group | \$1,338 | \$1,687 | \$1,260 | \$1,318 | \$1,689 | \$1,284 |
| Mean wage (mean of qtrly average) | Exit Group | \$1,834 | \$2,929 | -- | \$1,863 | \$2,874 | -- |
| | Ongoing Group | \$1,553 | \$1,886 | -- | \$1,568 | \$1,863 | -- |
| Median wage (median of indiv qtrly mean) | Exit Group | \$1,243 | \$2,324 | -- | \$1,220 | \$2,274 | -- |
| | Ongoing Group | \$968 | \$1,334 | -- | \$956 | \$1,373 | -- |
| Time On Assistance | Exit Group | 7.9 months | 1.8 months | 1.9 months | 7.8 months | 1.3 months | 1.9 months |
| | Ongoing Group | 9.1 months | 9.3 months | 2.8 months | 8.7 months | 8.6 months | 2.8 months |
| Receiving TANF | Exit Group | 93% | 30% | 100% | 93% | 23% | 100% |
| | Ongoing Group | 92% | 100% | 100% | 91% | 100% | 100% |

Research Design

Cohort Specifics

This report has summarized two cohorts of TANF recipients. A cohort is comprised of individuals who receive TANF assistance during the 4th quarter of a given year. Cohort I will be those clients who received TANF at some point during the 4th quarter of 1996. Cohort II are those who received TANF assistance during the 4th quarter of 1997. We will report on Cohort III, those who were enrolled in the 4th quarter of 1998, in the Final Report. Each cohort is divided into an exit group and an ongoing group. The exit group is identified by the two-month leaver definition.

In addition to being identified by the selection quarter, the cohorts are also distinguished by data limitations. As we described in the proposal, we study each cohort for 12 months preceding the selection quarter and for 12 months following that quarter. Thus, Cohort I corresponds to the period prior to the state welfare reform and will be considered “baseline”. CARD (Caseload Analysis and Reporting Database) contains rich personal and case characteristics, but it is available only beginning in July 1997. This means that Cohort I analyses will not be able to make full use of the CARD data; likewise some data for Cohort II will be limited to information during the selection quarter and subsequent months (data from only one preceding quarter are available). Cohort III, to be presented in the Final Report, will have full information from CARD prior to the cohort quarter, but complete analysis of all four post-cohort quarters would be done in 2000 and is contingent on further funding. That is, the fourth quarter following the Cohort III selection quarter concludes in December of 1999.

Clarifications

Our definition of a “leaver” is a TANF client who has been off cash assistance for at least 2 months. The cohort is selected based on receipt of TANF benefits in October, November, or December. If the client did not receive cash assistance in two months immediately following receipt of benefits in one of the selection months, then they are classified in the exit group. See the table below for exit classification examples.

Table 14: Exit Classification

| | <i>Oct. '96</i> | <i>Nov. '96</i> | <i>Dec. '96</i> | <i>Jan. '97</i> | <i>Feb. '97</i> | <i>Mar. '97</i> | <i>Exit</i> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| 1 | X | X | O | O | O | O | Yes |
| 2 | O | O | X | X | O | O | No |
| 3 | O | O | X | O | O | X | Yes |
| 4 | X | X | O | X | O | O | No |
| 5 | O | O | X | X | X | O | No |

X=Received assistance. O=No assistance.

In Washington State, sanctions are imposed by a partial reduction, not a complete removal from cash assistance. Therefore, they are still receiving some assistance and we consider them to be TANF recipients. Closed child-only cases are not included in the cohorts.

Short-term Recipients and Long-term Recipients

The following figures, descriptions, and tables are for two sub-categories of the exit / ongoing definition. One group are those in the exit category who did not return to cash assistance within the 12 months following the selection quarter. They comprise 10.6% of Cohort I and 13.2% of Cohort II. The other group are those members of the ongoing category who remained on TANF constantly for the 12 months following the selection quarter. This group is 41.5% of Cohort I and 31.3% of Cohort II. These two groups are examined in more detail below, for both Cohort I and Cohort II.

Cohort I

Median Wage

Figure 31 presents the comparison of median wages between two subgroups in Cohort I--those who exited TANF and did not return within the next year and those who stayed on TANF continuously in the year following the selection quarter. Both groups show a trend of declining wages from the fourth quarter of 1995 to the third quarter of 1996. The median wages then increase dramatically for the group who left TANF and did not return. A similar pattern also appears for those who stayed on TANF continuously, although the wage increase appears later and is only slight.

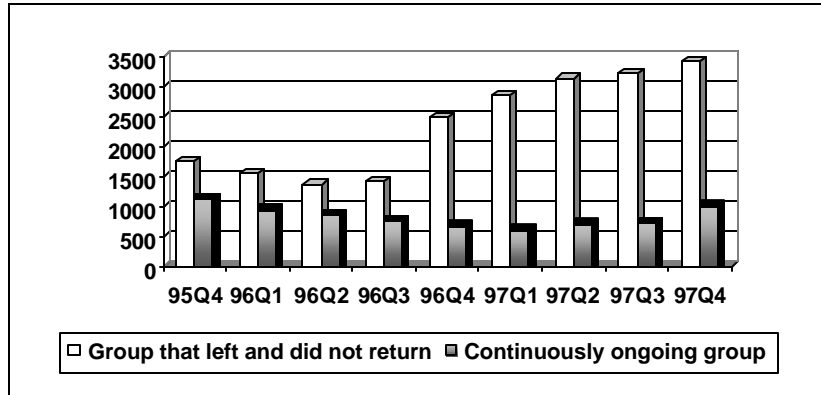


Figure 31: Median Wages (1998\$) - Sub-categories of Exit and Ongoing Groups

Employment Rates

Employment rates for the more specific exit and ongoing groups are illustrated in Figure 32. For the group that left and did not return, the employment rates increase gradually, ranging from 33% in the fourth quarter of 1995 to 44% in the third quarter of 1996, then rising to 54% in the fourth quarter of 1996 and staying relatively constant after that. For the group that stayed on TANF continuously, the employment rates range from 12% to 18% during the period from the fourth quarter of 1995 to the first quarter of 1997. The employed percentage then increases to 16% in the second quarter of 1997 and rises to 27% in the fourth quarter of 1997.

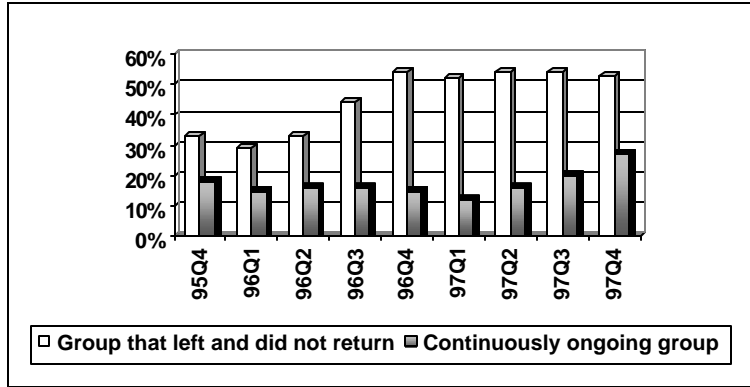


Figure 32: Cohort I (subcategories) Employment Rates

Job Retention

Figure 33 illustrates obvious differences in job retention trends between these two groups. Those who left and did not return to TANF hold jobs much longer than those who stayed on TANF continuously. For the group receiving assistance continuously, job retention rates are lowest in the third quarter of 1996 and then increase over 10% after the fourth quarter of 1996.

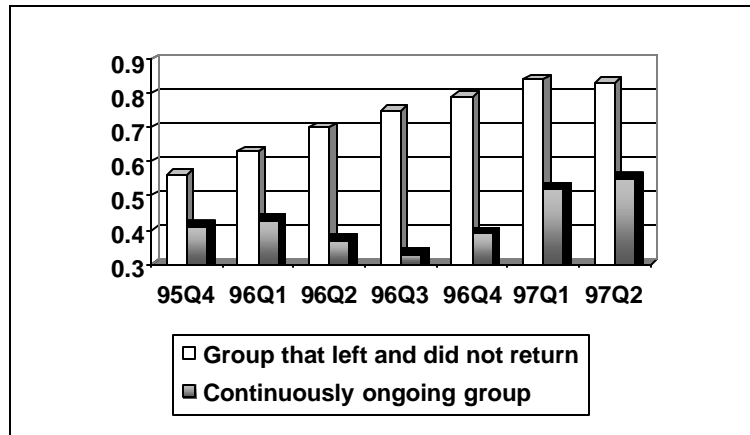


Figure 33: Cohort I (subcategories) Job Retention (to 2nd subsequent quarter)

Cohort II¹⁵

Median Wage

The median wages between the two subgroups in Cohort II--those who left and did not return to TANF and those who stayed on TANF continuously-- are quite similar to Cohort I, as shown in Figure 34. The median wages have increased considerably for those who left and did not return to TANF after the fourth quarter of 1997, while the median wages for those who stayed on TANF continuously had a less dramatic increase.

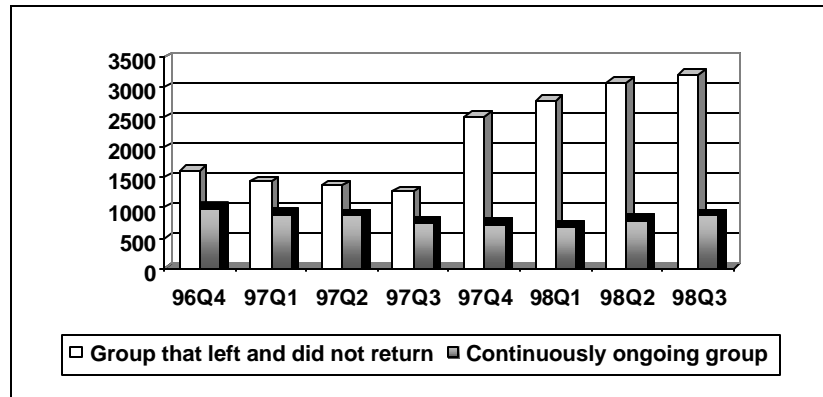


Figure 34: Median Wages (1998\$) - Sub-categories of Exit and Ongoing Groups

Employment Rates

The employment rates of Cohort II are illustrated in Figure 35. The pattern of the employment rates for the group that left and did not return is similar to that of Cohort I. For the group staying on TANF consistently, the employment rates increase gradually during the period from the first quarter of 1997 to the third quarter of 1998.

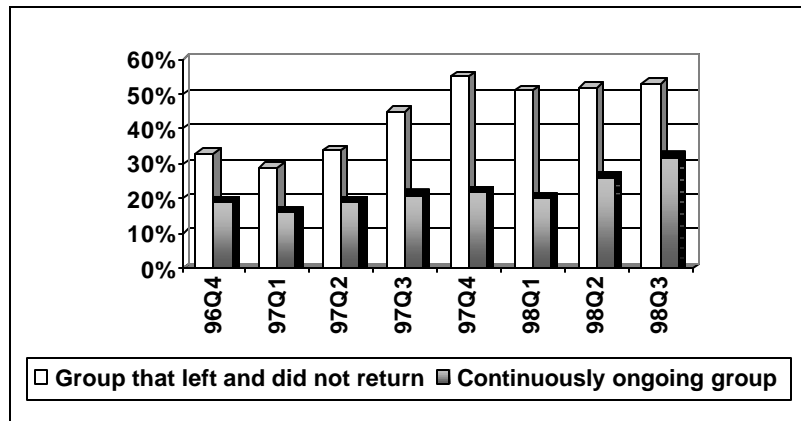


Figure 35: Cohort II (subcategories) Employment Rates

¹⁵ Wage and employment data from the fourth quarter 1998 were not yet complete and thus are not included here.

Job Retention

Figure 36 shows job retention rates between these two groups in Cohort II. For those who left and did not return to TANF, job retention rates increase constantly over the time period and are considerably higher than the group that was consistently on TANF. When compared to Cohort I, job retention rates are higher for the group that stayed on TANF consistently, suggesting that welfare reform and WorkFirst programs were successful in encouraging clients to maintain employment.

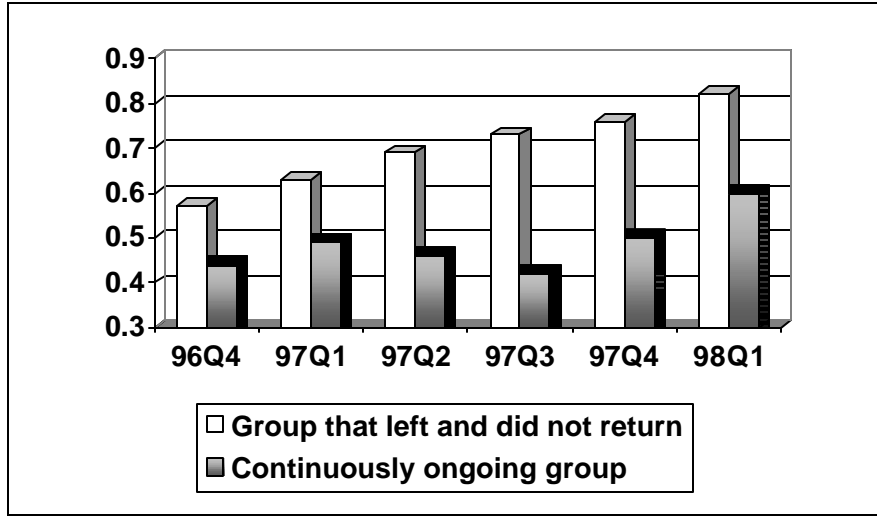


Figure 36: Cohort II (subcategories) Job Retention (to 2nd subsequent quarter)

TANF Status Over Time

Rather than strictly adhering to the Exit/Ongoing definition, it may also be insightful to use different classifications and observe TANF status across the months following the selection quarter. Two possibilities are to count, across a period of time, the cohort members who had been *on* TANF continuously and the cohort members who had been *off* TANF continuously since the selection quarter. That is, for each of the 12 months after the selection quarter, the graph illustrates what percentage of the cohort had been receiving assistance continuously since the selection quarter and what percentage had not received any TANF benefits since then.

First, we examined what percent of the cohort had been *on* TANF until each month during the 12 months following the selection quarter. Around 60% of Cohort I were on TANF for the 6 months immediately following the selection quarter. Around 40% of Cohort I were on TANF for each of the 12 months after the selection quarter. In Cohort II, around 55% were on TANF for 6 consecutive months after the selection quarter while 30% were on TANF for 12 consecutive months after the selection quarter.

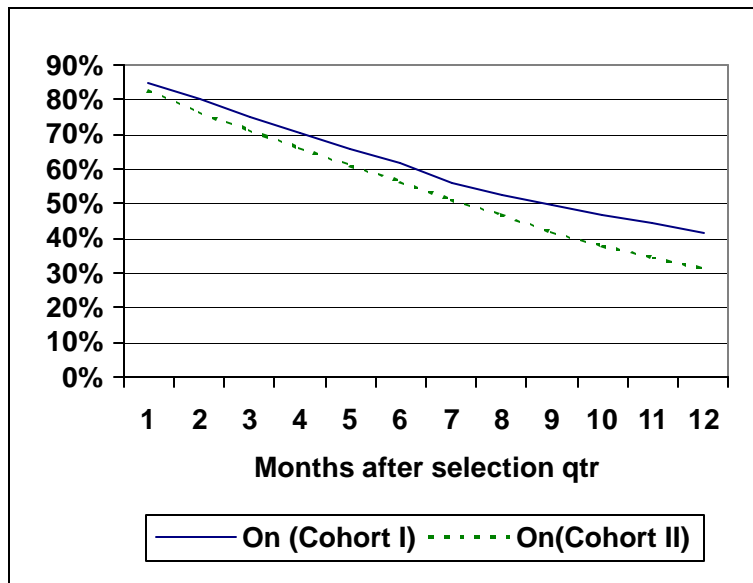


Figure 37: Percent continually receiving TANF in months following selection quarter

Second, we examined the percentage of cohort members who had been *off* TANF consistently since the selection quarter. Six months after the selection quarter, around 11.8% of Cohort I had been off TANF continuously. Approximately 10.4% of Cohort I were off TANF for 12 consecutive months after the selection quarter. As for Cohort II, around 14.4% were off TANF for 6 months continuously after the selection quarter, and 13.1% were off TANF continuously for at least 12 months.

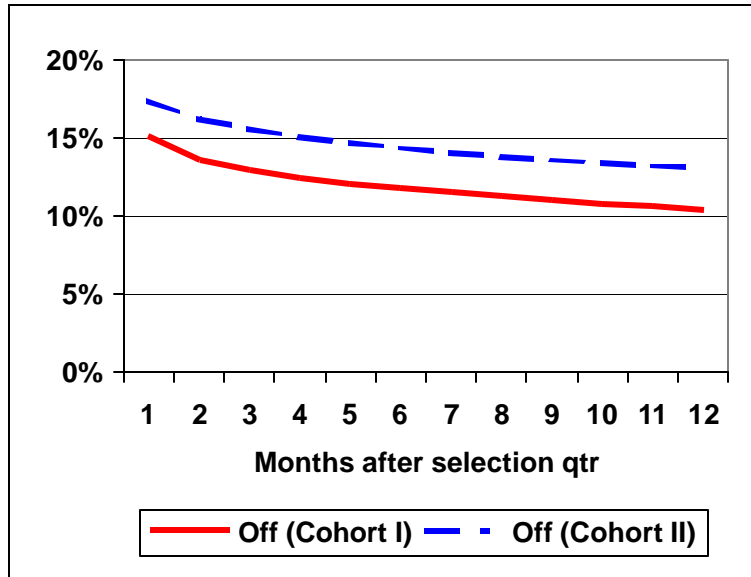


Figure 38: Percent continually off TANF in months following selection quarter

The results show clear differences between the two cohorts; Cohort II trends indicate that, relative to Cohort I, a smaller percentage of clients are staying on TANF continuously, while a greater percentage are staying off TANF once they have exited. Relative to Cohort I, approximately 2.5% more of Cohort II stayed off TANF continuously; the shift in trend lines is nearly parallel. The trend lines of clients who are continually on TANF diverge, thus; as time passes, an even smaller percentage of Cohort II have been on TANF continuously relative to Cohort I. It is interesting to see a visible slowdown in the exit rate after the 8th month for Cohort I. In Cohort II, the slowdown is less noticeable and occurs after the 9th month.

These results strongly indicate that welfare reform had an impact on TANF recipients' tendency to remain on assistance as well as to remain off assistance. Future analysis of Cohort III (those who received TANF in the 4th quarter of 1998) will offer additional insight into the continuation trends of welfare recipients. That is, it will be interesting to see if the full-implementation of welfare reform (reflected in Cohort III) shows an even greater increase in clients who remain off TANF continuously, or if the percentage will reach a plateau.