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**Families on TANF in
Illinois: Employment
Assets and Liabilities**

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EXECUTIVE SUMMARY

In the six years since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), state welfare caseloads have fallen dramatically. This has captured the attention of researchers, policymakers, and program administrators alike, spawning numerous studies of the employment experiences and well-being of the families that have left the welfare rolls. Many families, however, continue to receive public assistance through the Temporary Assistance for Needy Families (TANF) program despite PRWORA's strong work requirements, the 60-month lifetime limit on benefits, and the strong economy of the late 1990s. Better information on the characteristics and job readiness of the current welfare caseload could enable state policymakers and program administrators to assist even more families in their transition from welfare to work.

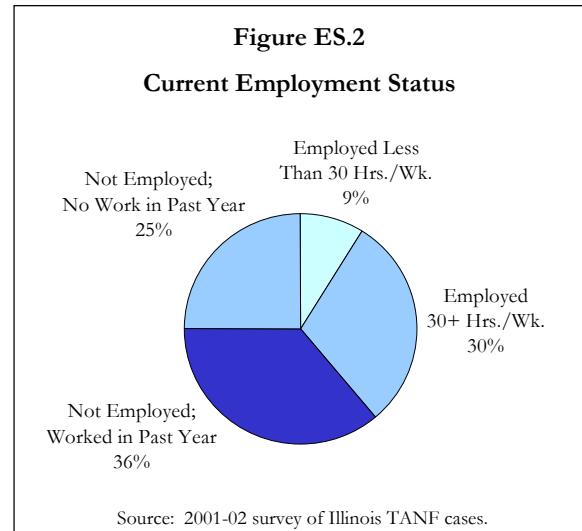
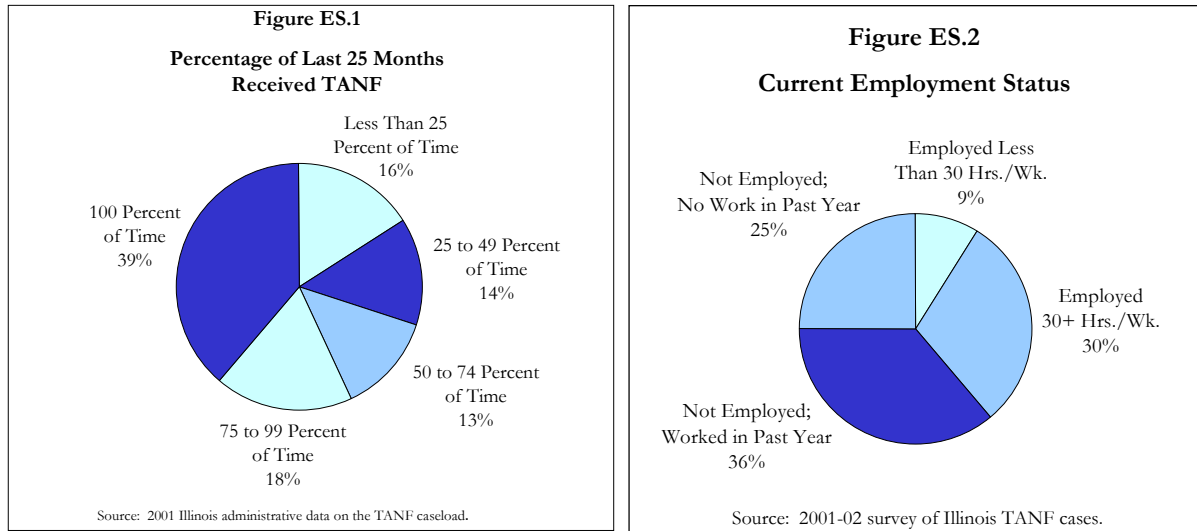
To increase knowledge of the current welfare caseload, this study examined the characteristics, circumstances, and job readiness of single-parent TANF cases in Illinois. Conducted by Mathematica Policy Research, Inc., the study was sponsored by the Office of the Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services, the David and Lucile Packard Foundation, and the Annie E. Casey Foundation. The foundations supported the development of the survey instrument and survey data collection in Illinois and ASPE sponsored the data analysis and production of this report. The study population consisted of 33,495 single-parent cases in Illinois on TANF in November 2001. The cornerstone of this study was a telephone survey of a sample of 532 cases randomly drawn from this population. We completed interviews with 416 of the sample members for a survey response rate of 78 percent. To enrich the analysis, we supplemented this survey data with administrative data from the Illinois Department of Human Services, wage data from the Illinois Department of Employment Security, and criminal history records from the Illinois Criminal Justice Information Authority.

KEY QUESTIONS AND FINDINGS

What are the welfare and employment experiences of TANF recipients in Illinois?

Most single-parent TANF cases in Illinois are not long-term recipients of assistance. Nationally, close to half of all TANF cases have received assistance continuously for two or more years. But in Illinois, only 39 percent of TANF cases have continuously received assistance for that long (Figure ES.1). The relatively short time on welfare may be

attributable to the state's particular combination of incentives and penalties that encourage work and self-sufficiency.

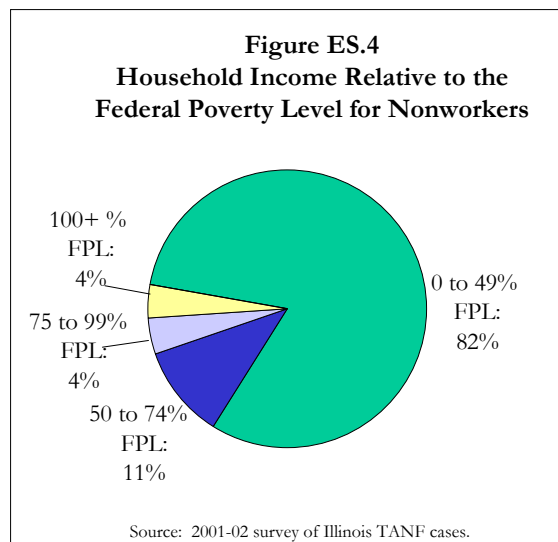
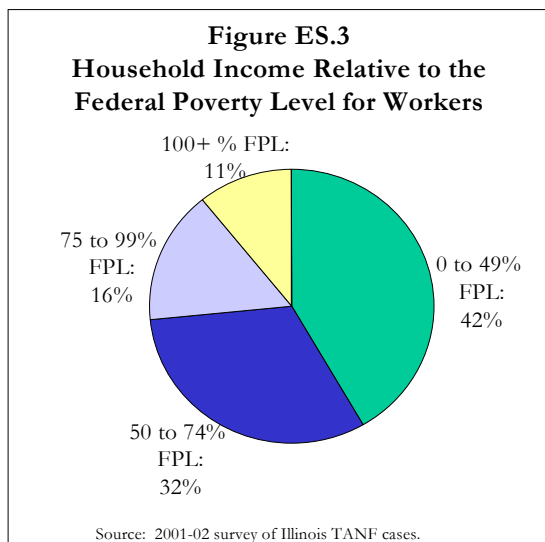


To promote work, Illinois provides a 67 percent earned-income disregard and stops the 60-month TANF clock for single-parent cases in which heads are working 30 or more hours per week. This means that a single-parent TANF case head with two children can earn up to \$1,100 per month before she is ineligible for a cash grant. It also means that a case head who has received cash assistance for 36 months, for example, but has worked 30 hours per week for 20 of those months, would log not 36 but 16 months on her TANF benefits clock. As a result, most cases have no more than 24 elapsed months on their TANF clocks, and only 3 percent are at risk of reaching the 60-month lifetime limit on assistance within one year.

Given these incentives to combine work and welfare, two out of every five heads of single-parent TANF cases are employed (Figure E.2). Most of those who do hold jobs work full time. However, the characteristics of those jobs are such that they may not support the attainment of self-sufficiency. For example, compared with employed individuals who have left TANF across the nation, a smaller percentage of employed current TANF recipients in Illinois work full time, and their median rate of pay of \$6.50 per hour is about 10 percent lower. Half of all recipients who have ever been employed have worked in their most recent position for five months or less. Despite their earnings, employed recipients rely on public assistance for a substantial share (39 percent) of their household income.

Even given the opportunity to combine work and welfare, most TANF recipients live in poverty. A comparison of monthly household income with Census Bureau poverty thresholds reveals that 93 percent of TANF cases are in households with an income below poverty, and 65 percent are in extremely poor households, that is, those with an income below 50 percent of poverty. However, recipients with earnings do fare better than those without; workers are only half as likely to live in extreme poverty, and are twice as likely to

live above the poverty line (ES.3 and ES.4). To achieve greater income and less dependence on welfare, employed recipients would need jobs that pay higher hourly wages, provide fringe benefits, and are compatible with the available child care. Another group of recipients needs to gain a secure foothold in the labor market. Three out of every five heads of single-parent TANF cases are not currently working, and one in four has not worked in the past year.



What assets and liabilities do TANF recipients bring to the labor market?

Most heads of single-parent TANF cases in Illinois can bring significant human capital assets to the labor market. About three-fourths of them have had paid employment at some time during the past eight calendar quarters and nearly half were employed in at least four quarters (Table ES.1). Three of every four TANF case heads are also familiar with at least four common job tasks. On the other hand, case heads have relatively weak educational backgrounds; a little more than half have a high school diploma or a GED.

In addition to limited education, TANF case heads have other liabilities that can be categorized as personal or logistical and situational challenges. The latter are more prevalent than the former. Over half of TANF case heads perceive serious problems in their neighborhood, problems that may influence comfort levels with travel outside the home and with child care. Caring for a family member or friend with a health problem or special need, being pregnant or caring for an infant in the household, and having a child care problem are also common logistical and situational challenges faced by TANF cases, each affecting about one-third of the case heads. The most prevalent personal challenges are poor physical and mental health, affecting one-fifth and one-quarter of TANF case heads, respectively.

Table ES.1
Summary of Employment Assets and Liabilities

	Percentage
Human Capital Assets	
Any recent work experience	77
Performed at least four common job tasks	72
High school diploma, GED, or more	56
Substantial recent work experience	45
Personal Liabilities	
Mental health problem	25
Physical health problem	21
Criminal conviction	18
Multiple arrests	16
Severe physical domestic violence in past year ^a	13
Signs of a learning disability	12
Chemical dependence	3
Difficulty with English	2
Logistical and Situational Liabilities	
One or more serious neighborhood problems	55
Pregnant or child under age one in household	36
Child/family member/friend with health problem or special need	35
Child care problem	31
Unstable housing	23
Transportation problem	21
Discrimination by potential employer ^b	20

Source: 2001-02 survey of Illinois TANF cases and Illinois administrative data.

^aCases with a female head.

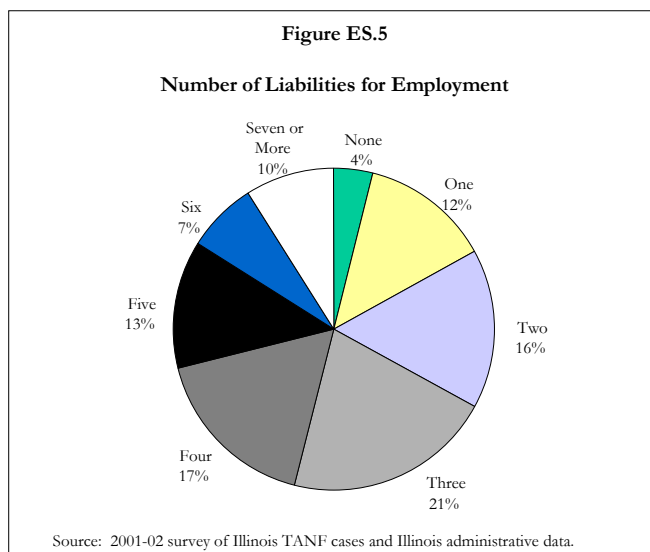
^bCases in which the head has ever worked for pay.

How do the number and types of liabilities affect employment?

Multiple liabilities for employment are very common among the heads of single-parent TANF cases in Illinois; 84 percent have two or more liabilities (Figure ES.5).¹ Only 4 percent of case heads have none of the liabilities for employment measured in the study, and 12 percent have just one. On average, TANF case heads have 3.6 liabilities for employment, and those who are not substantially employed (not working 30 or more hours per week) are

¹The absence of an asset is considered a liability for purposes of counting total employment liabilities.

much more likely to have multiple liabilities than are those who are substantially employed. Notwithstanding their challenges to employment, 27 percent of heads with multiple liabilities are substantially employed.



When considered individually, most of the liabilities examined in this study are not actually associated with the likelihood that the head of a single-parent TANF case is substantially employed. We conducted a multivariate analysis of the determinants of employment in order to assess the influence of each individual liability while holding constant background characteristics and the presence of other liabilities. Findings from that analysis indicate that only four liabilities have a significant negative association with employment: limited recent work experience, a physical health problem, multiple arrests, and a child-care problem.

However, as noted, multiple liabilities for employment are the norm among TANF case heads in Illinois, and the presence of multiple liabilities is associated with a substantially lower likelihood that a case head is working 30 or more hours per week. Consistent with previous studies, our multivariate analysis indicates that, as the number of liabilities increases, the likelihood of working decreases. TANF recipients without any liabilities have a 58 percent likelihood of working 30 or more hours per week. The likelihood drops to 33 percent for those with two or three liabilities, 23 percent for those with four to six liabilities, and just 7 percent for those with seven or more liabilities.

POLICY RELEVANCE

The findings from this study have relevance both to the working and the nonworking portions of Illinois’ TANF caseload. With its generous earned-income disregard, a benefits clock that stops ticking for cases satisfying work requirements, and sanctions in the form of reduced or eliminated cash grants for noncompliant cases, Illinois has a very strong work incentive package. Yet, even in this policy environment, less than one-third of the heads of

single-parent cases are meeting the federal requirement by working at least 30 hours per week. The TANF caseload, at least in Illinois, is a heterogeneous one, and each case head brings a very different set of assets and liabilities to the labor market. Any strategy to increase work participation rates would therefore need to account for this variation.

The findings from this study suggest that a strategy to increase work participation rates that addresses just one or two liabilities would do little to raise the likelihood of substantial employment (30 or more hours per week) for the Illinois caseload as a whole. Simulations based on our multivariate analyses indicate that the most promising approaches are comprehensive ones that would address sets of multiple related liabilities. Our simulations suggest that, in Illinois, a strategy that would increase work experience while reducing the logistical challenges of child care and transportation would have the greatest impact on employment rates.

Illinois's efforts to promote employment among recipients have yielded some success—two out of every five heads of single-parent TANF cases in the state are working for pay. Recipients who hold jobs with convenient hours, wages over \$8.00 per hour, and fringe benefits have longer terms of employment and are more likely to believe in the possibility of advancement than recipients who do not. These findings suggest that increased efforts to enhance the quality of jobs secured by TANF recipients could lead to improvements in job retention and advancement and, ultimately, greater self-sufficiency. Two current studies funded by the U.S. Department of Health and Human Services—the Employment Retention and Advancement Evaluation and the Enhanced Services for the Hard-to-Employ Evaluation—will increase our knowledge of the effectiveness of various strategies to help TANF recipients find and sustain employment.

FUTURE RESEARCH

In the coming months, studies of current TANF recipients in California, Colorado, Maryland, Missouri, South Carolina, and the District of Columbia will be released. These forthcoming studies, along with this study of TANF recipients in Illinois, are based on a common survey instrument. The data will provide a unique opportunity to examine how the characteristics and the employment assets and liabilities of TANF recipients compare across the states.

To complement this emerging body of research, it would be useful to conduct a longitudinal study of new TANF entrants that would provide insight into the characteristics and needs of families as they come onto and continue to receive assistance. The current study also suggests a need for a more extensive qualitative study of TANF recipients as the means to developing a deeper understanding of the factors that influence employment. Although current TANF recipients have many liabilities for employment, only a few exert a significant influence on a recipient's employment status. Research that would delve further into recipients' experiences could identify not only the factors not captured in our survey that may influence the ability to find and maintain employment but also how multiple liabilities may interact to constrain the ability to work.