
***A Report Series of the
Work First New Jersey
Evaluation***

Work First New Jersey Evaluation

**Current and Former
WFNJ Clients: How
Are They Faring
30 Months Later?**

Final Report

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EXECUTIVE SUMMARY

In 1997, New Jersey implemented its new welfare initiative, Work First New Jersey (WFNJ), which includes five-year time limits on cash assistance, immediate work requirements for most clients, and expanded support services. To learn how clients are faring under the new reforms, the New Jersey Department of Human Services (NJ DHS) contracted with Mathematica Policy Research, Inc. (MPR) to conduct a comprehensive five-year evaluation of the initiative. This report is the second in a series that tracks the progress of current and former WFNJ clients. The report focuses on the answers to four key questions: (1) How are clients faring 30 months after entering WFNJ? (2) Why are many former WFNJ clients not using post-TANF benefits, such as food stamps, Medicaid, and child care subsidies? (3) How are clients who have left TANF and are not employed supporting themselves? and (4) What are the characteristics of clients who have remained on TANF?

KEY QUESTIONS AND FINDINGS: IN BRIEF

How are clients faring 30 months after entering WFNJ? WFNJ clients continue to move toward self-sufficiency by leaving welfare for work. Approximately two and a half years after entering WFNJ, two-thirds had exited TANF, and 4 in 10 were both off welfare and working. Income levels have increased over this period, and poverty levels have declined. In spite of this progress, challenges remain. One in four clients lacks health insurance, and the number has increased over time. (The recently launched FamilyCare program that provides insurance to low-income working adults in New Jersey was not available to sample members at the time of this survey.) In addition, although most former clients say their lives have improved since leaving welfare, many still report that they are “barely making it from day to day.”

Why are many former WFNJ clients not using post-TANF benefits? Less than one-third of former WFNJ clients use food stamps or child care subsidies, and just under half are on Medicaid. Some are not eligible because of higher incomes, but others who are likely to be eligible do not participate because of paperwork or other hassles or because they simply do not want these benefits. Some do not use child care subsidies because they have free care from relatives. A lack of knowledge also plays an important role, with a third or more of nonparticipants indicating they are unaware of these post-TANF benefits potentially available to them.

How are former WFNJ clients who are not employed supporting themselves? Clients who have left TANF and are not working are diverse. Some have conditions that have permitted them to switch to SSI; others are living with an employed spouse or have worked recently themselves. However, about half this group (12 percent of clients in our study) have none of these more substantial sources of financial support; they get by on very little income and face more hardships than other TANF leavers, relying heavily on help from friends and relatives to make ends meet.

What are the characteristics of WFNJ clients who have remained on TANF? Those who have remained on TANF are more disadvantaged and are more likely to face multiple barriers to employment than those who have left. Three-quarters of them report a serious health problem, and one in five say they are unable to work because of a health problem. They also have less education and weaker work histories than those who have left TANF. Many “TANF stayers” are responsible for young children and do not live with other adults who can help with child care responsibilities. Most do not own a car or have a driver’s license. More than half of those remaining on TANF and who have a health problem are deferred from TANF work requirements. TANF stayers who have never worked since entering WFNJ face the most employment challenges.

WELFARE REFORM IN NEW JERSEY

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended the Aid to Families with Dependent Children (AFDC) entitlement program and replaced it with the Temporary Assistance for Needy Families (TANF) program. The new welfare legislation imposes a five-year lifetime limit on cash assistance and requires welfare recipients to participate in work-related activities within two years. New Jersey has implemented the federal welfare legislation as part of WFNJ. WFNJ includes the five-year time limit on cash benefits established under PRWORA but requires most clients to participate in a work activity as soon as they enroll in the program. Under WFNJ, the state also has expanded child care assistance and other services designed to ease welfare recipients' transition to the workforce.

During the first three years under these reforms, and in the context of a strong economy, New Jersey has experienced an unprecedented reduction in its welfare caseload. Between July 1997 (when WFNJ was fully implemented) and September 2000, the size of the welfare caseload declined by more than 50 percent. The steep caseload declines have led to a great deal of interest in learning how families receiving cash assistance in New Jersey are faring and what has happened to those who have left cash assistance.

RESEARCH METHODS

This study is tracking, over a five-year period, a representative statewide sample of WFNJ families who participated in the program between July 1997 and December 1998, the first 18 months of program implementation.¹ Five rounds of longitudinal surveys are being conducted with a statewide sample of up to 2,000 WFNJ clients at approximately 12-month intervals.

This report relies primarily on data from the second client survey. Interviews were completed with more than 1,600 clients in spring 2000, and an 80 percent response rate was achieved. The survey asked about clients' employment histories, income sources, measures of life quality (including health, food, and housing security), and use of post-TANF benefits. The survey represents a period of approximately 30 months from the time the client entered WFNJ.² We also use state administrative data on monthly TANF and food stamp benefits. In addition, to provide a comparison of how current and former clients are faring over time, the report draws on data from the first client survey (conducted approximately a year prior to the second survey).

The WFNJ Client Study tracks the circumstances of clients who have remained on cash assistance, as well as those who have left TANF. Therefore, it is broader than the recent "TANF leaver" studies conducted in several states, which focus only on those who have left cash assistance. In addition, because this study tracks clients over a longer period and uses

¹The sample includes those who entered WFNJ from the AFDC caseload in June 1997 and continued to receive TANF in July 1997, as well as those who were not on the AFDC caseload when WFNJ was implemented but who started receiving TANF at some point between July 1997 and December 1998.

²We have somewhat longer follow-up data for those who were in WFNJ during the earlier months of program implementation.

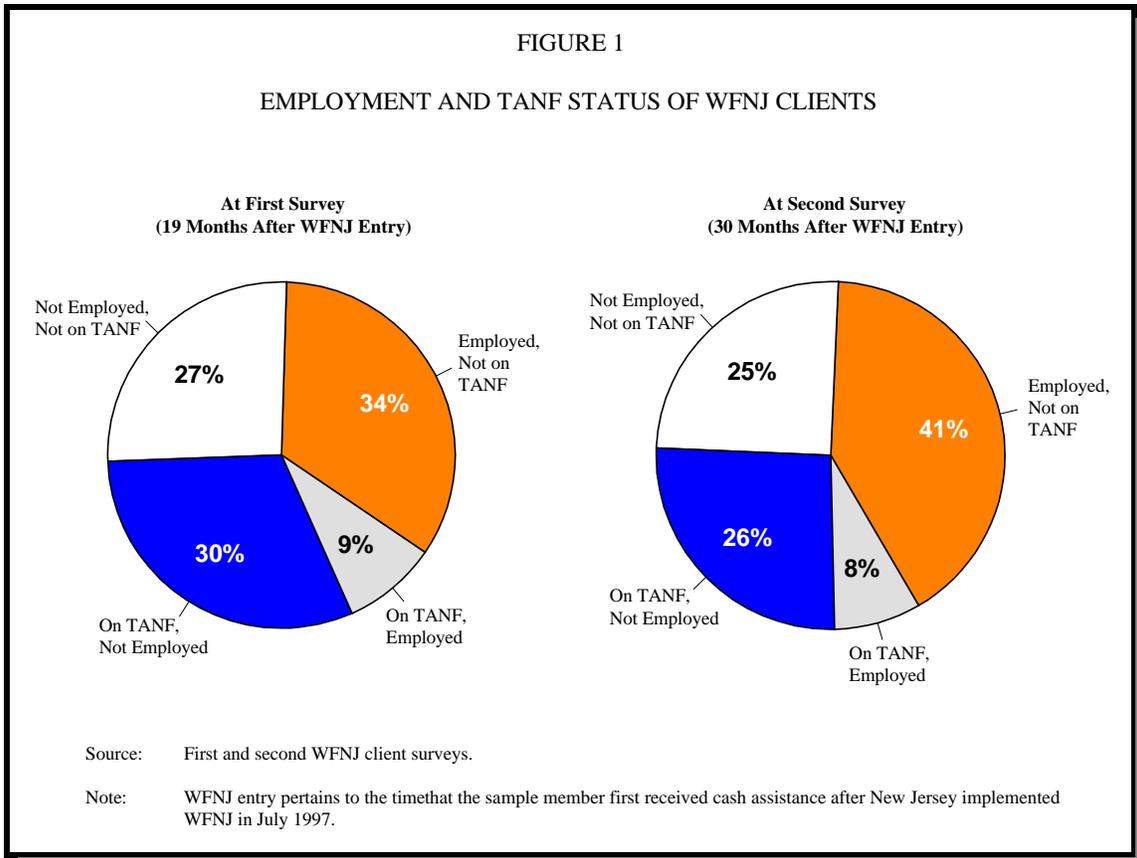
data from a variety of sources, it should provide a more complete picture of the status of current and former welfare recipients than is currently available in many states.

KEY FINDINGS

How Are Clients Faring 30 Months After Entering WFNJ?

Many WFNJ clients leave welfare for work and improve their incomes.

TANF receipt has continued to decline among clients, while employment has increased. Approximately two and a half years after entering WFNJ, only one-third of the clients were still receiving TANF, and about half were working (Figure 1). Nearly 6 out of 10 clients who left TANF reported leaving TANF because they found a job or experienced an earnings increase. Forty-one percent of WFNJ clients were both employed and off TANF at the time of the second survey, up from 34 percent at the time of the first survey. In addition, many clients who left welfare for work have stayed employed and remained off TANF. For instance, over three-quarters of those who had left TANF and were employed at the time of the first survey had remained off TANF and were employed at the time of the second survey, 12 months later. In addition, clients who are off TANF and working are doing much better financially than those remaining on TANF. Clients who are off TANF and working have incomes that are more than twice as high as those of clients who have remained on TANF and are not working.



*Recidivism is relatively uncommon, and most clients who have left TANF have not returned.*

The majority of those who left TANF stayed off the welfare rolls and had not returned to TANF. Among those who had ever left TANF since WFNJ entry, only about one in three returned to TANF over the next two years. Clients who left cash assistance because of employment were less likely to go back to TANF, with only about one in five returning within a year. In contrast, many clients who got sanctioned and left TANF for a while quickly returned to the rolls. For instance, nearly half the clients who had left TANF because they were sanctioned returned to cash assistance within a year.³

*Many clients hold low-paying jobs, but their jobs are considerably better than those they held at the time of the first survey.*

Aided by the strong economy in the state, WFNJ clients who work have experienced a considerable increase in their monthly earnings over time. Their average monthly earnings increased by 17 percent over the past year (Table 1). These earnings increases were driven largely by increases in hourly wages, rather than by increases in hours worked. Average hourly wages were \$7.30 per hour at the time of the first survey; they were \$8.15 per hour by the time of the second survey, a 12 percent increase over a one-year period. In addition, the jobs clients held were more likely to offer fringe benefits, such as paid vacation, sick leave, and health insurance benefits, than those they had held a year earlier.

Although many clients are finding jobs, a considerable amount of job turnover exists. Rates of job loss are particularly high during the first six months after job start; nearly one-

TABLE 1
JOB CHARACTERISTICS AMONG EMPLOYED WFNJ CLIENTS

	Current/Most Recent Job Held Between WFNJ Entry and First Survey	Current/Most Recent Job Held Between First and Second Surveys	Percentage Increase Between the Two Surveys
Average Hourly Wage	\$7.30	\$8.15	12
Average Monthly Earnings	\$1,084	\$1,271	17
Percent Offering			
Health insurance	40	49	23
Paid vacation	44	53	20
Paid sick leave	36	44	22
Sample Size	1,098	1,144	

SOURCE: First and second WFNJ client surveys.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

³ Among those who had ever left TANF since WFNJ entry, nearly six out of ten reported leaving TANF because they found a job or experienced an earnings increase; one in five reported leaving TANF because they were sanctioned.

third of those who got a job stopped working within six months. However, most of these clients eventually found other jobs.

Income levels among clients have increased by more than 20 percent over the past year; poverty levels have also declined.

Two and a half years after entering WFNJ, clients had average monthly incomes of \$1,312 (equivalent to an annual income of almost \$16,000), up from \$1,072 per month a year earlier. Average incomes rose over this period as a result of two trends: (1) the proportion of clients working increased, and (2) earnings increased among those clients who were employed. The incidence of poverty also declined, from 66 percent at the time of the first survey to 56 percent at the time of the second survey. Clients off TANF and employed had the highest income levels (\$1,832 per month), and 75 percent of this group had income above the federal poverty level. In contrast, those on TANF and not employed had monthly incomes of under \$900 per month, and only 13 percent had incomes above the federal poverty level.

In spite of their overall economic progress, substantial challenges still exist.

Although WFNJ clients are financially better off as a group than they were a year ago, some continue to face many challenges. Some WFNJ clients have serious health problems. More than 1 in 10 report that they cannot work at all because of their health. Clients who have remained on TANF and are not employed have substantially worse health than other clients. Among this group, one in four report being unable to work because of their health, and more than half report having a chronic health condition, such as asthma, diabetes, arthritis, high blood pressure, or heart disease. In addition, some WFNJ clients lack health insurance, and the number of uninsured has increased over time. At the time of the second survey, 26 percent of clients were uninsured, up from 17 percent at the time of the first survey.⁴ Some WFNJ clients have difficulty getting enough to eat. Similar to poor households nationally, more than a third of WFNJ clients and their families showed evidence of food insecurity at the time of the second survey, with about 1 in 10 reporting evidence of hunger. Finally, although more than 80 percent of WFNJ clients who are no longer receiving TANF said life is better since leaving welfare, half said that they were “barely making it from day to day.”

Why Are Many Former WFNJ Clients Not Using Post-TANF Benefits?

Post-TANF food stamp participation remains low. Some clients are not aware that they are eligible, some do not want benefits, and others do not want to deal with administrative hassles associated with accessing benefits.

Overall, only about 30 percent of WFNJ clients off TANF were receiving food stamps at the time of the second survey. Some former clients off TANF may not qualify for food stamp benefits because their income is too high; we estimate that about one-third of those

⁴Some clients reported being ineligible for benefits, and a few had lost their transitional benefits. The FamilyCare program launched by the state in October 2000, which provides insurance for low-income working adults, was not available to sample members at the time of the survey.

off TANF are ineligible to receive food stamps. Participation rates are indeed higher among those estimated to be eligible, and nearly half of them do receive food stamps; however, even these rates suggest low levels of participation. Most often, clients said they left the Food Stamp Program (FSP) because of employment or an earnings increase. Many clients leave the FSP at the same time as they leave TANF.

Among clients who were not receiving food stamps and who were estimated to be eligible for these benefits, nearly one in three reported not knowing whether those off TANF can get food stamps; some of these clients might have chosen to receive food stamps if they had known they were eligible for them. Among clients who were aware that those off TANF can obtain food stamps and who did not consider reapplying to the FSP, one in four reported having more earnings as their reason for not reapplying, another quarter reported they did not want food stamps, while one-third reported that they did not want to deal with the hassles associated with accessing food stamp benefits. Clients who are eligible for food stamps but do not receive them have similar characteristics to those who are receiving food stamps. Despite this similarity, those eligible for food stamps but not receiving them, on average, are more likely to experience food insecurity and hunger than those who currently receive food stamps, suggesting that they may benefit from receiving food stamps.

More than a third of TANF leavers lack health insurance. Some have exhausted their transitional Medicaid benefits; others are unaware of them.

Overall, 36 percent of TANF leavers had no health insurance coverage, with 31 percent of those employed and 45 percent of those not employed uninsured at the time of the survey. Some uninsured leavers (particularly those who were employed at the time of the survey) appear to have exhausted their transitional benefits. Others report never receiving Medicaid after leaving TANF. Some of the uninsured report that they do not think they need insurance or think participating in Medicaid is too much hassle. Others say they are ineligible because of higher incomes and other reasons. Almost half say they did not know that transitional Medicaid was available. Uninsured TANF leavers have income levels that are similar to those of leavers covered by Medicaid. However, the uninsured appear to have somewhat better health than those with Medicaid coverage.

Use of post-TANF child care subsidies remains low. Lack of knowledge of the benefits, reliance on free care from relatives, and concerns over administrative hassles contribute to the low participation rate.

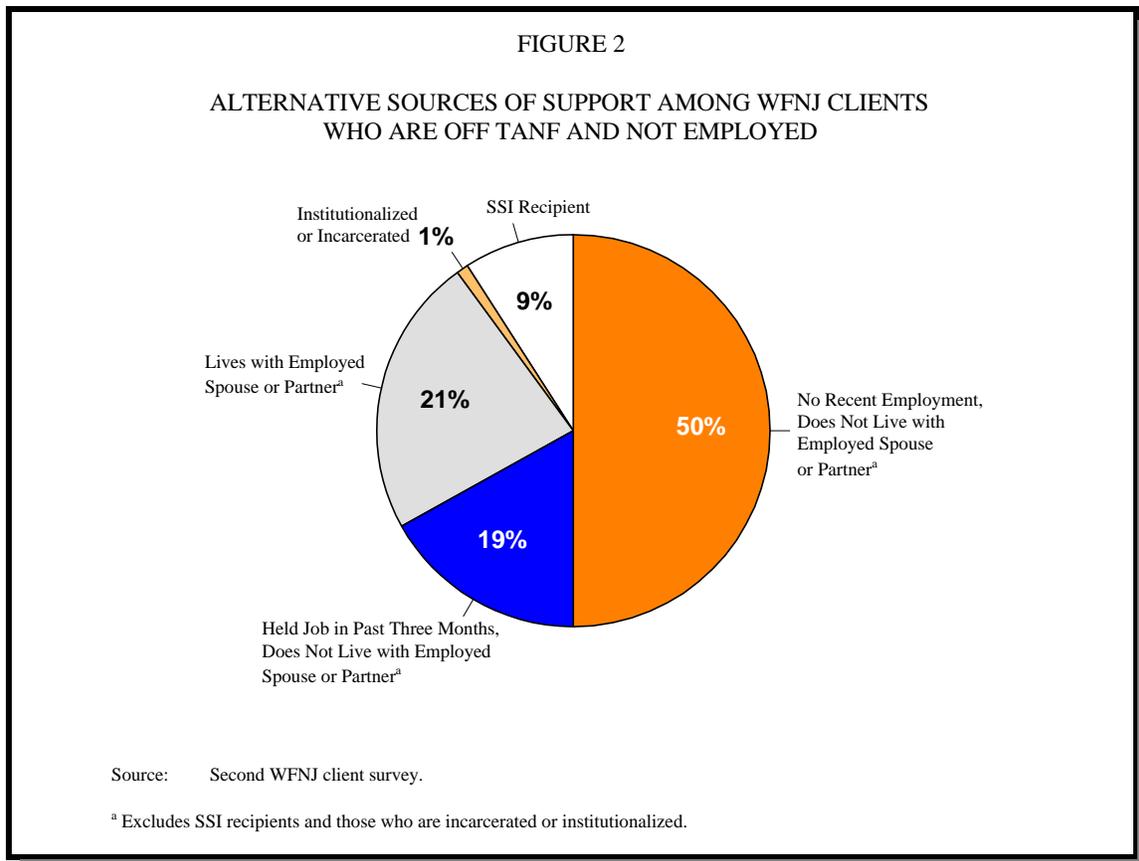
As we noted in the first report, a relatively small proportion of former WFNJ clients participate in post-TANF child care subsidies. At the time of the second survey, only 26 percent of former clients who were working and had a child under age six were receiving a subsidy. Several factors explain these low participation rates. More than a third of nonparticipants did not know that child care subsidies are available to those who leave welfare for work, and more than half did not know that these subsidies could be used to pay for care by relatives, neighbors, and other informal providers. More than a third of those with young children who were not receiving child care subsidies paid nothing for child care, usually because a relative provided free child care. Some clients do not receive child care subsidies because they consider participation to be too much trouble; among those not

receiving subsidies, almost one in five indicated that they did not participate because of paperwork, program rules, or other administrative hassles. Finally, some former clients have higher incomes and do not qualify for subsidies. Just over 1 in 10 nonparticipants had incomes above 250 percent of the federal poverty threshold and were, therefore, ineligible for subsidies.

How Are WFNJ Clients Who Are Off TANF and Not Working Supporting Themselves?

About half of former TANF recipients who are not employed have no steady source of income.

Some former TANF recipients who are not working have a stable source of support. For instance, about 10 percent of clients in this group left TANF for the supplemental security income (SSI) program, and about 20 percent in this group are living with an employed spouse or partner (Figure 2). Another 20 percent do not have any current stable source of support; however, while they were not working at the time of the survey, they had worked in the past three months. Clients in this group tend to return to work or welfare fairly quickly. However, the remaining half of those off TANF and not working, representing 12 percent of all WFNJ clients in our study, did not have any of these more substantial and stable sources of financial support.



WFNJ clients who have left TANF and who lack a substantial source of financial support have low skills and experience many hardships.

The 12 percent of WFNJ clients who were off TANF and who had no substantial source of financial support have low skills and are less prepared for the world of work than other leavers. These clients have limited work histories, less education, and longer welfare histories than other TANF leavers and are similar on these measures to WFNJ clients who have remained on TANF. Nearly 40 percent of this group reported leaving TANF because they had found a job, but they had since lost their jobs. Another one in three had left because they were sanctioned. As a group, those who had left TANF and had no substantial source of support got by on very little income (their monthly income from all sources was about \$400 a month, on average, at the time of the survey); most lived in poverty. Although their physical health is similar to that of other WFNJ clients, these clients have poor mental health, with more than half ranking in the bottom quartile (25 percent) nationally on a standardized mental health index. These individuals are also substantially more likely than other WFNJ clients to be uninsured, with half of this group lacking health insurance. About one in five in this group had experienced a housing crisis, and about 17 percent reported experiencing food insecurity with hunger during the year prior to the survey.

These clients rely heavily on the support of friends and other relatives, as well as on government assistance programs.

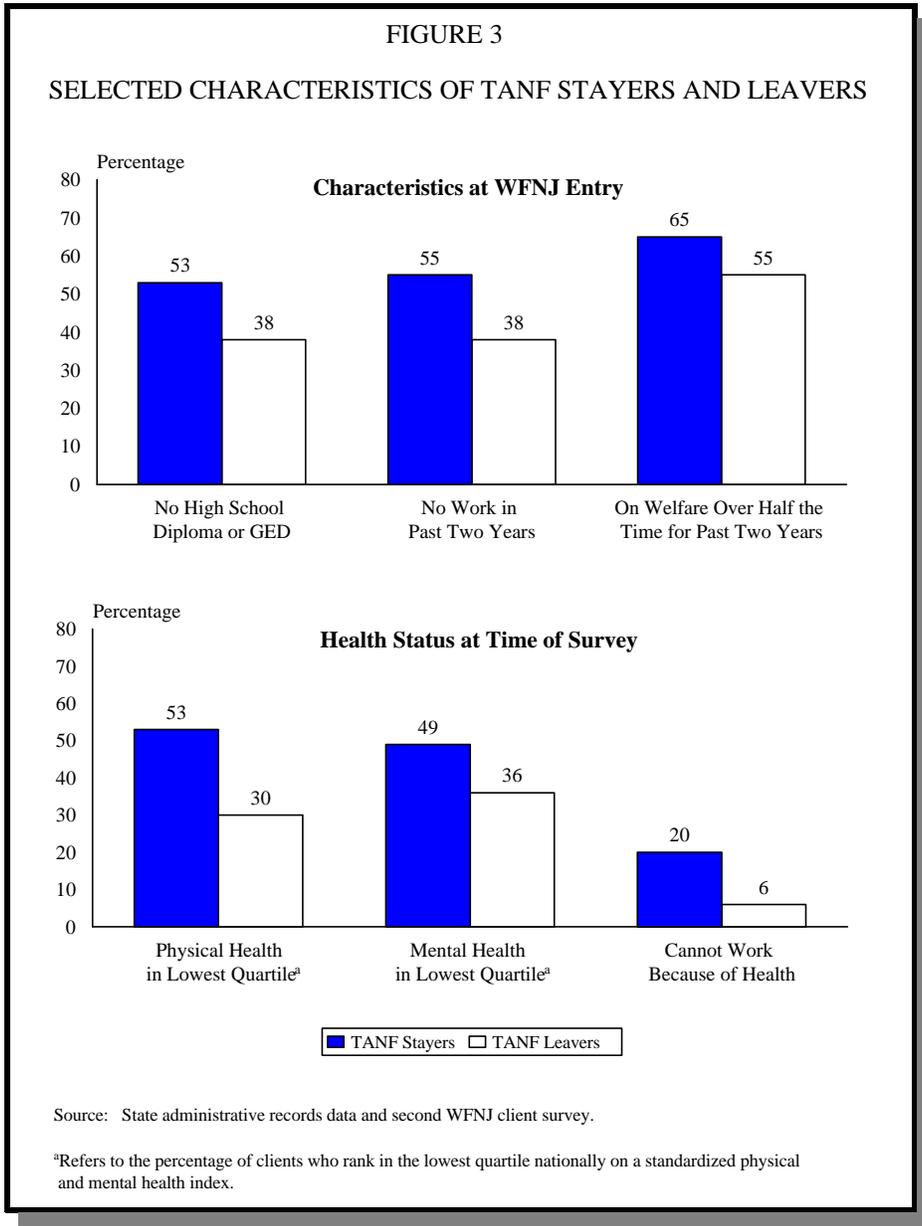
To make ends meet, this group relied heavily on friends and relatives (other than a spouse or partner). For example, about half lived with another adult (usually a close relative, such as a grown child, a parent, or a sibling), and many of those living with other adults paid no rent. More than one-third received money or in-kind help from friends and relatives with whom they did not live. One in four received child support. Many of these clients also relied on government assistance programs, such as food stamps or housing subsidies. For example, 4 in 10 received food stamps, while a third received government housing subsidies.

What Are the Characteristics of WFNJ Clients Who Have Remained on TANF?

WFNJ clients who have remained on TANF are more disadvantaged than those who have left.

As a group, TANF stayers were more disadvantaged than those who had left TANF. They had less education, weaker work histories, and longer histories of welfare receipt than those who had left TANF (Figure 3).⁵ Nearly 40 percent of the TANF stayers had received welfare continuously since they entered WFNJ two and a half years ago, while the remaining 60 percent had been off TANF at some point. Among those who had left TANF and returned, the most common reason for leaving was that they were sanctioned (50 percent), and these individuals returned to cash assistance fairly quickly. Nearly two-thirds of the TANF stayers had worked at some point since entering WFNJ. However, they typically held jobs that offered lower pay and fewer fringe benefits than jobs held by clients who had left TANF, and they were more likely to have worked in seasonal or temporary jobs.

⁵For simplicity, we refer to those remaining on TANF at the time of the second survey as “stayers.” Of course, many stayers are likely to eventually leave TANF.



Many clients who have remained on TANF have serious health problems; those who have never worked since WFNJ entry face the most severe health problems.

Many TANF stayers reported health problems that made it difficult for them to work. For instance, more than one in three had been seriously ill in the past year, and one in five reported being unable to work because of health problems. Half have poor physical and mental health that places them in the lowest quartile nationally on a standardized health index measure (Figure 3). Nearly three of four in this group had at least one of six serious

health problems, and almost half had two or more serious health problems.⁶ The incidence of health problems among TANF stayers is nearly twice as high as among those who had left TANF and three to four times as high as among those who had left TANF and were working. Among TANF stayers with a severe health problem, about one in five were receiving SSI, and another 40 percent had applied for SSI.⁷ More than half of TANF stayers with a serious health problem were deferred from TANF work requirements.

Child care and transportation challenges also contribute to the employment difficulties of TANF stayers, and multiple barriers are common.

Many clients who remained on TANF had young children for whom they were responsible. For instance, nearly one in three had a child under age three at home. More than half were single parents with no other adult present in the household. The majority (nearly 90 percent) did not own a car, and three of four did not have a driver's license. One in five had a disabled family member who lived with them. More than half of the TANF stayers faced multiple employment barriers, such as poor health, low education levels, and no recent employment history. Those who had never worked since TANF entry were more likely to have multiple employment barriers: nearly 80 percent had two or more serious barriers to employment, and more than 40 percent had three or more severe barriers.⁸

Many clients who remain on TANF, particularly those who had never worked, experience serious hardships.

About one in five of those on TANF had incomes below 50 percent of the federal poverty level, and more than one in three had severe health problems. Nearly 6 of 10 TANF clients experienced one of five serious hardships, and nearly 1 in 4 experienced two or more hardships.⁹ The hardships that those on TANF faced are similar to the hardships that those who were off TANF and were not working faced. Among TANF stayers, those who had never worked since WFNJ entry experienced more hardships than those who had ever worked since WFNJ entry.

⁶The six health problems are (1) "poor" health (self-reported), (2) unable to work because of health, (3) seriously ill in the past year, (4) ranks in lowest quartile nationally on a standardized physical health index, (5) ranks in lowest quartile nationally on a standardized mental health index, and (6) receives SSI.

⁷We do not know from our data if their SSI application decision was still pending or if they were denied benefits.

⁸The employment barriers we counted were own severe health problem (at least three of the six health problems described earlier), other household member with severe health problems or on SSI, lack of high school diploma or GED, no recent work experience, and sample member is a single parent with no other adult in the household and a child under six. We do not have information on such other employment barriers as substance abuse or domestic violence and plan to collect this information in a later survey.

⁹The five serious hardships are that the sample member (1) had income below 50 percent of the federal poverty level, (2) had three of six severe health problems, (3) was uninsured and needed medical assistance in past year, (4) had lived in a shelter or was homeless in the past year, and (5) was food insecure or had used a food pantry or kitchen.

POSSIBLE STRATEGIES FOR ENHANCING WFNJ SERVICES

Many former WFNJ clients are not taking advantage of post-TANF supports. Policies designed to promote awareness of these benefits and make them easier to access may increase their use. Many WFNJ clients who have left TANF do not use food stamps, Medicaid, or child care subsidies. Post-TANF supports can help smooth clients' transition from welfare to work; therefore, it will be important for programs to ensure that clients know about these benefits and can easily access them. Welfare agencies may want to inform clients of these benefits when they enter work-related activities, when they are close to finding a job, and at other regular intervals. They may also want to simplify the eligibility requirements and paperwork processes for these benefits. In addition, agencies might want to increase the availability of some of these benefits for low-income families. For instance, the state's FamilyCare program, which was launched in October 2000 and provides health insurance to low-income working adults, may promote insurance coverage among the employed former TANF recipients who are currently uninsured.

Rates of job turnover are high, especially during the early months after job start. Some newly employed WFNJ clients may benefit from postemployment services during the initial months after getting a job. Newly employed WFNJ clients can face a variety of challenges as they make the transition from welfare to work, including child care and transportation difficulties, struggles with health or housing problems, and difficulties adjusting to the demands of the workplace. WFNJ clients are at the highest risk of job loss and a return to welfare during their first few months of employment. Stronger postemployment supports (such as intensive case management for high-risk clients or financial incentives for low earners) during this critical period may help some clients cope with this transition.

Many long-term TANF recipients face severe and multiple barriers to employment. These clients may benefit from comprehensive assessments and more intensive case management. Clients who remain on TANF are considerably more disadvantaged than those who leave. Many must deal with low skills, poor health, and child care and transportation challenges. Given the variety of challenges they face, programs may want to focus additional resources on assessing these clients' needs and identifying appropriate short- and longer-term strategies for them. For instance, those with serious health problems may be better served by the SSI program. Programs may also want to offer more intensive training, job search assistance, and case management services to long-term TANF stayers.

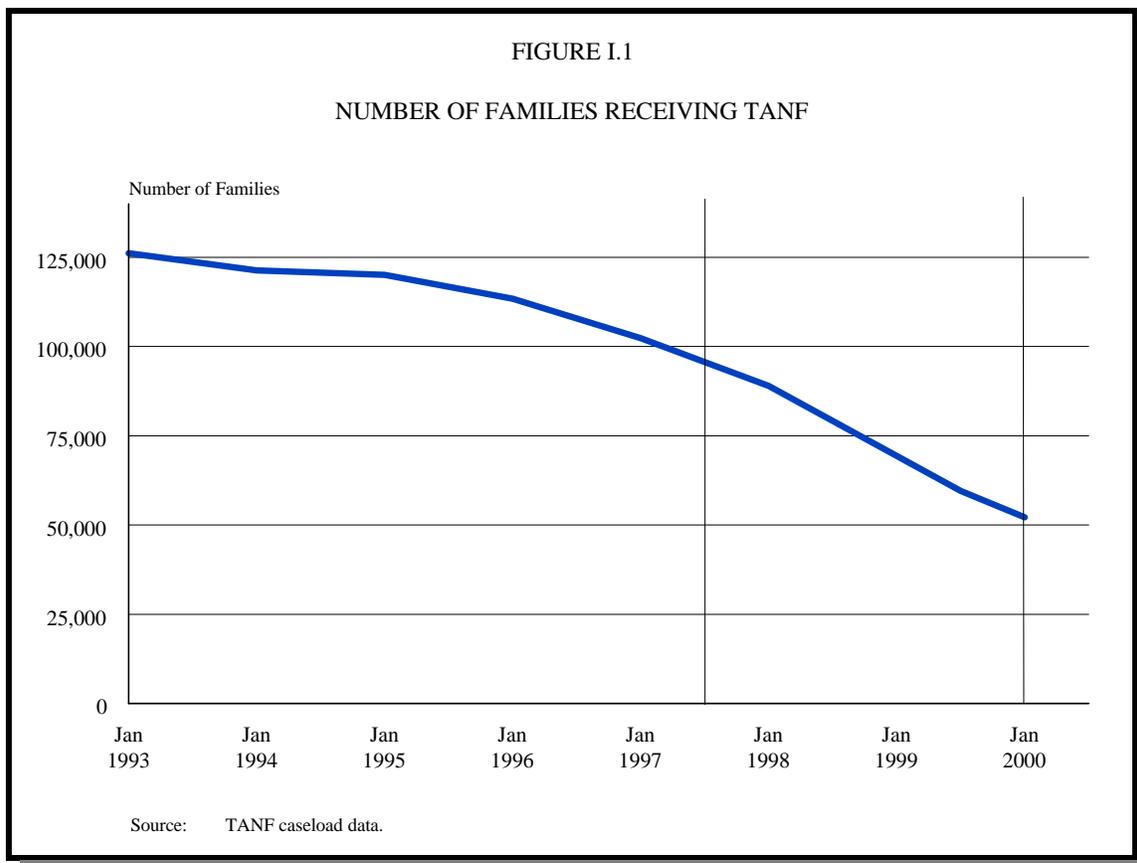
Some clients leave TANF without a stable source of financial support and are at high risk of extreme poverty. Agencies may want to attempt to identify these clients as (or shortly after) they leave TANF and reassess their needs for social services. To ensure that clients who leave welfare without a stable source of financial support do not slip through the cracks and end up in extreme poverty, welfare agencies may want to work with community-based organizations to provide outreach to these former clients to make sure they are aware of and have access to the supports they need. In addition, since many of these clients have poor mental health, better assessments and mental health screening may help identify some of these clients before they leave TANF.

I

INTRODUCTION

In 1997, New Jersey implemented its new welfare initiative, Work First New Jersey (WFNJ), which includes a five-year time limit on cash assistance, immediate work requirements for most clients, and expanded support services. During the first three years under WFNJ and in the context of a strong economy, New Jersey has experienced an unprecedented reduction in its welfare caseload. The size of the caseload declined by more than 40 percent from July 1997 (the time WFNJ was fully implemented) through January 2000 (Figure I.1).

To learn how families receiving cash assistance, in New Jersey are faring and what has happened to those who have left cash assistance, in 1998, the New Jersey Department of Human Services (NJ DHS) contracted with Mathematica Policy Research, Inc. (MPR) to conduct a comprehensive five-year evaluation designed to provide frequent feedback to state policymakers and program operators. The evaluation has three major components: (1) a longitudinal Client Study to track the progress of WFNJ families over a five-year period, (2) a Program Study to examine implementation issues, and (3) a Community Study to learn how WFNJ is unfolding at the community level. The text box on page 2 provides more detail on these three components of the evaluation.



MATHEMATICA'S EVALUATION: THREE INTERRELATED STUDIES

- # The *Client Study* is tracking a statewide sample of WFNJ families over a five-year period to establish what happens to them before and after they leave welfare. Focusing on clients who participated in WFNJ during its first 18 months of operation, this study is documenting the welfare receipt, employment levels, income, health, housing arrangements, and other indicators of WFNJ clients' general well-being and quality of life. It will identify factors affecting individuals' success in moving from welfare to work and will document changes in the welfare caseload over time. The study uses three main types of data: (1) a series of longitudinal surveys with a statewide sample of as many as 2,000 WFNJ clients, conducted at 12-month intervals; (2) information from state administrative data systems on a larger sample of 10,000 WFNJ clients, documenting such outcomes as their welfare receipt, employment levels, and earnings; and (3) three rounds of in-depth, in-person interviews with a subset of WFNJ clients, designed to gather more detailed, qualitative information about their lives.

- # The *Program Study* is examining operational challenges and promising strategies for overcoming them, to help state and county staff identify and address key implementation issues. It also will help the state develop performance indicators to guide program improvement efforts. The analysis draws on state administrative data and three rounds of site visits to 10 of the state's 21 counties. During these visits, site visitors interview a variety of county staff members, conduct case file reviews, and observe key program activities.

- # The *Community Study* is conducting case studies in three areas—Newark, Camden City, and Cumberland County—to understand local opportunities and challenges facing welfare reform. The case studies focus on the employment patterns and service needs of low-income parents, the jobs available in local labor markets, and the local institutional response to welfare reform. The analysis draws on a survey of low-income residents, an employer survey, and interviews with local service providers and other stakeholders.

A. OVERVIEW OF THE REPORT

This report is the second in a series of reports on the Client Study tracking how current and former WFNJ clients are faring over time under the new reforms. In particular, the report addresses the following five broad research questions:

1. *What are WFNJ clients' welfare and employment experiences during the two-year period after they enter the program?*
2. *What is the life quality of clients and their families, as measured by their incomes, health status, hunger, housing arrangements, and other key outcomes?*
3. *To what extent are clients using post-TANF benefits, such as food stamps, Medicaid, and child care subsidies? Why are some clients not using these benefits?*

4. *Why are some clients off TANF and not working, and how do these clients support themselves?*
5. *What employment barriers do those remaining on TANF face? How many face severe or multiple barriers?*

Each of the next five chapters of the report focuses on one of these main questions.

Based on our analysis, we find that WFNJ clients continue to steadily exit welfare for work and improve their incomes. Approximately 30 months after entering WFNJ, only about one-third of the clients were still receiving cash assistance. Among those who had left welfare, more than 60 percent were employed. Income levels among clients increased by more than 20 percent over the past year and poverty levels have declined. Clients who have left welfare for work have made a good start; they have incomes that are more than twice as high as those of clients who have remained on Temporary Assistance for Needy Families (TANF) and are not working. In addition, many clients who left welfare for work have stayed employed and remained off TANF. Many of those who had left welfare and were employed, however, were not using available post-TANF benefits, such as child care benefits and food stamps. Some are not eligible because of higher incomes, but others who are eligible do not participate because of paperwork or other barriers or because they simply do not want these benefits. A lack of knowledge also plays an important role, with a third or more of nonparticipants indicating they are unaware of these benefits available to them.

The one in four clients who had left welfare and were not employed are diverse; 10 percent were on SSI and another 20 percent were living with an employed spouse or partner. However, about half had no steady and substantial source of financial support. They get by on very little income, face more serious hardships than other TANF leavers, and rely heavily on friends and relatives to help them make ends meet.

Clients who remained on welfare are considerably more disadvantaged than those who have left TANF and are more likely to face multiple barriers. Three quarters of them report a serious health problem, and one in five say they are unable to work because of their health. They also have less education and weaker work histories than those who have left TANF. Many TANF stayers are responsible for young children and do not live with other adults who can help with child care responsibilities. Over half of TANF stayers with a health problem are deferred from TANF work requirements because of their health. About one-third of TANF stayers have never worked since WFNJ entry; as a group they face considerably more employment challenges than other TANF stayers.

B. WELFARE REFORM IN NEW JERSEY

In August 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). This Act abolished the Aid to Families with Dependent Children (AFDC) program and replaced it with TANF, which imposes a five-year lifetime limit on cash assistance and requires most clients to work after two years of benefit receipt. Under TANF, states have greater discretion in establishing program policies than they did under AFDC. In addition, they are allowed to impose stricter time limits and work requirements than those specified in the federal legislation. In April 1997, New Jersey began

implementing the federal reforms as part of its WFNJ initiative. The new policies were fully implemented statewide by July 1997.

Under WFNJ, New Jersey has maintained some basic features of its former AFDC program. For example, the state has maintained its pre-TANF cash benefit levels, under which a family of three with no other income receives \$424 per month (Table I.1).¹ In addition, as part of its earlier welfare reform initiative, the Family Development Program (FDP), the state had introduced (1) a family cap provision, which prevented clients from receiving additional cash benefits for children born while the clients were on welfare; and (2) expanded transitional Medicaid benefits, which allowed clients who left welfare for work to retain Medicaid eligibility for up to two years. WFNJ maintains these two key features of FDP.

Under WFNJ, the state also has introduced substantial changes to its welfare program. Important new policies under WFNJ include:

*Work Requirements for TANF Recipients.* WFNJ emphasizes work and imposes an immediate work requirement, rather than the two-year maximum time limit that the federal law permits. All WFNJ applicants must register for work with the county Employment Service and participate in a four-week job search class. Those who do not find jobs must participate in training, basic education, or work experience activities. Recipients who refuse to cooperate with these requirements are subject to grant reductions and, after extended noncompliance, case closure.

TABLE I.1
MAXIMUM TANF AND FOOD STAMP BENEFITS,
BY FAMILY SIZE

Family Size	Maximum AFDC/TANF Grant (in Dollars)	Food Stamp Benefits ^a (in Dollars)	Combined Benefits (in Dollars)	Federal Poverty Levels ^b (in Dollars)	Combined Benefits as a Percent of Poverty Level
2	322	224	546	904	60
3	424	309	733	1,138	64
4	488	377	865	1,371	63
5	522	444	966	1,604	60
6	616	512	1,128	1,838	61

SOURCE: Adapted from the Committee on Ways and Means, U.S. House of Representatives 1998.

^a Food stamp benefits are based on maximum AFDC/TANF benefits shown and assume monthly deductions of \$384 (\$134 standard household deduction and \$250 maximum allowable deduction for excess shelter cost).

^b Federal poverty levels are for 1998 and are divided by 12 to obtain monthly levels.

¹If this family also receives food stamps, its combined TANF and food stamp benefits would be \$733. Income from these two sources would put the family at 64 percent of the federal poverty level (Table I.1).

- # ***Time Limits on TANF Benefits.*** In accordance with federal requirements, New Jersey has imposed a five-year time limit on TANF benefits. However, certain WFNJ cases (such as the elderly, disabled, and victims of domestic violence) are exempt. Under some circumstances, other hardship cases may receive extended cash benefits for up to 12 months beyond the five-year limit.
- # ***Expanded Child Care Benefits.*** Under WFNJ, clients who exit TANF for employment can receive transitional child care subsidies for up to two years after they leave cash assistance.

C. THE WFNJ EVALUATION AND RELATED RESEARCH

The major changes in welfare policies and large declines in welfare caseloads have led many states to examine what happens to clients after they leave welfare. In particular, these “TANF leaver” studies focus on former clients’ employment status over time or at the time of followup, as well as on how many of these families return to the welfare rolls. These studies typically have found that most of the adult families remaining off TANF were employed at some time after leaving cash assistance and that a significant number eventually return to welfare (U.S. General Accounting Office 1999; and Brauner and Loprest 1999).

The WFNJ Client Study is richer than most leaver studies on several dimensions. First, it is broader in scope, because it examines the circumstances of those who have remained on cash assistance, as well as of those who left welfare. Including clients in the study who have remained on TANF allows us to examine the differences between these clients and those who leave welfare for work and, therefore, identify factors associated with successful welfare-to-work transitions. Second, the WFNJ study includes a series of interviews with the same clients over a five-year period, approximately 12 months apart. The longitudinal nature of the study allows us to develop a more detailed picture of clients’ lives and provides us with many opportunities to probe further on important issues and key topics as they emerge. The survey data are enhanced by administrative records data, as well as by a series of in-depth, in-person interviews with a subset of clients. These interviews will provide a more detailed qualitative understanding of the lives and experiences of clients as they make the transition off welfare.

D. THE SAMPLE AND DATA FOR THIS REPORT

This report examines the experiences of WFNJ clients who entered the program during the first year and a half of its implementation, July 1997 to December 1998. It includes two key subgroups of WFNJ clients:

1. ***The July 1997 Caseload.*** This subgroup represents those who entered WFNJ from the ongoing AFDC caseload when WFNJ was fully implemented in July 1997. It consists of those who were receiving AFDC as case heads in June 1997 and continued to receive cash assistance (now called “TANF”) as case heads in July 1997. This subgroup represents 65 percent of clients who participated in WFNJ during its first 18 months.

2. **New WFNJ Entrants.** This subgroup represents those who were not part of the AFDC caseload when WFNJ was implemented but who subsequently entered the program sometime during its first year and a half. It consists of those who were not receiving AFDC as case heads in June 1997 but who became TANF case heads at some point from July 1997 to December 1998. This subgroup represents 35 percent of clients who participated in WFNJ during its first 18 months.

To ensure adequate sample sizes for key subgroup analyses, WFNJ clients from the new entrant group, as well as those from rural counties, were oversampled. However, all analyses presented in this report are weighted, so that the figures represent the full statewide population of WFNJ clients who entered the program between July 1997 and December 1998.

The primary data source for this report is the second WFNJ client survey. MPR began conducting the second follow-up survey with clients in February 2000 and, by mid-June 2000, had completed interviews with 1,607 clients (out of a survey sample of 2,000 clients), yielding an 80 percent response rate (Table I.2).² The average length of followup from WFNJ entry to the survey date was about 30 months.³ The second round of the client survey included questions about clients' employment histories since the first survey, income from

TABLE I.2
SURVEY SAMPLE SIZES AND RESPONSE RATES

	All WFNJ Clients	July 1997 Caseload ^a	New Entrants July 1997- December 1998 ^b
Fielded Survey Sample	2,000	1,000	1,000
Number Who Completed Second Survey (Percentage Who Completed Second Survey)	1,607 (80)	809 (81)	798 (80)
Number Who Completed First Survey (Percentage Who Completed First Survey)	1,621 (81)	813 (87)	808 (81)
Number Who Completed Both Surveys (Percentage Who Completed Both Survey)	1,436 (72)	727 (73)	709 (71)

SOURCE: First and second WFNJ client surveys.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

²Although we started with 2,000 clients, 13 clients had died at some time between WFNJ entry and the time of the second interview. Excluding the deceased from the sample brings the response rate to 81 percent.

³Those in the July 1997 caseload sample had a 33-month follow-up period, on average, and those in the new entrant sample had a 26-month follow-up period, on average.

various sources at the time of the survey, other measures of hardships (such as poor health, and food and housing insecurity), potential employment barriers, and questions related to post-TANF benefit utilization.

For some analyses, we also use data from state administrative data systems for the 1,607 survey respondents. Monthly TANF and food stamp benefit data, as well as some basic demographic data, are from the Family Assistance Management Information System (FAMIS) maintained by the Division of Family Development of NJDHS. In addition, we use employment and earnings data for the two-year period prior to WFNJ entry from state wage records maintained by the New Jersey Department of Labor's Unemployment Insurance system.

E. METHODOLOGICAL APPROACH

Most of the analysis in this report is based on the sample of 1,607 clients who completed the second survey. Some analyses examine changes in client outcomes over time (beginning with program entry), while others focus on client outcomes at the time of the second client survey. In some analyses, we compare broad outcomes for clients at the time of the second survey with their outcomes at the time of the first survey. In such instances, we often use information from all clients who completed each of the surveys. In some other types of analyses, we examine changes over time in some outcomes; in such instances, we include clients who completed both surveys.

Because the WFNJ experiences and the socioeconomic characteristics of new WFNJ entrants may differ from those of clients who were part of the existing welfare caseload when the program was first implemented, we conduct the analysis of welfare and employment patterns (presented in Chapter II) separately for these two subgroups.⁴ We found that results from later analyses were broadly similar when done separately for these two groups of clients. For clarity, all subsequent analyses presented in this report combine these two subgroups.

Most of the numbers and figures presented in the remainder of the this report are based on descriptive, tabular analysis.⁵ Sample weights are used throughout the report to keep the sample representative of all WFNJ clients who participated in the program during the first 18 months of program implementation. All income and earnings figures are adjusted for inflation and are presented in year 2000 dollars.

Table I.3 shows WFNJ clients' characteristics at the time they entered the program. WFNJ clients are a fairly diverse group. Some face significant barriers to self-sufficiency, while others are less disadvantaged and face fewer obstacles. For instance, 57 percent of WFNJ clients had a high school diploma or GED, while 43 percent did not. Similarly, while many had worked recently prior to program entry, about 43 percent had no work experience

⁴Those who were part of the existing caseload when WFNJ was fully implemented in July 1997 are called the "July 1997 caseload." Those who came on to the program during the 18 month period between July 1997 and December 1998 are referred to as "new entrants."

⁵The analysis in Chapter II that examines the probability of clients exiting TANF in 12 months is based on a multivariate model, which includes a variety of background and socioeconomic characteristics.

TABLE I.3
CHARACTERISTICS OF WFNJ CLIENTS AT TIME OF PROGRAM ENTRY

	Percentage with Characteristic		
	All WFNJ Clients	Existing Caseload July 1997 ^a	New WFNJ Entrants July 1997 to December 1998 ^b
Female	96	96	95
Average Age (in Years)	30.2	30.9	28.8
Educational Attainment			
Less than high school diploma or GED	43	45	39
High school diploma or GED	44	42	48
More than high school diploma or GED	13	13	13
Employed in Two-Year Period Prior to WFNJ Entry	57	50	69
Race/Ethnicity			
African American	55	56	53
Hispanic	24	25	21
White	21	19	24
Other	1	1	2
Does Not Speak English at Home	13	13	14
Is a U.S. Citizen	93	93	92
Average Number of Children Under 18 in Household	1.9	2.0	1.8
Age of Youngest Child			
Less than 3 years	41	36	52
3 to 5 years	26	28	21
6 years and older	33	36	27
Household Type			
Single parent	79	79	79
Two parent	9	7	12
Other multiple adult	8	10	5
Other single adult	4	4	4
Marital Status			
Never married	70	71	67
Married	7	6	10
Separated/widowed/divorced	23	23	23
Household Member Receiving SSI	10	11	7
Lived in Two-Parent Household as a Child	51	52	50
Family Received Welfare When Growing Up	36	36	36
County of Residence ^c			
High density	51	56	42
Medium density	29	28	32
Low density	20	16	27
Sample Size	1,607	806	797

SOURCE: WFNJ administrative records data and second WFNJ client survey.

^a The July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^a The new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

^c High population density counties include Camden, Essex, and Hudson. Medium population density counties include Bergen, Mercer, Middlesex, Monmouth, Passaic, and Union. Low population density counties include Atlantic, Burlington, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Ocean, Salem, Somerset, Sussex, and Warren.

during the two-year period prior to entry. More than 1 in 10 spoke a language other than English at home, and seven percent were not U.S. citizens. One in 10 had a household member receiving SSI. When they entered the program, clients, on average, had two children. The average age of their youngest child was just under five years old, and more than 40 percent had a child under age three. Nearly 80 percent were in single-parent households with no other adults present.

In general, new WFNJ entrants were less disadvantaged than those who were already receiving cash assistance when the reforms were implemented. For example, 69 percent of new entrants had some labor market experience in the two years prior to WFNJ entry, compared with only 50 percent of clients from the July 1997 caseload. Similarly, new entrants were more likely to have a high school diploma, to be married at program entry, and less likely to have a disabled household member than were those from the July 1997 caseload. Most likely because of their more recent entry into welfare, new entrants were also more likely to be younger and to have younger children. Finally, those in the caseload sample were more likely than those in the new entrant sample to be from more urbanized, high-population density counties (including Essex, Hudson, and Camden).

II

WELFARE RECEIPT AND EMPLOYMENT AMONG WFNJ CLIENTS

A major goal of WFNJ is to help clients become self-sufficient by enabling them to move off public assistance and into the workforce. To this end, the program places work requirements on clients and limits how long they can receive cash welfare over their lifetime. A measure of how well the program is meeting its goal of helping clients become self-sufficient is the extent to which WFNJ clients leave public assistance and move into stable, well-paying jobs.

This chapter examines the TANF receipt and employment experiences of WFNJ clients during the 30-month period following WFNJ entry. We begin by examining clients' patterns of welfare receipt. For instance, how many clients receive TANF in any given month after WFNJ entry? How quickly do clients leave the TANF rolls? Why do they leave TANF, and how many return? We then examine clients' employment experiences. For instance, how many clients are employed in any given month, and how quickly after WFNJ entry do they find jobs? What kinds of jobs do they find? How long do they hold these jobs? Do they experience any wage growth in their jobs? Finally, we put together clients' TANF experiences with their employment experiences to see how they combine work and welfare over time.

KEY FINDINGS FROM THIS CHAPTER

- # *WFNJ clients continue to leave welfare for work and improve their incomes.* About 30 months after WFNJ entry, only one-third of the clients were receiving TANF, and half were working. At the time of the second survey, 41 percent were employed and off TANF, up from 34 percent at the time of the first survey.
- # *Clients who have remained off TANF for a year have a low probability of returning to welfare.* Two-thirds of clients who had exited TANF had not returned to the program two years later. Clients who left because of employment were much less likely to return than those who left because of a sanction.
- # *Many clients hold low-paying jobs, but their jobs are better than those they held a year ago.* Aided by the strong economy, WFNJ clients who worked experienced a 17 percent increase in their earnings over the past year. Earnings increases were driven mainly by increases in hourly wages, which rose from \$7.30 at the time of the first survey to \$8.15 by the time of the second survey (a 12 percent increase). The jobs clients held were also more likely to offer fringe benefits.
- # *Although many clients find jobs, there is a high amount of job turnover.* Nearly 60 percent of clients who found jobs had experienced some period of nonemployment within two years after job start. Rates of job loss are high during the early months after job start; nearly one-third who started a job stopped working within six months. However, many of these clients eventually found other jobs.

A. WHAT ARE PATTERNS OF WELFARE RECEIPT?

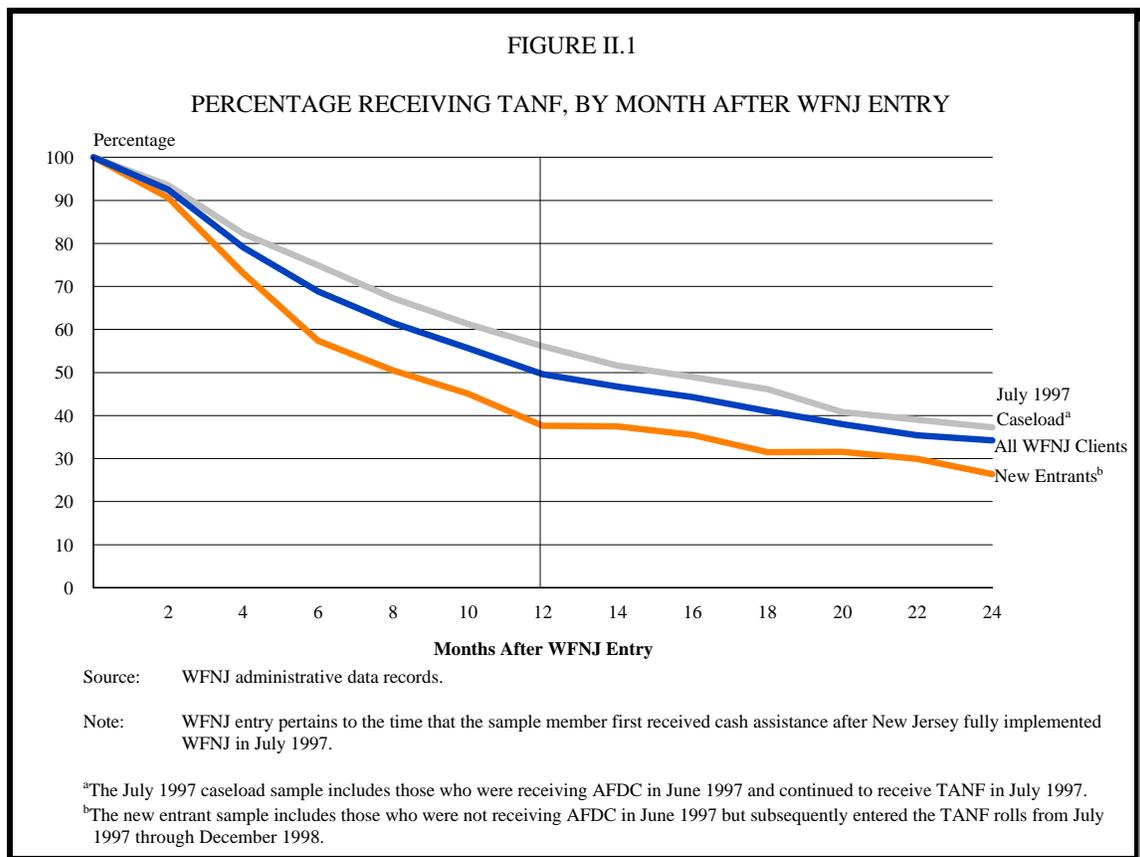
The long-term goal of WFNJ is to promote self-sufficiency by reducing welfare dependency among clients. In the first WFNJ client study report, we profiled the patterns of TANF and food stamp receipt for WFNJ clients over the first year following WFNJ entry. Here, we examine longer-term patterns of welfare receipt. First, we extend the profiles of TANF and food stamp receipt to cover a two-year period and examine whether the patterns observed during the first year continue over the two-year period. Second, we examine clients' patterns of exits from TANF and reentry into TANF among those who have exited. Finally, we examine whether certain groups of clients are more likely than others to leave TANF.

1. What Are Trends in TANF and Food Stamp Receipt?

TANF receipt among WFNJ clients tracked by the study continued to decline over the two-year period after WFNJ entry; the rate of decline, however, was slower during the second year after WFNJ entry.

Clients who received TANF during the first year and a half of WFNJ implementation continued to exit TANF over time. Approximately two years after WFNJ entry, only about one-third of the clients were still receiving any TANF benefits (Figure II.1).

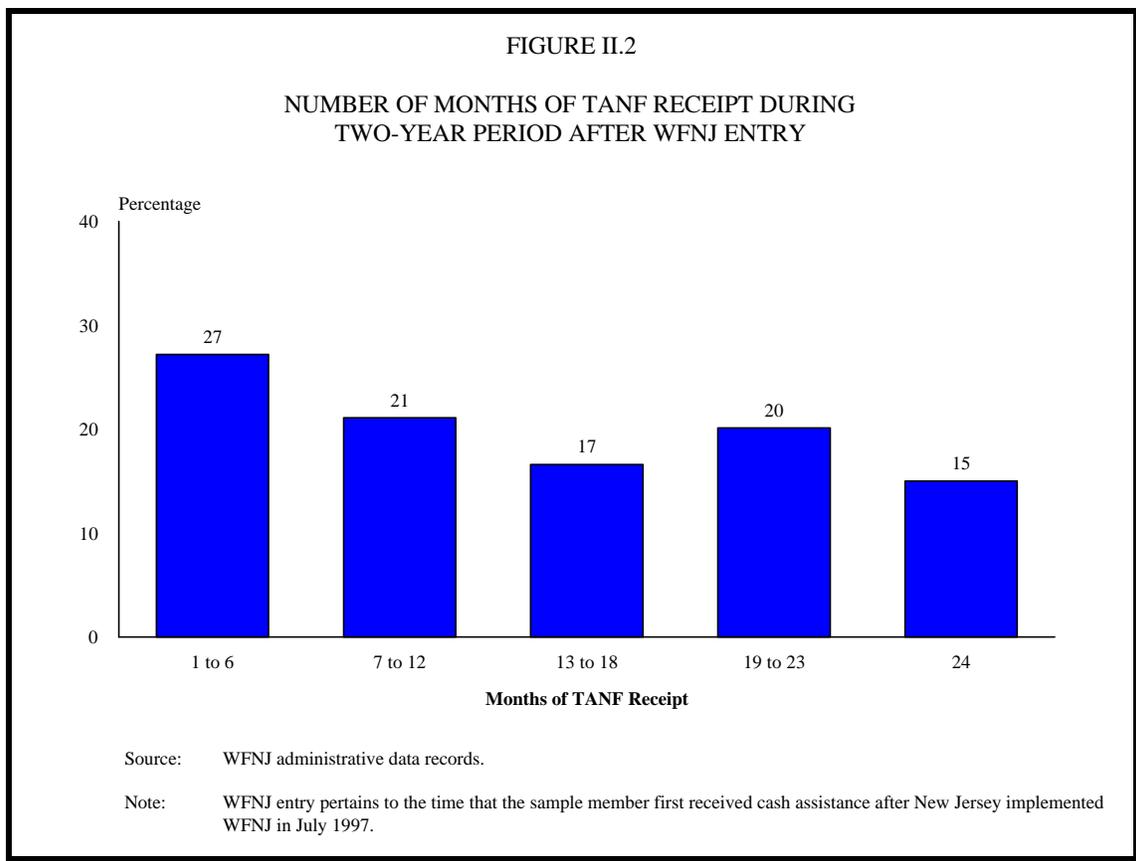
The rates of decline in TANF receipt were lower in the second year than in the first year after program entry. During the first year after WFNJ entry, monthly rates of TANF receipt



among all clients fell from 100 percent in the first month of program entry to 50 percent a year later (a 50 percent reduction in monthly TANF receipt during this period). During the second year, the proportion of clients receiving TANF in a month fell from 50 percent to 34 percent, a somewhat lower reduction (33 percent) in welfare receipt over the second year after program entry.

The declines in TANF receipt occurred both for those who were already receiving cash assistance in July 1997 when WFNJ was first implemented (the July 1997 caseload sample) and for TANF recipients who entered the program during the first year and a half after implementation (the new entrant sample). The new entrant sample experienced larger declines in TANF receipt than the caseload sample during the first year, but not during the second year. For example, as Figure II.1 shows, at the end of the first year, only 38 percent of new entrants were receiving TANF, compared with 56 percent of the caseload sample. However, by the end of the second year, this gap had narrowed, and 26 percent of new entrants were receiving TANF, compared with 37 percent of the caseload sample.

Some clients received TANF for only a short period of time over the two-year period, while others continued to receive assistance for longer periods. Only 15 percent of all WFNJ clients in the study received TANF continuously over the two-year period after WFNJ entry, while 27 percent received TANF for six months or less over the two-year period (Figure II.2). On average, clients received TANF for about 13 months over the two-year period (not shown). While clients were on TANF, they received monthly TANF benefits of approximately \$352, on average.



Food stamp receipt among WFNJ clients also declined over the two-year period after WFNJ entry.

Food stamp receipt also decreased over time. Just under 50 percent of clients were receiving food stamps at the end of two years after WFNJ entry (Figure II.3). As with TANF, monthly food stamp receipt among WFNJ clients declined more quickly during the first year (from 85 to 57 percent--a 33 percent reduction). The rate of decline in food stamp receipt was somewhat lower during the second year after WFNJ entry (from 57 to 48 percent--a 15 percent reduction). Consistent with the patterns of TANF receipt, new entrants were somewhat less likely than those in the July 1997 caseload sample to receive food stamps, but these differences decreased over time. Finally, as Figure II.4 shows, among all clients, just under 15 percent received food stamps continuously over the two-year period, while nearly one-quarter received food stamps for less than one-fourth of the time. Clients received food stamps about 14 months, on average (not shown).

2. What Are the Dynamics of TANF Receipt?

The previous section examined TANF receipt over time among all WFNJ clients in our study. Here, we examine the dynamics of TANF receipt for the study sample. How quickly do clients leave the TANF program? How many of those who leave TANF return to the program, and how soon? How many welfare spells do clients experience?

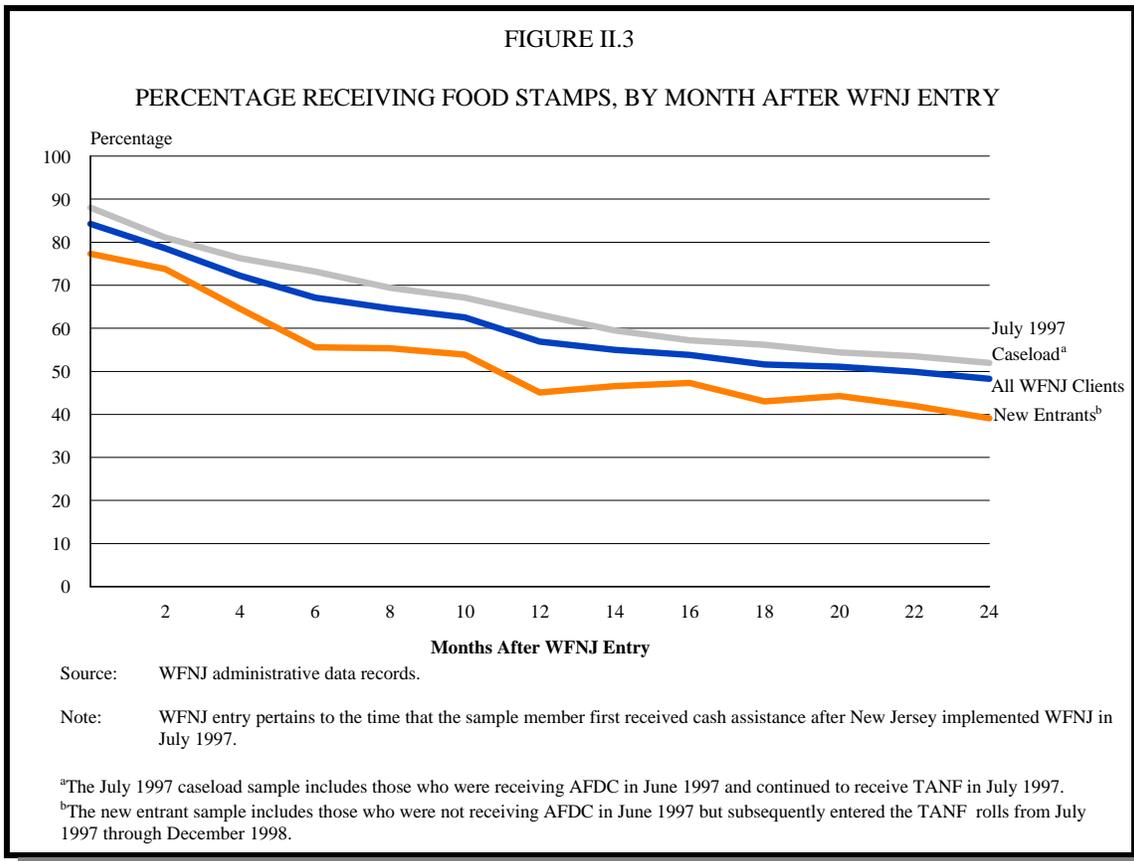
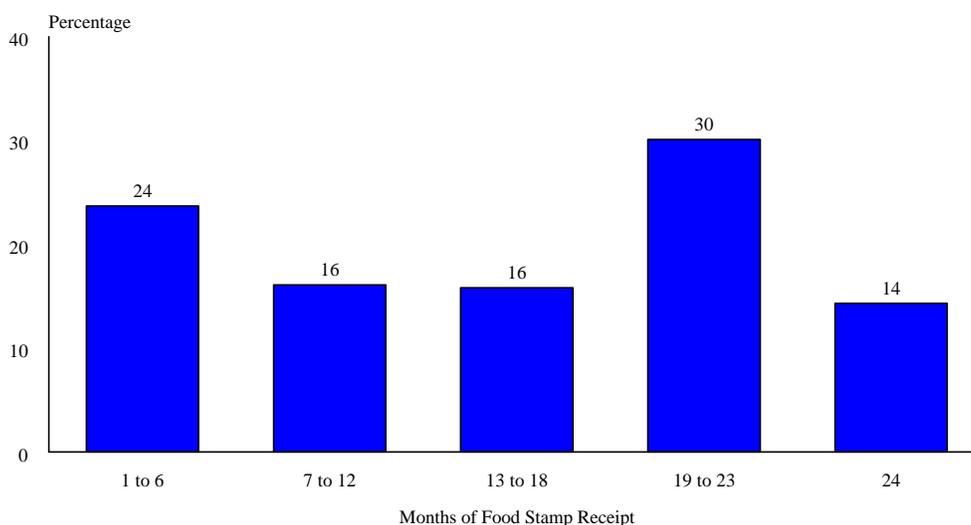


FIGURE II.4

NUMBER OF MONTHS OF FOOD STAMP RECEIPT DURING
TWO-YEAR PERIOD AFTER WFNJ ENTRY



Source: WFNJ administrative data records.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented WFNJ in July 1997.

This analysis of welfare dynamics is based on clients' "spells" on TANF, where a TANF spell is defined as the number of continuous months of TANF receipt. Similarly, we also examine the length of clients' spells off TANF; off-TANF spells are defined as the number of continuous months off TANF before a client returns to cash assistance. The analysis focuses on clients' first spells on TANF since WFNJ entry and on their first spells off TANF.¹

The analysis of welfare dynamics is based on the time period from WFNJ entry through May 2000 (about 30 months, on average). The exit rates and spell lengths discussed in this section pertain to exit rates and spell lengths since WFNJ entry, either in July 1997 for the caseload sample or the time of entry between July 1997 through December 1998 for new entrants. It is important to keep in mind that before entering WFNJ, the July 1997 caseload sample was receiving cash welfare under the old AFDC program. Therefore, actual spell lengths of any cash welfare receipt (including AFDC and TANF) will be longer for the caseload sample than reported in this study.

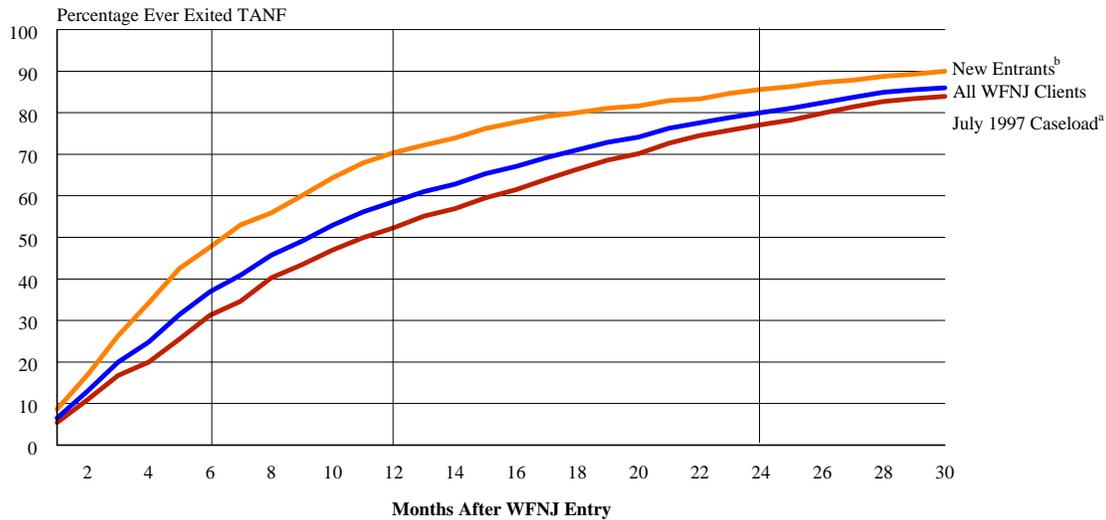
Many WFNJ clients, especially new entrants, leave TANF during the first few months after program entry.

Many TANF recipients exited the program fairly soon after WFNJ entry. For instance, as Figure II.5 shows, nearly one-third of all initial TANF spells ended within six months after program entry, 59 percent of the spells ended within one year, and about 80 percent of the

¹We close gaps of one month off TANF, since these may reflect administrative churning. Therefore, a person has to be off TANF for at least two months to have a TANF spell end.

FIGURE II.5

PERCENTAGE WHO EVER EXITED TANF BY MONTHS AFTER WFNJ ENTRY



Source: WFNJ administrative data records.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

spells ended within two years. The median spell length on TANF was about nine months for all WFNJ clients.² As Figure II.5 shows, new entrants exited TANF more quickly than those in the caseload sample. For example, 70 percent of new entrants had exited TANF at least once within a year after WFNJ entry, and 86 percent had exited within two years, compared with 52 and 77 percent, respectively, for the caseload sample.³ As a result, new entrants had shorter spells on TANF than those in the caseload sample. The median TANF spell length for new entrants was about 6 months, compared with 11 months for the July 1997 caseload sample.

Most WFNJ clients leave TANF because of employment.

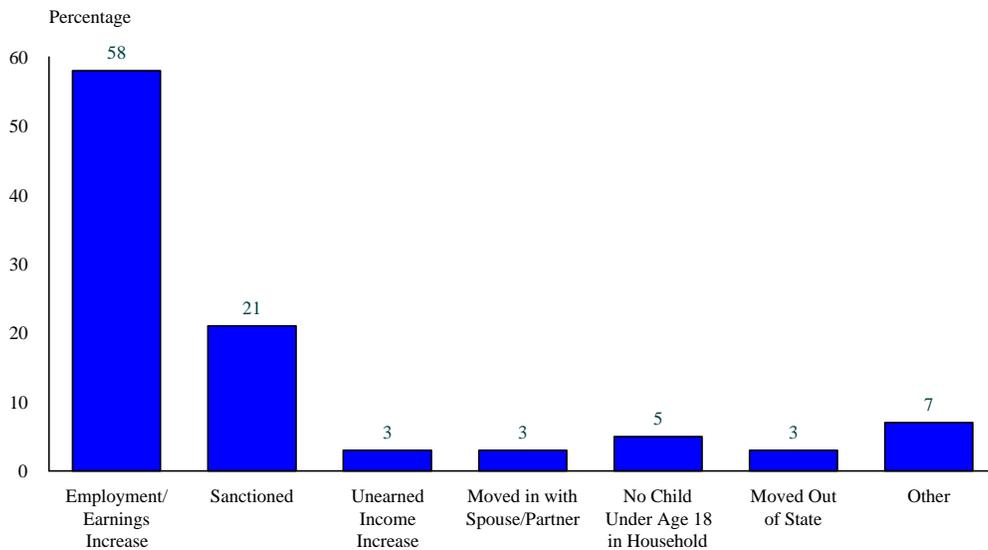
Among all WFNJ clients who had exited TANF since WFNJ entry, the most common self-reported reason for exiting the program was that they had obtained a job or experienced an increase in earnings. As Figure II.6 shows, 58 percent of all TANF leavers reported employment or an earnings increase as their main reason for exiting the program. The next

²Again, it should be kept in mind that actual spell length on any cash welfare will be longer for the caseload sample because those in the caseload sample would have received AFDC under the old program for at least some time.

³Note that some of those clients came back on to welfare as is reflected by the fact that more than 30 percent of the caseload sample and more than 25 percent of new entrants were on TANF at two years after WFNJ entry (see Figure II.1).

FIGURE II.6

MAIN REASON FOR LEAVING TANF AMONG WFNJ CLIENTS



Source: Second WFNJ client survey.

most common reason reported by clients was that they were sanctioned (about 21 percent reported this as their primary reason for exiting TANF). Other reasons clients reported leaving TANF included increases in unearned income, such as child support or SSI (three percent), moving in with a spouse or partner (three percent), having no child in household under age 18 (five percent), and having moved out of state (three percent).^{4,5}

New entrants were somewhat more likely to report exiting because of earnings- or employment-related reasons (66 percent) than caseload sample leavers (53 percent) (not shown). Conversely, those in the caseload sample who had exited TANF were somewhat more likely to report leaving because they were sanctioned (24 percent, compared with 16 percent for new entrants, not shown). There were no large differences in the other reasons for leaving TANF, by whether the client was part of the caseload sample or a new entrant.

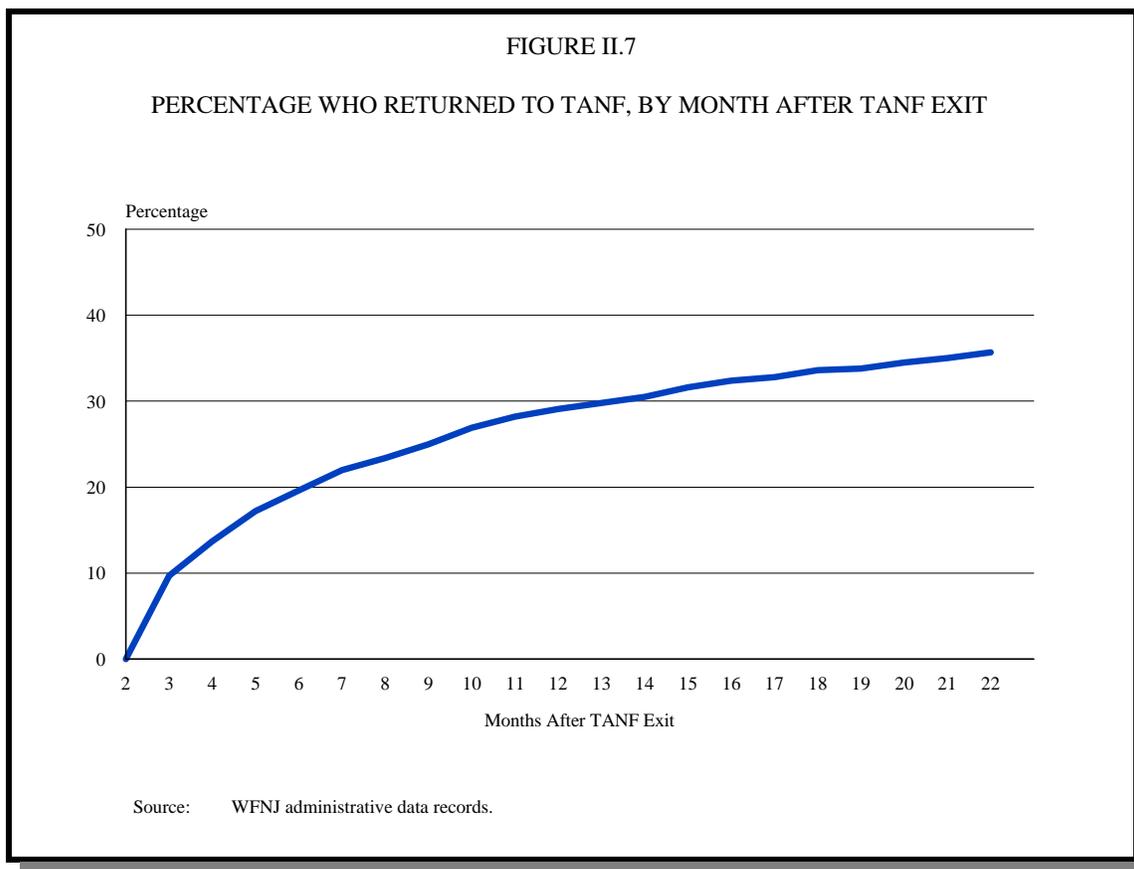
⁴Clients were asked to report the reason for their most recent TANF exit. Among the 88 percent who ever exited TANF, just over three-quarters (77 percent) had only one completed spell. Therefore, for most clients, the reasons for leaving welfare pertain to the first time they left welfare since WFNJ entry. For the remaining 23 percent, reasons for leaving pertain to the most recent time they left TANF, which may or may not be the same reason they left TANF the first time they exited. It should also be noted that some clients had returned to TANF by the time of the second survey.

⁵Nearly one-third of all WFNJ clients who exited TANF reported that they got tired of dealing with the welfare office and that this was a factor in their deciding to leave. However, there were no major differences in the reasons reported for exit among those who did and did not mention this.

The majority of those who leave TANF do not return. Clients who remain off TANF for more than a year have a particularly low probability of returning to welfare.

Among all WFNJ clients who had ever left cash welfare since WFNJ entry, only 35 percent returned to TANF over the next 22 months (Figure II.7).⁶ Many of those who returned did so fairly quickly after TANF exit. For instance, among those who returned to TANF over the 22-month period, more than half had returned within six months of exiting, and more than 80 percent had returned within one year of exiting.⁷ Therefore, clients who remained off TANF for a year had a low probability of returning to welfare. TANF leavers who were part of the caseload sample were slightly more likely than those in the new entrant sample to return to TANF after exiting (not shown).

Clients who had returned to TANF gave a variety of reasons for going back to welfare. Nearly one-third of clients who came back on TANF reported returning because their sanction was lifted for compliance with the program (not shown). Another third returned



⁶As mentioned earlier, a case head had to be off TANF for at least two months to be considered a leaver. Therefore, the earliest a person can return to TANF after exiting is during the third month after exit. The average length of time we observed people between the time of TANF exit and the time over which we have administrative records data for individuals was 22 months.

⁷Clients who left for income or earnings-related reasons were much less likely to return to TANF within a year, compared to those who were sanctioned or left due to other reasons. For instance, about 16 percent of the clients left because they were sanctioned; about half of them had returned to TANF within one year.

because of a reduction in income (17 percent reported reduction in earnings or job loss; while 15 percent reported reduction or loss in unearned income). Another nine percent reported returning because of a paperwork error that was corrected. Some reported returning to TANF because they became pregnant or had a baby (nine percent) or because they regained custody of their child (five percent). Finally, a handful of people (three percent) reported returning to TANF because they needed the health insurance coverage for themselves or their families.^{8,9}

During the 30 months after entering WFNJ, one-third of all clients had a single short- or medium-term TANF spell, one-third had a single long TANF spell, and one-third had multiple TANF spells.

Seventy percent of WFNJ clients experienced a single spell on TANF, and only about 30 percent of clients experienced multiple spells (Table II.1). About one-quarter of all WFNJ clients had one short spell on TANF receipt (less than six months), while about one-third had

Number of TANF Spells	All WFNJ Clients	July 1997 Caseload ^a	New Entrants July 1997 to December 1998 ^b
Single Spell	70	69	71
Less than 6 months	24	20	32
6 to 12 months	13	13	15
More than 12 months	33	37	25
Two Spells	23	23	21
Three or More Spells	8	8	8
Sample Size	1,607	809	798

SOURCE: WFNJ administrative records data. The administrative records data cover a period of approximately 30 months since WFNJ entry, on average.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

⁸These clients may have mistakenly perceived that they needed to be on TANF to get health insurance or have thought that this would be an easier way to access Medicaid.

⁹These are reasons reported by those who returned to the TANF program after exit and were still receiving TANF at the time of the interview. The reasons they reported may or may not be the same ones given by others who returned to the program, exited, and then were not back on at the time of the interview.

a single long spell of more than 12 months (Table II.1).¹⁰ Among those with multiple spells, about three-quarters had only two spells.

Overall, new entrants and the July 1997 caseload sample had similar patterns of TANF spells during the period following WFNJ entry. The only difference we observe is that new entrants were more likely than the caseload sample to have short spells of less than six months after WFNJ entry (32 versus 20 percent, respectively). Conversely, a higher fraction of the July 1997 caseload sample members had long spells of more than 12 months (37 versus 25 percent for new entrants).

3. Which Clients Are Most Likely to Leave TANF?

Two-parent households, male case heads, and those with fewer children are more likely than others to exit TANF.

Exit rates from TANF varied by demographic characteristics. For instance, WFNJ clients in two-parent households at the time of WFNJ entry were considerably more likely to exit TANF within a year than single-parent households or other household types (Table II.2).¹¹ For instance, 68 percent of the two-parent households had exited TANF within 12 months of WFNJ entry, compared with 59 percent of single-parent households and 62 percent of those in other households. Male case heads were more likely to exit within 12 months (68 percent) than female case heads (58 percent). Clients with four or more children in the household at the time of WFNJ entry were much less likely to exit TANF than those who had fewer children in the household at the time of program entry (51 percent, compared with about 58 to 62 percent, had exited by the end of the first year after TANF entry).¹²

WFNJ clients with more work experience prior to WFNJ entry leave TANF more quickly than other clients.

As Table II.2 shows, those with more work experience prior to WFNJ entry have a higher probability of exiting TANF. For instance, 71 percent of those who had reported earnings in at least half of the quarters in the two years prior to WFNJ entry had exited TANF within 12 months after program entry. In comparison, 59 percent of those who had worked less than half of the quarters, and 53 percent of those with no employment experience in the two years prior to WFNJ entry, had exited TANF within the first year after program entry.

¹⁰More than one-third of those who had a single spell (13 percent of the full sample) had never left TANF and, therefore, were in the midst of their first spell at the time of the interview.

¹¹Other household types include other multiple-adult households or other single-adult households.

¹²The patterns of exit rates by these characteristics are fairly similar, whether a person is a new entrant or part of the July 1997 caseload sample (although exit rates are in general higher for all groups of the new entrants relative to the July 1997 caseload sample). Hence, we report only the numbers for the combined sample.

TABLE II.2

PROPORTION OF WFNJ CLIENTS EXITING TANF WITHIN ONE YEAR OF WFNJ ENTRY,
BY CHARACTERISTICS AT WFNJ ENTRY

Characteristics	Percentage Leaving TANF Within One Year
Gender	
Female	60
Male	68
Household Type	
Two parent	68
Single parent	59
Multiple adult/single adult	62
Race/Ethnicity	
African American	57
Hispanic	64
White, non-Hispanic	63
Other, non-Hispanic	62
Number of Children in Household	
1 or none	62
2	61
3	58
4 or more	51
Age of Youngest Child	
Younger than 3	61
3 to 5	60
6 to 12	58
13 or older	63
Education	
Less than high school/GED	60
High school, GED, or more	61
Employment Experience Prior to WFNJ Entry	
Never worked	53
Worked, less than half the quarters	59
Worked, more than half the quarters	71
County of Residence^a	
High density	49
Medium density	64
Low density	74
Sample Size	1,607

SOURCE: WFNJ administrative records data.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997. Estimates are based on multivariate analysis that takes into account censored observations.

^aHigh population density counties include Camden, Essex, and Hudson. Medium population density counties include Bergen, Mercer, Middlesex, Monmouth, Passaic, and Union. Low population density counties include Atlantic, Burlington, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Ocean, Salem, Somerset, Sussex, and Warren.

*WFNJ clients who resided in high population density counties have lower exit rates from TANF than those in less densely populated counties.*

We classified New Jersey counties into three groups based on their population density.¹³ We find that clients' probability of exit from TANF varied considerably based on the population density of the county in which they resided. For instance, those in high-density counties were much less likely to exit TANF within 12 months than those in medium counties (49 percent for those in low-density counties compared with 64 percent in medium-density and 74 percent in low-density counties).¹⁴

*Those who leave TANF for earnings- or income-related reasons are less likely to return to TANF than those who leave for other reasons.*

Not surprisingly, those who left TANF because of an earnings increase or an income-related reason were more likely to stay off TANF than those who reported leaving TANF for other reasons. Those who reported leaving because they were sanctioned or for other reasons were about twice as likely to return to TANF in the first year after exit than those who left because of an earnings increase (Figure II.8). For instance, 47 percent of those sanctioned and 39 percent of those who left for other reasons returned to TANF within a year, compared with 22 to 24 percent of those who left for earnings- or income-related reasons.¹⁵

B. WHAT ARE WFNJ CLIENTS' EMPLOYMENT EXPERIENCES?

To become self-sufficient, WFNJ clients must be able to find and keep jobs. Knowing how many welfare recipients find jobs, how quickly they find jobs, and what kinds of jobs they find can help program staff determine the kinds of assistance that WFNJ clients may need as they leave welfare. In the first client study report, we examined clients' patterns of employment over their first year following WFNJ entry. Here, we extend the analysis to cover a longer follow-up period. First, we examine clients' employment profiles over the two-year period following WFNJ entry. Second, we examine the patterns of entry into and exits from employment. Finally, we describe the kinds of jobs clients hold and examine whether the characteristics of the jobs clients hold improve over time.

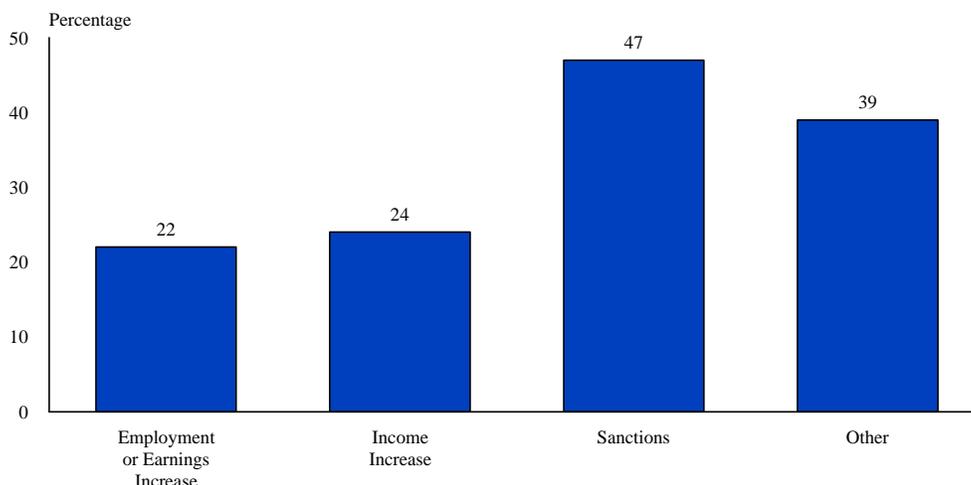
¹³High population density counties include Camden, Essex, and Hudson. Medium population density counties include Bergen, Mercer, Middlesex, Monmouth, Passaic, and Union. Low population density counties include Atlantic, Burlington, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Ocean, Salem, Somerset, Sussex, and Warren.

¹⁴Additionally, while we find no difference by race/ethnicity for the full sample, we do find that African Americans in the high-density counties have considerably lower rates of exits than those in other race/ethnic groups. Such race/ethnicity differences are not observed for those in the middle- and low-density counties, however.

¹⁵Overall, only around 30 percent of those who left TANF for an income- or earnings-related reason returned to TANF over the two years after TANF exit, compared with around 50 percent of those who left because they were sanctioned or for other reasons (not shown).

FIGURE II.8

PROPORTION OF WFNJ CLIENTS REENTERING TANF WITHIN ONE YEAR AFTER PROGRAM EXIT, BY REASON FOR LEAVING TANF



Source: WFNJ administrative data records and second WFNJ Client Survey.

1. What Are Trends in Employment Among WFNJ Clients?

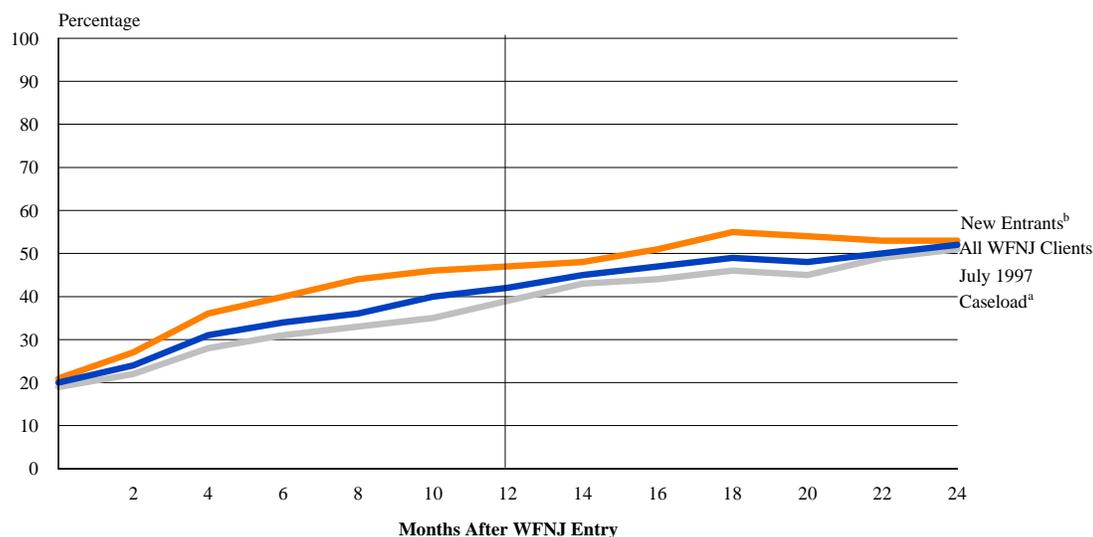
Employment rates among WFNJ clients continued to increase through the second year after program entry, although at a slower pace than in the first year.

Spurred by strong economic conditions in New Jersey, employment rates of WFNJ clients increased steadily over time. Two years after WFNJ entry, 50 percent of clients were working (Figure II.9). One in five of these clients began their time in WFNJ with a job, and monthly employment rates steadily increased during the first year. By the end of the first year after WFNJ entry, 42 percent of all clients were working (a 110 percent increase in the monthly employment rates). Over the second year, monthly employment rates increased much more slowly, from 42 percent at the end of the first year to 52 percent at the end of the second year (a 24 percent increase).

As with monthly TANF participation, we observe larger differences in the employment levels among new entrants and those in the caseload sample during the first year after WFNJ entry than in the second year. While monthly employment rates for both groups rose during the first year, the increases were somewhat larger for the new entrant sample. During the second year following WFNJ entry, however, increases in monthly employment rates were relatively higher for the caseload sample than for new entrants. Monthly employment rates for the caseload sample increased from 43 to 51 percent during the second year following WFNJ entry, compared to an increase from 48 to 53 percent for the new entrant sample. Thus, two years after WFNJ entry, similar fractions from the two groups are employed.

FIGURE II.9

AVERAGE MONTHLY EMPLOYMENT RATES



Source: First and second WFNJ Client Surveys.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

On average, clients worked 41 percent of the time over the two-year period following WFNJ entry (Table II.3). One in four clients worked over three-quarters of the time and, therefore, had relatively steady employment during the follow-up period.

2. What Are the Employment Dynamics of WFNJ Clients?

The previous section examined the monthly employment rates of WFNJ clients in our study sample. Here, we examine dynamics of employment by looking at how quickly WFNJ clients find jobs and how long they stay employed. Much of our analysis of employment and nonemployment spells is based on clients' employment spells, defined as the number of continuous months of employment in *any* job. Thus, if an individual leaves one job and immediately starts another, the employment spell continues uninterrupted. Similarly, the length of a nonemployment spell is defined as the number of continuous months after job exit that a person is not employed. The analysis focuses on clients' first spells of employment since WFNJ entry.¹⁶ The analysis of employment dynamics is based on the time period from WFNJ entry through the time of the second survey (about 30 months, on average).

¹⁶Again, we close gaps of one month of not working so that a person must be nonemployed for at least two months to have a nonemployment spell.

TABLE II.3
 PROPORTION OF MONTHS EMPLOYED DURING THE TWO-YEAR PERIOD
 FOLLOWING WFNJ ENTRY
 (Percentages)

	All	July 1997 Caseload ^a	New Entrants July 1997 to December 1998 ^b
Proportion of Months Employed During the Two-Year Period Following WFNJ Entry			
0	27	31	21
1 to 24	17	17	17
25 to 49	17	16	19
50 to 75	15	14	16
76 to 100	24	22	26
(Average)	(41)	(38)	(45)
Employed at Time of Second Survey	50	49	52
Sample Size	1,607	809	798

SOURCE: First and second WFNJ Client Surveys.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

*The vast majority of WFNJ clients become employed; however, it takes time for many clients to find jobs.*

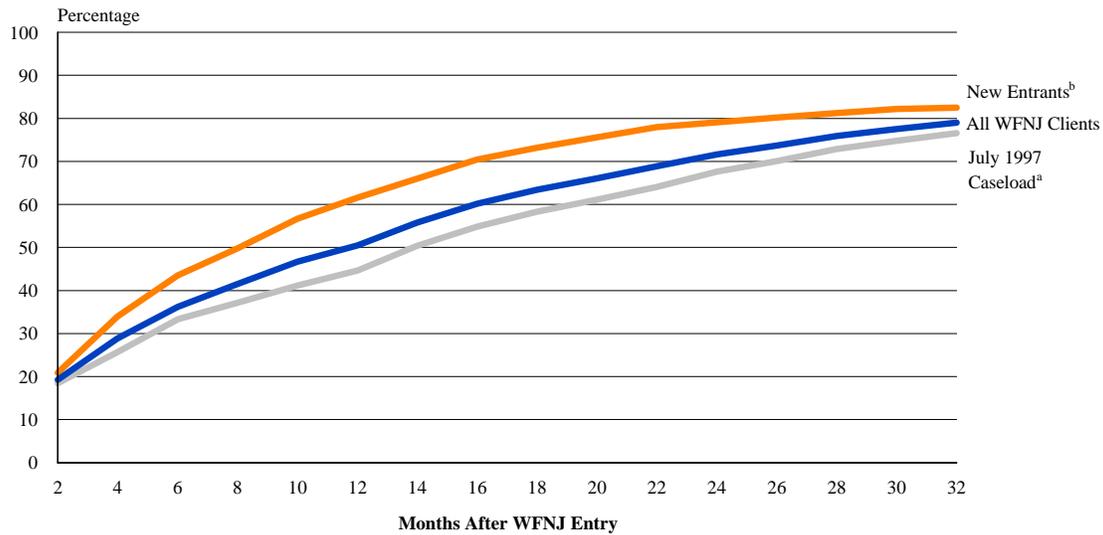
Approximately 80 percent of clients who participated in WFNJ during the first year and a half after program implementation held a job at some point during the two-and-a-half-year period since WFNJ entry. There was considerable variation in how quickly people found jobs, however. For instance, nearly 20 percent were employed at the time they entered WFNJ, and another 30 percent found jobs within the first year after WFNJ entry (Figure II.10).¹⁷ However, about 30 percent of all WFNJ clients had not yet found any employment within the two-year period following WFNJ entry.¹⁸ Since federal work requirements take effect in two years, this finding suggests that intensive job search and employment assistance must be an important element of the WFNJ program.

¹⁷New entrants are likely to find jobs more quickly than those in the caseload sample. For example, nearly 44 percent of new entrants had found jobs within six months after WFNJ entry, compared with only 32 percent of the caseload sample (Figure II.10).

¹⁸Only 20 percent had not found a job by the time of the second survey, which was 30 months, on average, following WFNJ entry.

FIGURE II.10

TIME UNTIL FIRST EMPLOYMENT AFTER WFNJ ENTRY



Source: First and second WFNJ Client Surveys.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

Many WFNJ clients who find jobs lose them, but they often find other jobs. The rate of job loss is particularly high during the first few months after job start.

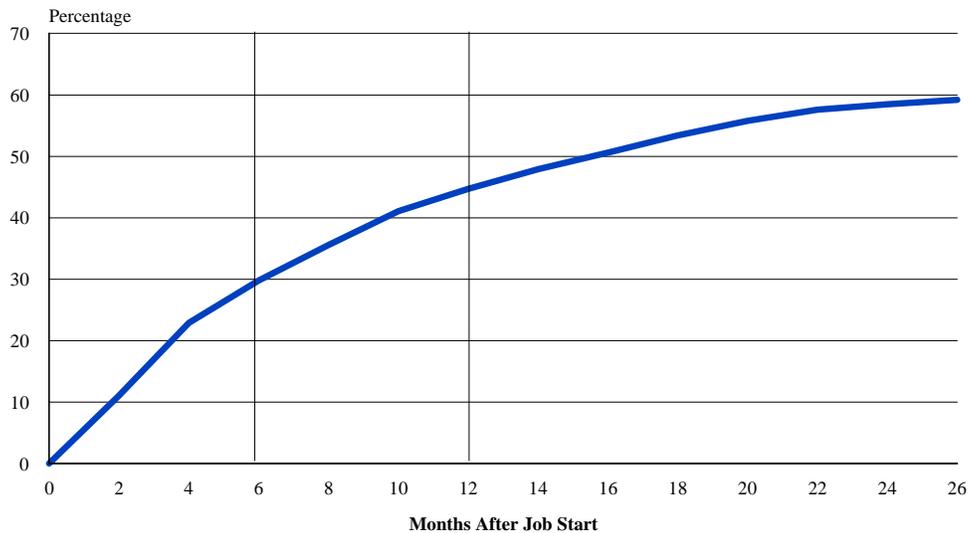
Nearly 60 percent of WFNJ clients who had found jobs became nonemployed over the follow-up period (Figure II.11).¹⁹ Rates of job loss were fairly high during the first several months of employment. For instance, by the end of six months after the beginning of an employment spell, about 30 percent left employment. That is nearly half of those who ultimately became nonemployed. By the end of one year, nearly 45 percent (75 percent of those who left employment over the follow-up period) had become nonemployed. This finding is consistent with the findings of other studies--that the rates of job loss are the highest during the first few months after job start (Rangarajan et al. 1998; and Rangarajan 1996). These findings suggest that identifying effective postemployment strategies to support welfare recipients, at least during the early period after job start, will be important.

Many employed clients held several jobs during the two-and-a-half-year period following WFNJ entry. Among those who worked, just over 60 percent held more than one job (Table II.4). When we examine *employment spells*, as opposed to *job spells*, fewer (43 percent) have multiple employment spells. This suggests that, while many people switch jobs, many are also moving quickly into other jobs.

¹⁹The average length of time between the start of a job and the date of the second interview was approximately 23 months.

FIGURE II.11

EVER STOPPED WORKING, BY MONTHS AFTER JOB START



Source: First and second WFNJ client surveys.

Note: Figures include only WFNJ clients who were employed since program entry.

We asked clients the main reason they left their most recent job. About half reported quitting, while the other half reported leaving because the job ended or because they were fired or laid off. Reasons for quitting often involved a job-related issue (usually dissatisfaction with the salary or benefits, or with the work or work conditions). Other nonwork-related reasons included health problems, newborn care, or child care problems. Among those who were fired or laid off, the most common reasons included being fired because they missed work frequently or being laid off because there was not enough work.

2. What Kinds of Jobs Do WFNJ Clients Find? Do They Experience Any Improvements in Their Wages and Earnings over Time?

The types of jobs that WFNJ clients find, including wages and earnings and fringe benefits, can provide some indication of whether they are finding jobs that can lead to self-sufficiency in the long run. The descriptions can provide program staff with information on the clients who find low-paying jobs and, therefore, on the numbers who may need additional job retention support services.

TABLE II.4
EMPLOYMENT SPELLS SINCE WFNJ ENTRY
(Percentages)

	All	July 1997 Caseload ^a	New Entrants July 1997 to December 1998 ^b
Ever Worked Since WFNJ Entry	79	77	81
Number of Job Spells During the Two and a Half Years After WFNJ Entry (Among those who worked)			
1	38	38	37
2	29	29	31
3	17	17	16
4 or more	17	18	15
(Average number, among those with jobs)	(2.2)	(2.2)	(2.2)
Number of Employment Spells (Among those who worked)			
1	67	66	70
2	25	26	25
3	6	7	5
4 or more	1	1	1
Sample Size	1,607	809	798

SOURCE: First and second WFNJ client surveys.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

WFNJ clients who found jobs earned, on average, a little over \$8 per hour; as a group they are in better jobs than they were in a year ago.

As a group, WFNJ clients who had worked at any time between the first and the second interviews (that is, approximately between 18 and 30 months after WFNJ entry) made about \$8.15 per hour (Table II.5). Eighteen percent worked in jobs that paid \$6 or less, and 16 percent worked in jobs that paid more than \$10 per hour. Nearly two out of three employed clients worked full-time (35 hours or more per week), while just under 10 percent worked less than 20 hours per week. Average monthly earnings among those who worked was \$1,271. Approximately half of those who worked were employed in jobs that offered fringe benefits such as health insurance, paid vacation, or sick leave. One in three clients worked in temporary or seasonal jobs, and nearly three-quarters worked in regular day shift

TABLE II.5
CHARACTERISTICS OF CURRENT OR MOST RECENT JOB
(Percentages)

	Jobs Held Between WFNJ Entry and First Survey	Jobs Held Between First and Second Survey
Hourly Wages		
\$6.00 or less	28	18
\$6.01 to 7.00	26	26
\$7.01 to 8.00	18	17
\$8.01 to 9.00	10	13
\$9.01 to 10.00	7	10
More than \$10.00	11	16
(Mean)	(\$7.30)	(\$8.15)
Hours Worked per Week		
Less than 20	11	9
20 to 34	31	28
35 to 39	10	9
40 or more	48	54
(Average)	(34)	(35)
Monthly Earnings		
Less than \$600	20	14
\$601 to \$1,000	29	24
\$1,001 to \$1,400	28	30
\$1,401 to \$1,800	14	17
More than \$1,800	10	15
(Average)	(\$1,084)	(\$1,271)
Benefits Offered		
Health	40	49
Vacation	44	53
Sick leave	36	44
Seasonal/Temporary Job	35	30
Shift Worked		
Regular	67	76
Evening/graveyard	24	14
Weekend/variable shift	9	10
Occupation		
Manager/professional/technical	6	6
Sales	15	15
Administrative support	23	24
Private household services	12	3
Other services	29	33
Transportation	8	11
Construction/production/other	7	8
Sample Size	1,098	1,144

SOURCE: First and second WFNJ client surveys.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997.

jobs. The jobs that clients held most frequently were in service, sales, and administrative support.²⁰

While many clients still worked in low-paying entry-level jobs, these jobs were somewhat better than the jobs reported by clients at the time of the first survey approximately a year prior to the second survey.²¹ Clients who had worked during the second survey follow-up period had hourly wages of \$8.15 per hour compared to hourly wages of \$7.30 reported by those who worked during the first survey follow-up period.²² Similarly, clients working during the second interview period also had higher earnings (\$1,271) than those who had worked during the first survey follow-up period (\$1,084). WFNJ clients who worked during the period covered by the second follow-up interview also reported jobs with better fringe benefits. For example, 49 percent of those who held jobs between the first and the second interviews had jobs that offered health insurance compared with 40 percent for those who worked between WFNJ entry and the time of the first interview. Finally, 76 percent were working regular day shift jobs, compared with about 67 percent among those who worked between the first and second interviews. From the data we have, it is not possible to distinguish how much of the movement into better jobs is attributable to strong economic conditions (and the consequent high demand for entry-level workers pushing up wages) or to WFNJ clients' gaining experience and human capital on their jobs (and thus getting paid more).

Employed WFNJ clients also see an improvement in their own earnings, wages, and other job characteristics over time.

We also examined whether employed clients experienced any growth in their own wages or earnings over time. For their analysis, we restricted the sample to those who reported working in the period covered by both interviews; just over half (53 percent) of all WFNJ clients are in this sample.²³ We examined the growth in wages and earnings from clients' first employment since WFNJ entry to their current or most recent employment (in either the same or a different job). Some clients held jobs that started well before WFNJ entry, and the average length of time between the beginning and end of the employment periods is about 28 months.

²⁰There were no differences in the kinds of jobs obtained by new entrants or by those in the caseload sample.

²¹In the first survey, clients were asked to report about jobs held between WFNJ entry and the time of the interview. In the second survey, clients were asked to report about jobs held between the first and the second interviews. The average length of time between the two interviews was approximately 11 months. In both cases, we report on the characteristics of the current or most recent jobs held by individuals.

²²These numbers are adjusted for inflation and are reported in year 2000 dollars.

²³To ensure that the client had a long enough follow-up period to experience wage growth, we also restricted the sample to those who had at least a 12-month gap between their employment start date and their most recent employment period (in either the same or a different job). Clients, however, did not have to work continuously during the 12-month period.

Employed WFNJ clients, as a group, experienced large increases in their earnings over the 28-month period. On average, among all clients, earnings increased from about \$989 in the first job to \$1,317 in their current or most recent job, an increase of nearly 33 percent over the 28-month period (Table II.6). These increases were driven largely by increases in the average hourly wage, which grew from \$6.87 to \$8.39 (a 22 percent increase) over the 28-month period, and smaller increases in hours worked per week from 33 to 35 (8 percent) between the first job and the current/most recent job. Again, all earnings and wages are reported in year 2000 dollars.

Most clients also experienced a considerable increase in their earnings and wages over the 28-month period (Table II.7). For instance, more than two-thirds of the WFNJ clients who held jobs during the two time periods had experienced any increase in earnings over the period. About one-third of employed clients experienced a more than 50 percent increase in earnings over this period, and another 14 percent experienced an earnings increase of between 25 and 50 percent. The earnings increases are generally much higher for those who had lower wages to begin with. For instance, those who had less than \$6 per hour at the first job had the largest wage increases. Nearly 90 percent experienced an increase in wages, and over 40 percent experienced a gain of more than 50 percent in their hourly wages. In contrast, those who earned \$8 or more per hour in their first job since WFNJ entry had the lowest wage increases (not shown). Only 50 percent of this group experienced a growth in hourly wages, and only seven percent experienced a gain of over 50 percent in their hourly wages. Similarly, we observe an increase in hourly wages over time (although the changes in hourly wages are somewhat lower than the increases in earnings, suggesting that the increases in earnings are a result of both increases in wages *and* increases in hours worked).

TABLE II.6
MEAN CHARACTERISTICS OF FIRST JOB HELD AFTER WFNJ ENTRY
AND THE MOST RECENT JOB

	First Job Since WFNJ Entry	Current/Most Recent Job	Growth (Percentage)
Hourly Wage	\$6.87	\$8.39	22
Hours Worked per Week	32.6	35.2	8
Monthly Earnings	\$989	\$1,317	33
Fringe Benefits Available (Percentage)			
Health insurance	38	54	42
Paid vacation	39	57	46
Paid sick leave	34	48	41
Sample Size	766	766	766

SOURCE: First and second WFNJ client surveys.

NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997. Sample includes only those who reported jobs in both surveys and who had at least 12 months between the beginning and end of their employment. Individuals were not required to work continuously, however.

TABLE II.7
GROWTH IN WAGES AND EARNINGS AMONG EMPLOYED WFNJ CLIENTS
(Percentages)

	Hourly Wages	Hours Worked per Week	Monthly Earnings
Experienced an Increase	67	44	70
1 to 10 percent	15	1	9
11 to 25 percent	21	15	15
26 to 50 percent	14	10	14
More than 50 percent	18	18	32
Experienced No Change	10	29	4
Experienced a Decrease	23	27	26
1 to 10 percent	7	2	5
11 to 25 percent	8	12	7
26 to 50 percent	5	9	8
More than 50 percent	3	5	6
Sample Size	766	766	766

SOURCE: First and second WFNJ client surveys.

NOTE: Sample includes clients who reported jobs in the periods covered by both surveys and who had at least 12 months between the beginning and end of their employment. Individuals were not required to work continuously, however.

While many clients experienced an increase in earnings and hourly wages, a substantial minority experienced a reduction in earnings. For instance, about one-quarter of WFNJ clients who held a job in the first interview experienced a reduction in earnings in their current or most recent job (Table II.7). The magnitude of the reductions are generally small, compared with the magnitude of the increases among those who experienced a wage or earnings gains. The reductions are greatest for those who were in higher-paying jobs at the time of the first survey.²⁴ The finding that a considerable minority of clients who find jobs experience reduction in wages over time suggests that not all employment will lead to better future income. Therefore, job advancement strategies might be necessary to help move some clients into higher-paying jobs.

C. HOW MANY CLIENTS HAVE LEFT WELFARE FOR WORK?

The earlier sections of this chapter showed that TANF receipt among clients in the study steadily decreased over the two-year period following WFNJ entry, and employment levels steadily increased among these clients. Some clients left welfare for work, while others left welfare and did not find other employment. Some clients combined work and welfare, while others stayed on TANF without being employed. Recognizing the size of these groups and

²⁴Among those whose first jobs since WFNJ entry paid \$8 or more per hour, 37 percent experienced a wage decrease, compared with only 5 percent for those who earned less than \$6 an hour in their first job since WFNJ entry.

examining how they change over time is important for program and policy staff. Individuals who exit welfare and do not find jobs may be more likely to struggle than those who exit welfare and find work. Similarly, clients who remain on welfare and have no employment will be at high risk of hitting the TANF time limits with little labor market experience. Here, we first examine how individuals combined welfare and work and how these patterns changed over time. Second, we examine how clients changed their welfare and work status between the first and second interviews. How many stayed in the same work/welfare grouping across the two interviews? How many changed status, and did they move to better or worse status? In subsequent chapters, we examine in greater detail the life quality and other indicators of economic and life circumstances of individuals in these different groups.

1. What Are the Welfare and Work Trends?

WFNJ clients continue to move toward self-sufficiency by leaving welfare for work. Thirty months after WFNJ entry, just over 40 percent of clients were working and no longer receiving TANF, while about one-quarter were on TANF and not employed.

The number of WFNJ clients who remained on TANF and were not employed decreased steadily during the first two years after WFNJ entry. For instance, 72 percent of clients remained on TANF and were not employed two months after entering WFNJ; this proportion dropped to 37 percent by 12 months after WFNJ entry and to 23 percent by 24 months after WFNJ entry (Figure II.12). Similarly, we observe an increase over time in the number of clients who had left TANF and were employed. Four percent of WFNJ clients were employed and not receiving TANF at two months after WFNJ entry; this fraction went up to 30 percent 12 months after program entry and 40 percent two years after WFNJ entry. The proportion of clients who combined TANF and employment continued to fall slightly, and the fraction who had left TANF and were not working continued to increase slightly over the second year following WFNJ entry.

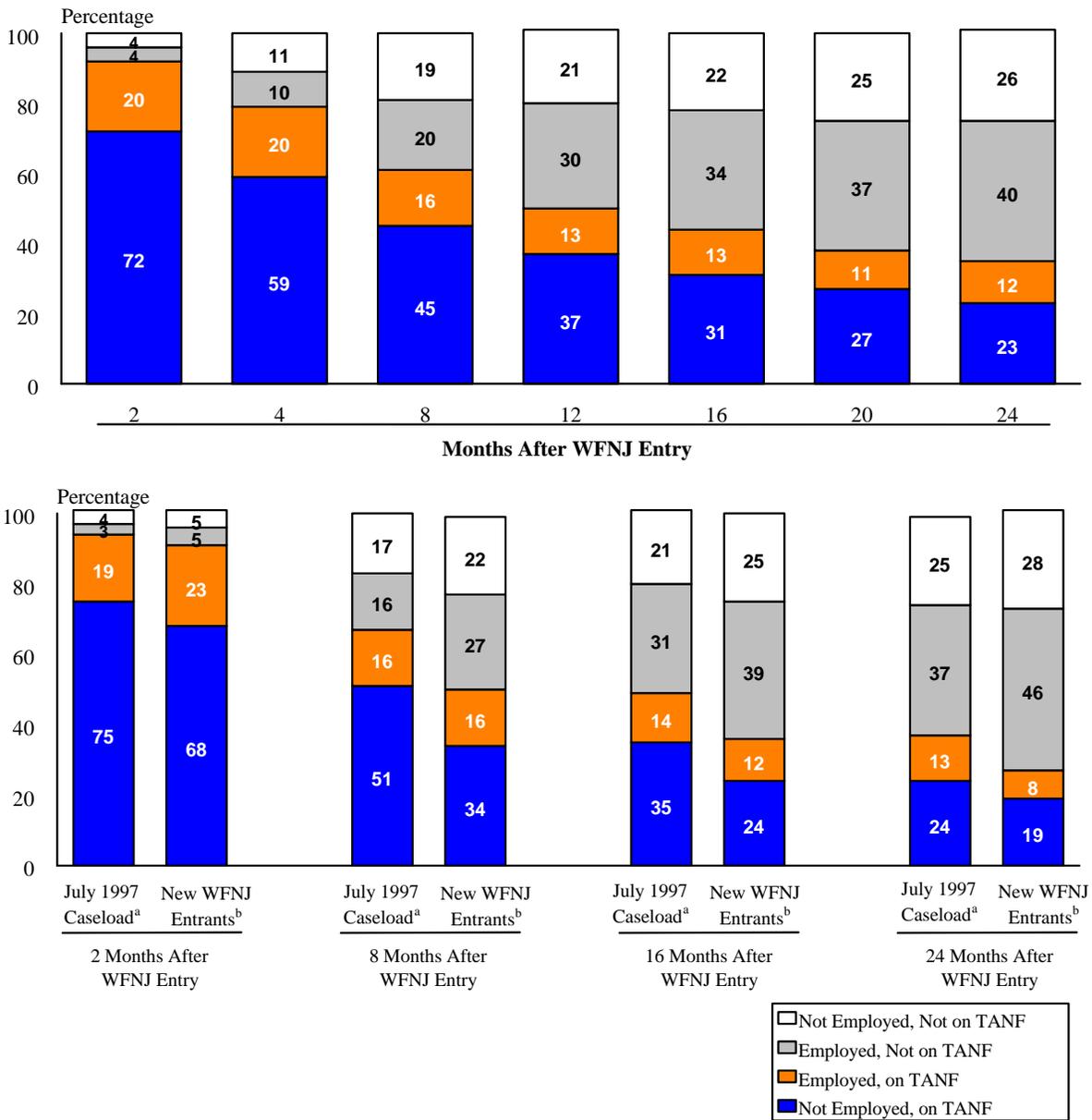
Figure II.13 shows how clients' work and welfare status changed between the first and second follow-up interviews. Overall, there was a reduction in the number of clients who were on TANF and not working (from 30 to 26 percent between the two surveys) and an increase in the fraction of those who were employed and off TANF (from 34 to 41 percent). The number of clients in the other two groups (those not employed and not on TANF, and those combining welfare and work) stayed about the same between the two interviews.

2. What Changes Occur in Work/Welfare Status over Time?

The comparison of work and welfare status in the previous section tells us how the study sample of WFNJ clients as a group are doing over time. That analysis tells us that a larger fraction of clients were off welfare and were working at the time of the second interview than at the first interview (and fewer were on TANF and not working). However, it does not tell us whether most clients stay in the same status over time or if there is considerable changing of statuses.

FIGURE II.12

EMPLOYMENT AND TANF RECEIPT OVER THE TWO-YEAR PERIOD FOLLOWING WFNJ ENTRY



Source: WFNJ administrative records data and first and second WFNJ client surveys. TANF receipt since WFNJ entry was obtained from FAMIS data. Employment status data are from the first and second WFNJ client surveys.

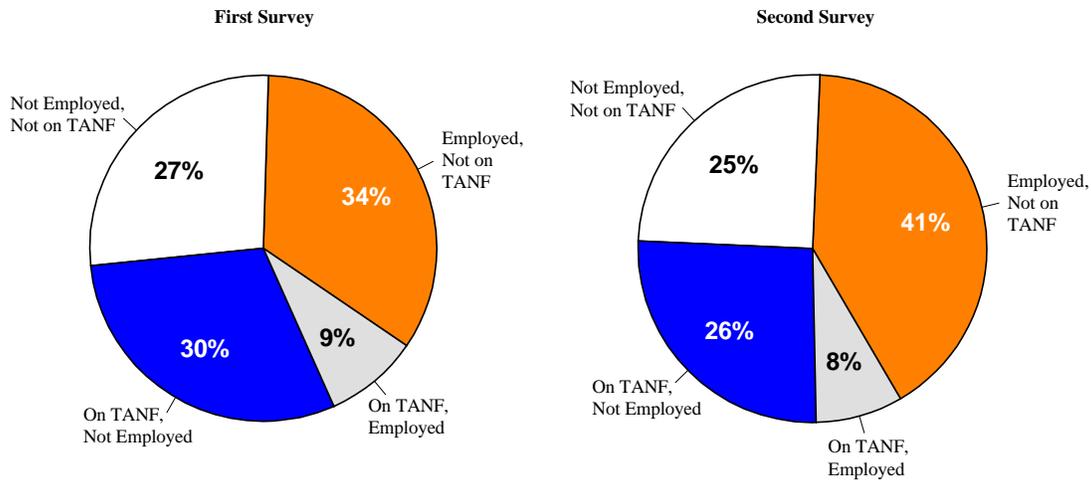
Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented WFNJ in July 1997.

^aThe July 1997 caseload sample includes those who were receiving AFDC in June 1997.

^bThe new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through December 1998.

FIGURE II.13

EMPLOYMENT AND TANF STATUS, AT THE TIME OF THE FIRST AND SECOND SURVEYS



Source: First and second WFNJ client surveys.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

In this section, using the sample of clients who completed both interviews, we examine how many clients were in the same status as in the first interview and how many clients changed to a different employment and TANF status.

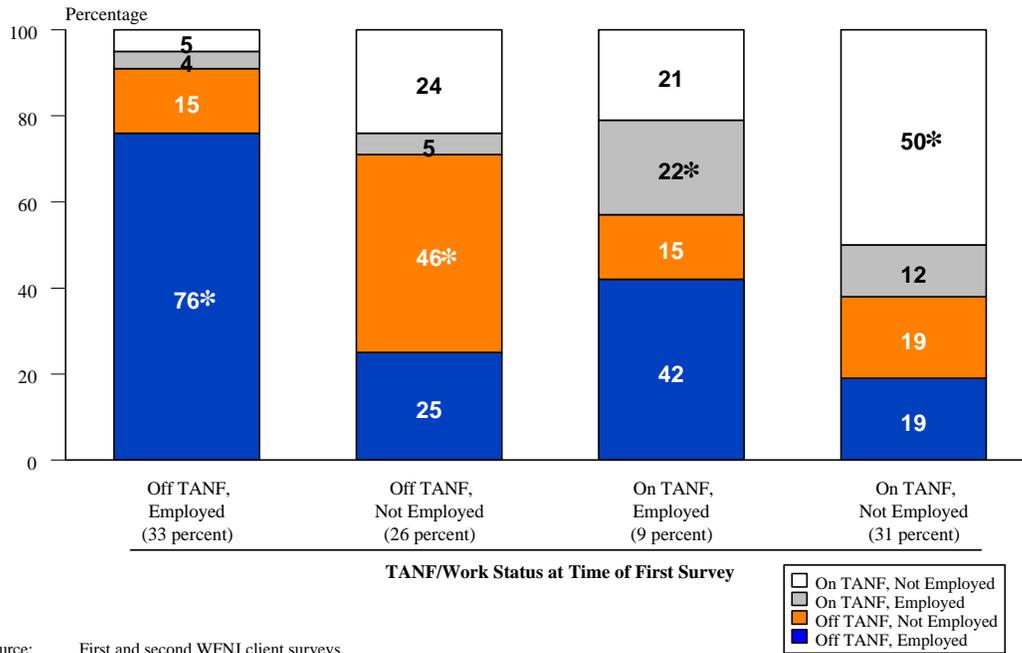
Three out of four clients who were employed and off TANF at the time of the first survey remained employed and off TANF at the time of the second survey.

Just over half of the WFNJ clients (55 percent) stayed in the same work/welfare grouping between the first and second interviews (not shown). Those who reported being off TANF and working at the time of the first interview were more likely to stay in the same status than those in the other groups. For example, 76 percent of those who reported being off TANF and working at the time of the first interview remained in the same status at the time of the second interview, compared with between 22 and 50 percent of those in the other three groups (Figure II.14).

Among clients off TANF and not employed at the time of the first survey, just under half remained in that status. About one in four had found jobs and remained off welfare, while another 30 percent had returned to welfare. Among those on TANF and not employed, 19 percent found jobs and left welfare, 19 percent had left welfare without working, while the remaining 62 percent stayed on welfare.

FIGURE II.14

TANF AND WORK STATUS AT THE TIME OF THE SECOND SURVEY,
BY STATUS AT TIME OF FIRST SURVEY



Source: First and second WFNJ client surveys.

Note: The box with the star reflects the proportion of clients in a group at the time of the first survey who were in the same group at the time of the second survey.

III

THE LIFE QUALITY OF WFNJ CLIENTS

The overall life quality of WFNJ clients does not depend only on their levels of employment and welfare receipt. To get a more complete picture of their lives, it is important to consider a broader set of issues. For instance, how much income do current and former WFNJ clients have, and how do their incomes compare to the federal poverty level? How many current and former clients have health insurance coverage for themselves and their children? How common are health problems among WFNJ clients, and how might these problems affect their ability to work? What kinds of housing arrangements and problems do WFNJ clients have? Have these measures been changing over time?

In this chapter, we examine these and other quality-of-life indicators for WFNJ clients at the time of the second survey (conducted, on average, 30 months after clients entered the program). We discuss these measures for the full set of WFNJ clients examined for this report, who represent all clients who headed a TANF case in New Jersey during the first 18 months of WFNJ implementation. However, as appropriate, we also report variation in these indicators by clients' TANF and employment status at the time of the survey. When comparable information was collected on the first survey (conducted, on average, about a year prior to the second survey), we also examine how these quality-of-life indicators have changed over time.

KEY FINDINGS FROM THIS CHAPTER

- # *Income levels among WFNJ clients have increased more than 20 percent over the past year; poverty levels have also declined.* Two and a half years after entering WFNJ, clients had average monthly incomes of \$1,312 (equivalent to an annual income of almost \$16,000), up from just under \$1,072 a year earlier. Incomes rose over this period primarily because of increases in earnings. Poverty levels also declined, from 66 percent of clients in poverty at the first survey to 56 percent a year later.
- # *Health problems remain fairly common, particularly among clients who have remained on TANF and are not working.* For example, 1 in 10 WFNJ clients in the study report that they cannot work at all because of their health. Moreover, among clients who remain on TANF and are not employed, one in four report being unable to work because of their health, while over half report having a chronic health condition, such as asthma, diabetes, arthritis, high blood pressure, or heart disease.
- # *In spite of economic progress, other challenges remain.* For example, some WFNJ clients lack health insurance and the proportion uninsured has increased over time (from 17 percent at the first survey to 26 percent at the second). In addition, similar to poor households nationally, more than a third of WFNJ clients and their families showed evidence of food insecurity. Finally, although most former WFNJ clients say life is better since leaving welfare, half report that they are “barely making it from day to day.”

A. WHAT ARE THE INCOME AND POVERTY LEVELS OF WFNJ CLIENTS?

A primary goal of welfare reform in New Jersey is to increase the economic self-sufficiency of clients by enabling them to find jobs and exit welfare. Beyond simply reducing welfare receipt, the reform aims to increase earnings and improve clients' overall standards of living. To better understand how WFNJ clients are faring, we examine their levels of income and rates of poverty approximately two and a half years after entering the program, as well as changes in these outcomes over time.

The income figures we report in this section are calculated by adding together income received from earnings, public assistance, and other sources during the month prior to the survey. The figures represent family income and include the income of clients, their children, and, if clients are married or living with someone, their spouses or partners. Annual income figures are generated by multiplying income from the month prior to the survey by 12.¹ Income figures do not include the Earned Income Tax Credit (EITC). However, monthly income includes all other income sources, such as own pretax earnings, earnings of spouse or partner, TANF and food stamp benefits, child care subsidies, other public assistance, child support, unemployment insurance, and money from friends and relatives. The poverty levels we report are based on federal poverty guidelines for 2000. Based on these guidelines, a family of three is considered to be in poverty if its annual income is below \$14,150. When comparisons are made to income at the time of the first survey (which was conducted in 1999), these earlier income figures are adjusted to account for inflation.

Two and a half years after entering WFNJ, clients had average monthly incomes of about \$1,300, and just over half remained in poverty.

On average, WFNJ clients reported a total monthly income from all sources of \$1,312 during the month prior to the second survey, equivalent to an annual income of \$15,744 (Table III.1 and Figure III.1). At the time of the second survey, about half of their total income came from their own earnings, while 30 percent came from public assistance (primarily TANF, food stamps, SSI, and government child care subsidies). The earnings of spouses and partners were also an important income source for some clients. Among the 12 percent of clients with a working spouse or partner, the average income from this source was \$1,449 (Table III.1).

¹This method may overstate income during the past 12 months for some clients and understate it for others, because earnings levels, as well as levels of income from other sources, may change over time.

TABLE III.1

AVERAGE MONTHLY INCOME AND INCOME SOURCES
AT THE TIME OF THE FIRST AND SECOND SURVEYS

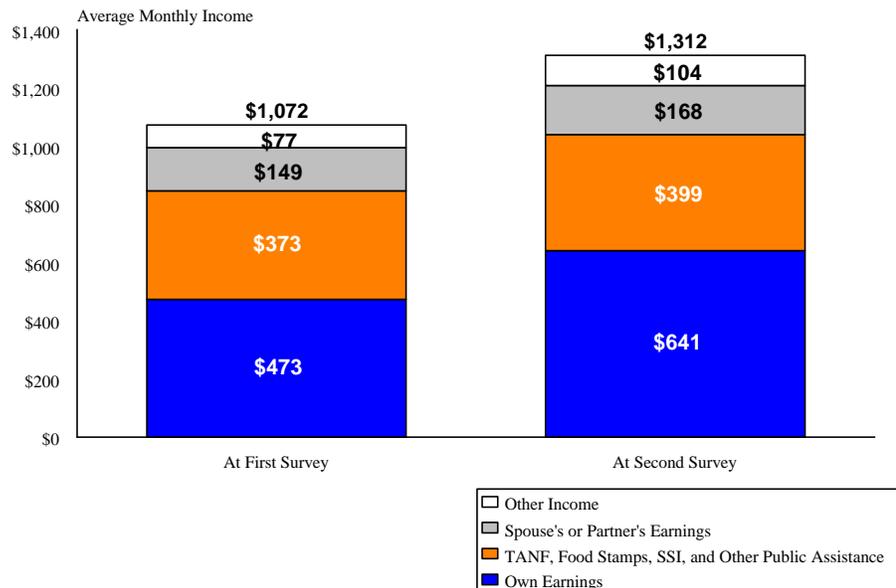
	At the Time of the First Survey			At the Time of the Second Survey		
	Average Amount from Source <i>Among All Clients</i> (in Dollars)	Percent Receiving Income from Source	Average Amount <i>Among Those Receiving Income from Source</i> (in Dollars)	Average Amount from Source <i>Among All Clients</i> (in Dollars)	Percent Receiving Income from Source	Average Amount <i>Among Those Receiving Income from Source</i> (in Dollars)
Own Earnings	473	46	1,036	641	51	1,246
Total Public Assistance	373	66	565	399	64	628
TANF	129	40	327	109	34	326
Food Stamps	138	55	252	126	51	246
SSI	68	13	540	86	14	597
Child Care Subsidy	28	9	317	60	13	460
Other Public Assistance	9	4	259	18	7	272
Other Unearned Income	226	44	517	271	48	565
Child Support	35	21	168	41	22	185
Spouse's or Partner's Earnings	149	12	1,201	168	12	1,449
Unemployment Insurance	14	3	533	22	4	540
Friends/Relatives	17	8	216	19	11	169
Other Sources	12	11	115	21	9	229
All Sources	1,072	--	--	1,312	--	--
Sample Size		1,621			1,607	

SOURCE: First and second WFNJ Client Surveys.

NOTE: Income figures refer to month prior to survey. Figures do not include the EITC. Income for both years is in year 2000 dollars.

FIGURE III.1

WFNJ CLIENTS' AVERAGE MONTHLY INCOME AT THE TIME OF THE FIRST AND SECOND SURVEYS

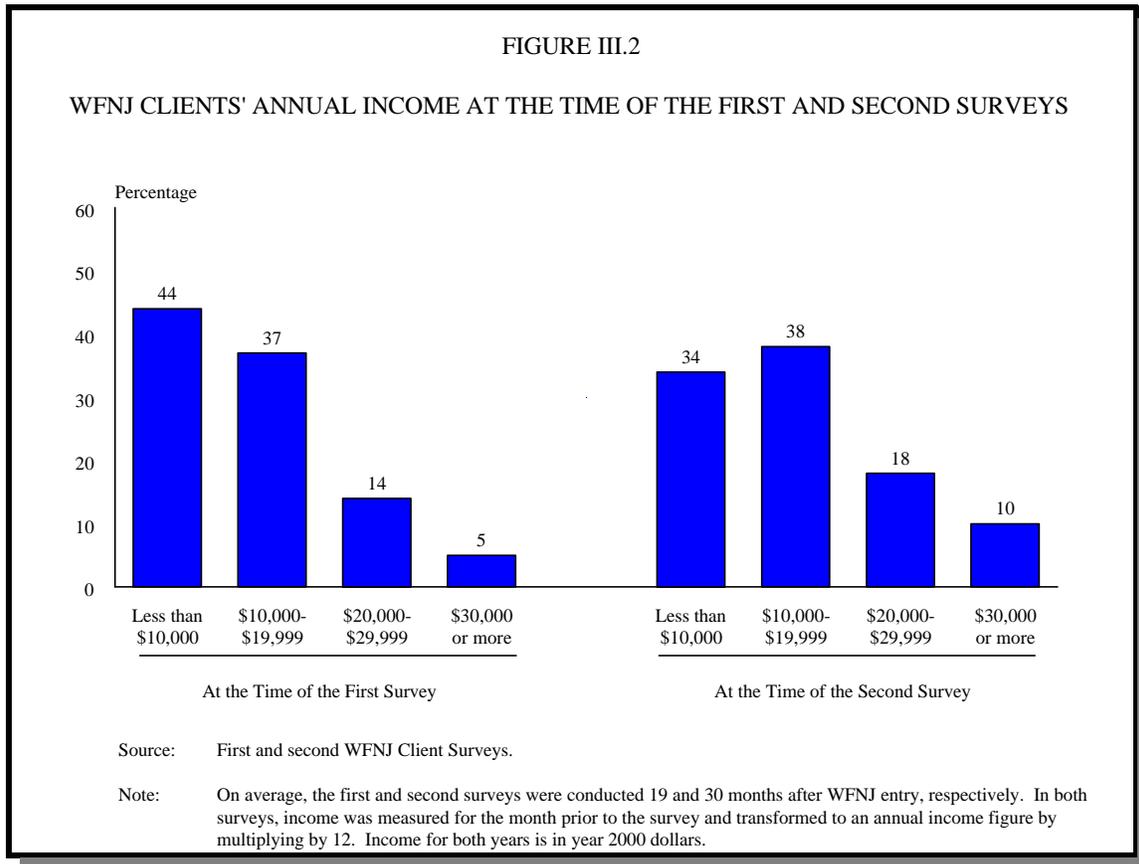


Source: First and second WFNJ Client Surveys.

Note: Income figures refer to the month prior to the survey. Figures do not include the EITC. Income for both years is in year 2000 dollars.

Income levels varied substantially across the WFNJ clients we are tracking. At the time of the second survey, 28 percent reported incomes that, when annualized, were \$20,000 or more, while 34 percent had annualized incomes of less than \$10,000 (Figure III.2). Just over half of these clients (56 percent) reported monthly income that put them below the federal poverty level (Figure III.3). Some of these WFNJ clients were extremely poor; 21 percent reported incomes that were below 50 percent of the poverty level at the time of the second survey. Other clients had incomes substantially above the poverty threshold. One in 10 reported incomes that were 200 percent of the poverty level or more (Figure III.3).²

Some WFNJ clients have other types of financial support that are not included in the income figures reported here. For example, as Figure III.4 illustrates, 31 percent receive a government housing subsidy, either by living in public housing (12 percent) or by receiving a rent voucher (19 percent). Among the approximately one in five clients receiving rent vouchers, the average rent subsidy was \$514 (not shown).³ Sixteen percent of clients said they had received food, clothing, or other types of in-kind help from friends or relatives in the past month, while 5 percent said they had received this kind of help from a church or

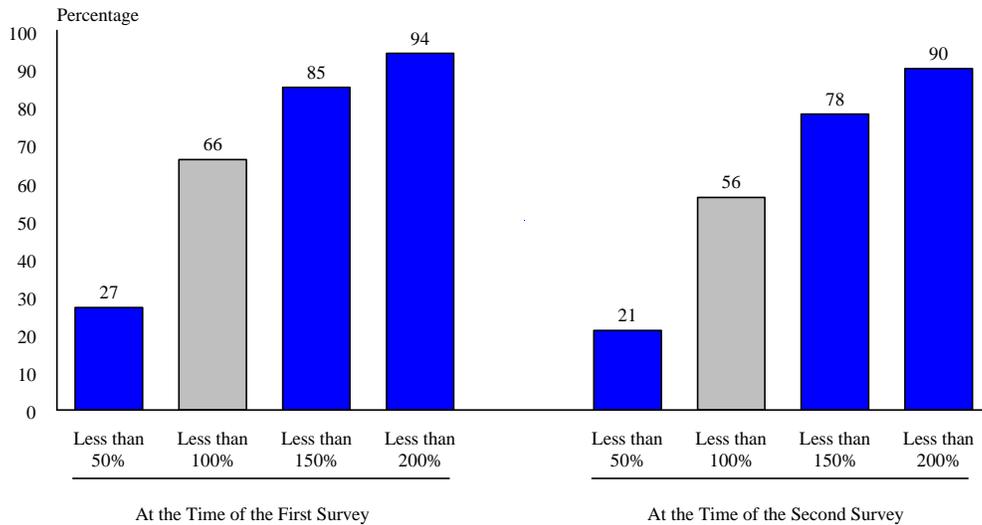


²The income figures and poverty measures given in this report include income from food stamps and child care subsidies. Poverty rates are often calculated excluding these two income sources. Excluding food stamps and child care subsidies, average monthly income among WFNJ clients was \$1,126, and 63 percent of clients were in poverty.

³Rent subsidies are not included in the total income figures given in this report.

FIGURE III.3

WFNJ CLIENTS' INCOME RELATIVE TO THE FEDERAL POVERTY LEVEL,
AT THE TIME OF THE FIRST AND SECOND SURVEYS



Source: First and second WFNJ Client Surveys.

Note: On average, the first and second surveys were conducted 19 and 30 months after WFNJ entry, respectively. In both surveys, income was measured for the month prior to the survey and transformed to an annual income figure by multiplying by 12. Income for both years is in year 2000 dollars.

community organization (Figure III.4). In addition, 53 percent of all clients (and 73 percent of those with school-age children) reported that they had a child who received reduced-price or free meals at school (Figure III.4). Sixteen percent of clients (and a third of those with children under age five) received food vouchers through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

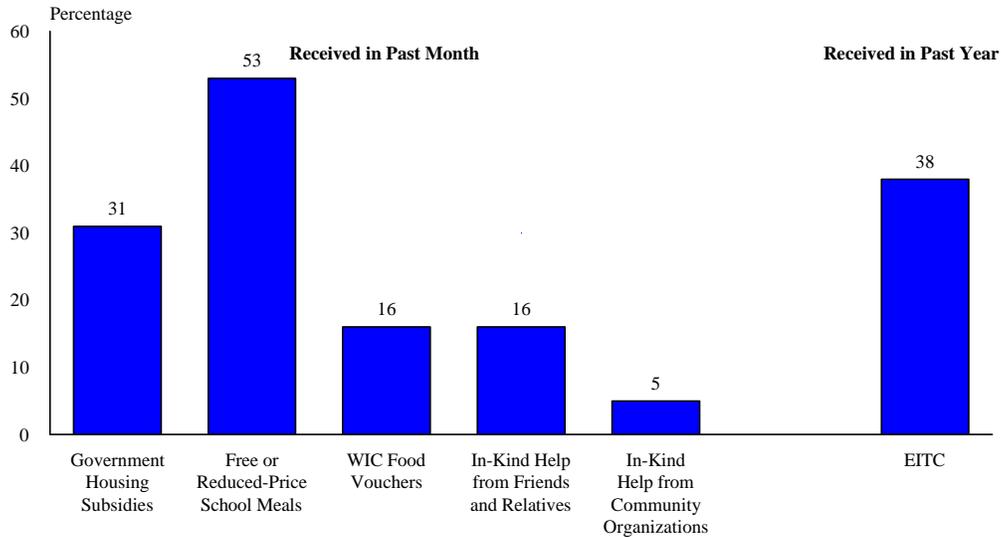
About 4 in 10 clients reported receiving the EITC in the past year (Figure III.4).⁴ Among clients who were employed at the time of the survey, 53 percent had received the EITC in the past year (not shown). The EITC can be an important source of additional income for WFNJ clients who work. For example, in 1999, clients who earned \$7.50 per hour and worked 40 hours per week for the full year (and therefore had annual earnings of \$15,600) and who had no other sources of taxable income qualified for a refundable tax credit of \$1,806 if they had one child and \$3,149 if they had two or more children.⁵

⁴Because many low-income workers do not prepare their own taxes, some EITC recipients are unaware that they have received this refundable credit. Therefore, the 38 percent figure we report as the proportion who received the EITC in the past year includes both the 29 percent who reported directly on the survey that they received the EITC, as well as an additional 9 percent who appear to be “likely EITC recipients.” We defined “likely EITC recipients” as those who (1) were eligible for an EITC credit of more than \$500 based on their income and family size, (2) had someone else prepare their taxes, and (3) received a tax refund of more than \$500.

⁵Clients with slightly lower annual earnings for 1999--\$10,000 or \$12,000, for example--qualified for the maximum EITC benefit: \$2,312 for families with one child and \$3,816 for families with two or more children.

FIGURE III.4

OTHER FINANCIAL SUPPORTS USED BY WFNJ CLIENTS,
AT THE TIME OF THE SECOND SURVEY



Source: Second WFNJ Client Survey.

Among WFNJ clients in the study, income increased more than 20 percent during the past year, primarily due to increased earnings. In addition, poverty levels declined.

The average monthly incomes WFNJ clients in the study increased by 22 percent during the approximately one year between the first and second surveys, from \$1,072 to \$1,312 (Table III.1 and Figure III.1). Similarly, poverty levels declined over this one-year period, from 66 to 56 percent (Figure III.3). Two factors explain most of the increase in average monthly income among these clients. First, a larger proportion of these clients (51 percent) was working at the time of the second survey, up from 46 percent at the time of the first survey (Table III.1). Second, among those who were working, average earnings increased substantially. Average monthly earnings among those with earnings increased from \$1,036 at the time of the first survey to \$1,246 at the time of the second survey (Table III.1).

WFNJ clients who have left welfare for work have higher incomes and are less likely to be in poverty than those who remain on TANF.

The income and poverty levels of WFNJ clients varied substantially, depending on whether they were employed or whether they were still receiving TANF at the time of the survey. For example, WFNJ clients who had left TANF and were working had incomes substantially above those who remained on TANF and were not working. Their average monthly incomes were \$1,832, and only 25 percent were in poverty at the time of the survey (Figures III.5 and III.6). In contrast, clients who remained on TANF and were not employed had monthly incomes of \$877, and 87 percent were in poverty. The relatively small

proportion of these WFNJ clients who were combining welfare and work at the time of the second survey were also doing relatively well financially. Their average monthly income of \$1,745 was only slightly below that of clients who were working and no longer receiving TANF (Figure III.5).

WFNJ clients who had left TANF and were not working had particularly low incomes (\$780, on average), and a large proportion (79 percent) were in poverty (Figures III.5 and III.6). However, as we discuss in Chapter V, this group of WFNJ clients is diverse. Some in this group had other sources of income, such as SSI or the earnings of a spouse or partner, and were faring much better financially. Others did not have these alternative supports and were at high risk of very poor economic outcomes.

B. WHAT IS THE HEALTH STATUS OF WFNJ CLIENTS?

Good health can be a crucial factor in a successful transition from welfare to work. Health problems may discourage welfare recipients from seeking employment and can lead to job loss among those who are employed. In addition, concern over losing health insurance coverage may discourage some TANF recipients from leaving welfare. In the first WFNJ client report, we found that a substantial number of WFNJ clients, particularly those who had remained on TANF and were not employed, reported having serious health problems (Rangarajan and Wood 1999). To gain a better understanding of the nature and severity of these problems, in the second client survey, we collected more detailed information on the health status of WFNJ clients. In this section, we examine this health information.

Two and a half years after entering WFNJ, reports of health problems remained relatively common, particularly among clients who were not working and were still receiving TANF.

Similar to the results from the first survey, 31 percent of WFNJ clients reported having health problems at the time of the second survey (Figure III.7). About one in five (22 percent) said they had been seriously ill in the past year; 21 percent reported that their health limited the kind or amount of work they could do. Health problems were particularly common among clients who were still receiving TANF and were not currently working. Among this group, 48 percent reported a health problem, and 38 percent reported being seriously ill in the past year (Figure III.7).⁶ In contrast, among those who were working and no longer receiving TANF, only 20 percent reported health problems, and only 12 percent had been seriously ill in the past year. The frequency of these health problems and the differences in frequency across groups of clients are similar to those reported at the time of the first survey.

⁶At the time of the second survey, seven percent of clients who remained on TANF and were not employed had become SSI recipients since entering WFNJ but continued to receive TANF for their children. Excluding these current SSI recipients from the percentages for those on TANF and not employed, 35 percent had been seriously ill in the past year, 32 percent had a health problem that limited the kinds of work they could do, and 23 percent could not work at all because of their health, while 44 percent had any of these problems.

FIGURE III.5

TOTAL MONTHLY INCOME AT THE TIME OF THE SECOND SURVEY,
BY TANF AND EMPLOYMENT STATUS

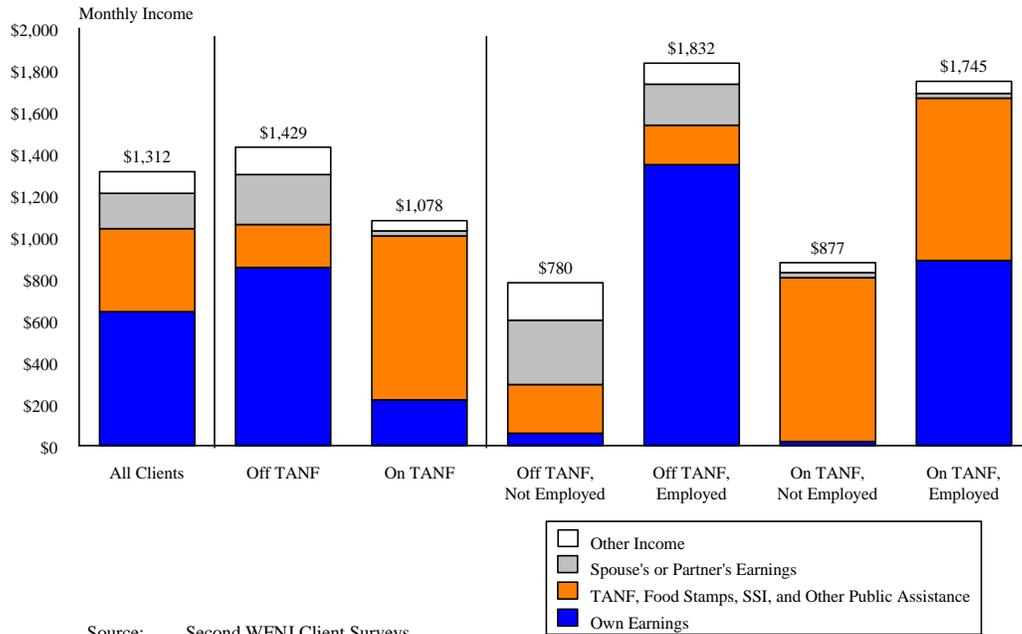


FIGURE III.6

POVERTY LEVELS AT THE TIME OF THE SECOND SURVEY,
BY TANF AND EMPLOYMENT STATUS

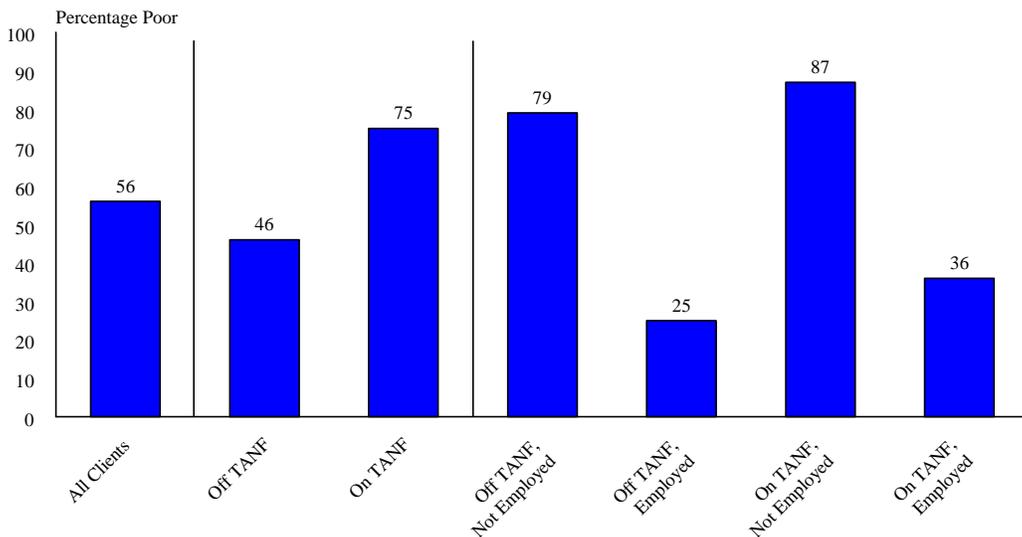
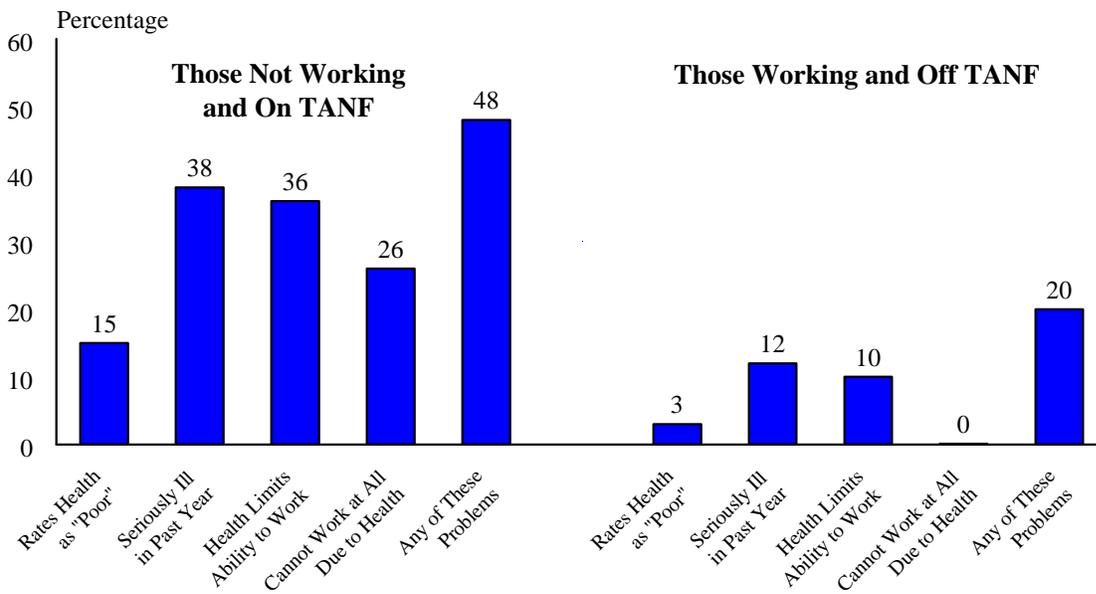
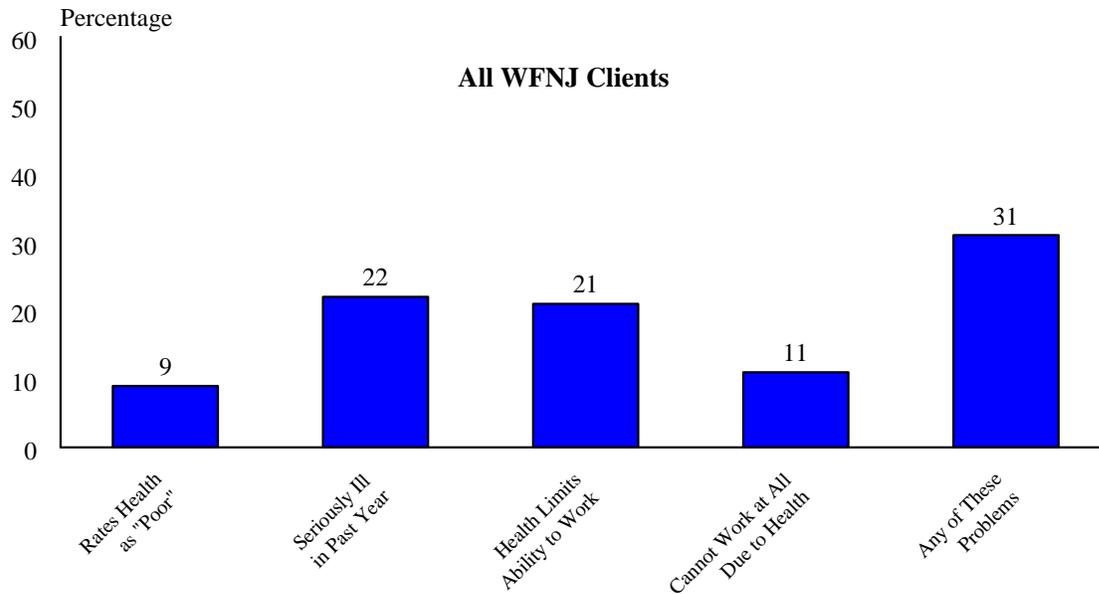


FIGURE III.7

HEALTH PROBLEMS AMONG WFNJ CLIENTS
AT THE TIME OF THE SECOND SURVEY



Source: Second WFNJ Client Survey.

Note: Figures refer to health problems, as well as employment and TANF status, at the time of the survey.

Among all WFNJ clients in our study, about 1 in 10 reported that they could not work at all because of their health (Figure III.7). Previous research has also found that about 10 percent of welfare recipients nationally report that they are unable to work because of their health (Johnson and Meckstroth 1998; Olson and Pavetti 1996; and Loprest and Acs 1996). WFNJ clients who have remained on TANF and are not working are considerably more likely to report this type of health problem. Among this group, at the time of the second survey, about one in four clients indicated that they could not work because of health problems.⁷

To determine how the health of WFNJ clients compares to the general U.S. adult population, we included in the second client survey the Short-Form 12 (SF-12), a standardized and widely used set of 12 health status questions (Ware et al. 1998). Responses to the SF-12 can be used to construct standard physical and mental health scores that can then be compared to the distribution of scores from a nationally representative sample. Based on these measures, WFNJ clients have somewhat poorer physical and mental health than the general U.S. adult population. For example, 38 percent of clients gave SF-12 responses that placed them in the bottom one-fourth (or quartile) of all U.S. adults in terms of their physical health, while only 39 percent gave responses that placed them in the top half of all adults (Figure III.8).⁸ Similarly, 40 percent gave SF-12 responses that placed them in the bottom quartile of adults in terms of mental health, while only 37 percent gave responses that placed them in the top half of all adults (Figure III.8).⁹

WFNJ clients who have remained on TANF and are not employed report much worse physical and mental health than the general U.S. population. For example, 58 percent of these clients are in the bottom quartile in terms of their physical health, and 53 percent are in the bottom quartile in terms of their mental health (Figures III.9 and III.10). WFNJ clients who have left TANF and are not employed also report poor health, particularly mental health.¹⁰ For example, based on their SF-12 responses, 48 percent of this group are in the bottom quartile of adults nationally in terms of their mental health (Figure III.10). In contrast, the mental and physical health of clients who have left TANF and are employed looks very similar to the health of the general U.S. adult population.

⁷At the time of the first survey, 24 percent of those off TANF and not working said they could not work at all because of their health.

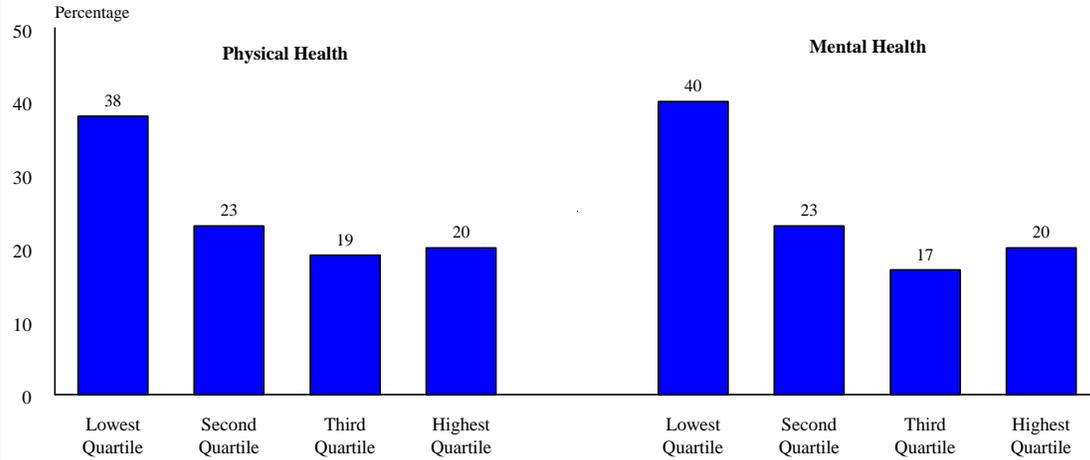
⁸If WFNJ clients had physical health levels identical to those of the general population, 25 percent would have SF-12 physical health scores that place them in the bottom quartile of the distribution for all U.S. adults, and 50 percent would have scores that place them in the top half of the distribution for all U.S. adults.

⁹If we compare WFNJ clients to the U.S. population of women ages 25 to 44, these numbers are similar. For example, compared to the national population of younger women, 42 percent of WFNJ clients would be in the bottom quartile for physical health, while 39 percent would be in the top half of the distribution. Similarly, 36 percent would be in the bottom quartile for mental health, while 41 percent would be in the top half of the distribution.

¹⁰In Chapter V, we discuss in more detail the frequency of physical and mental health problems among WFNJ clients who have left TANF and are not employed.

FIGURE III.8

PHYSICAL AND MENTAL HEALTH OF WFNJ CLIENTS RELATIVE TO THE GENERAL U.S. ADULT POPULATION



Source: Second WFNJ Client Survey.

Note: WFNJ clients were placed into quartiles relative to the the general U.S. adult population based on their responses to the SF-12, a standard battery of health-status questions (Ware et al. 1998).

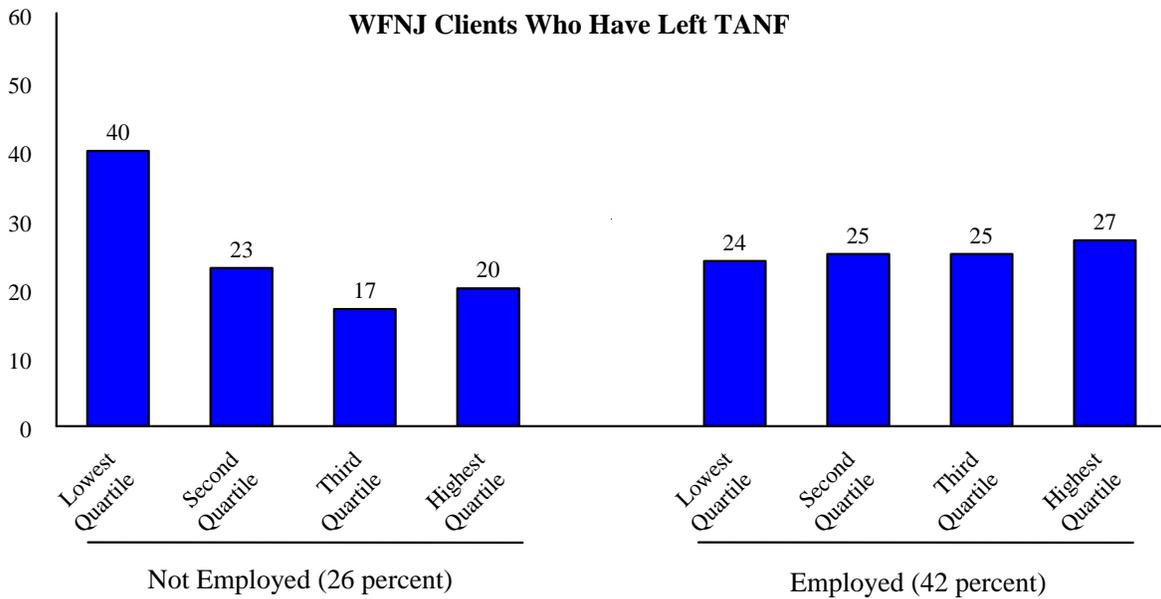
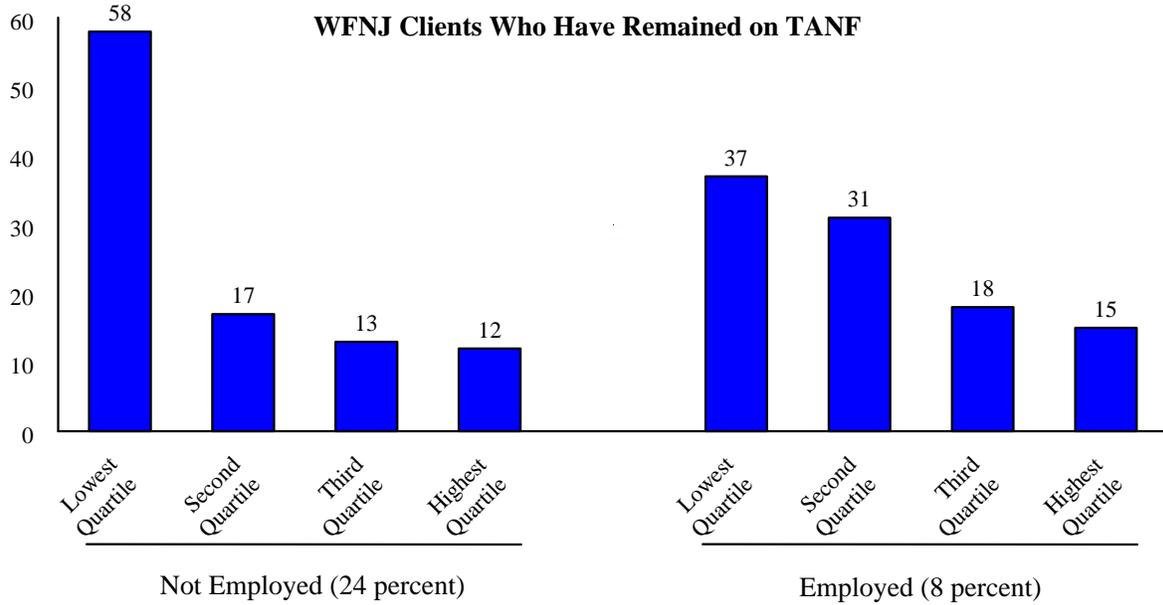
Many WFNJ clients, particularly those who have remained on TANF and are not working, have chronic health problems, such as asthma, arthritis, or high blood pressure.

Substantial fractions of WFNJ clients report that a doctor has diagnosed them with specific chronic health conditions. For example, 24 percent report being diagnosed with asthma, 13 percent with arthritis, and 17 percent with high blood pressure (Figure III.11). Moreover, the prevalence of these chronic health problems among WFNJ clients is substantially greater than it is for the general U.S. population of younger adults ages 18 to 44. WFNJ clients are much more likely than the general population of younger adults to have asthma (24 versus 6 percent), diabetes (8 versus 1 percent), and high blood pressure (17 versus 5 percent) (Figure III.11). WFNJ clients' rates of arthritis and heart disease are also substantially above the national average.¹¹

¹¹ These higher rates of certain chronic health conditions reflect, in part, the greater prevalence of these conditions among Hispanics and African Americans.

FIGURE III.9

PHYSICAL HEALTH OF WFNJ CLIENTS,
BY EMPLOYMENT AND TANF STATUS

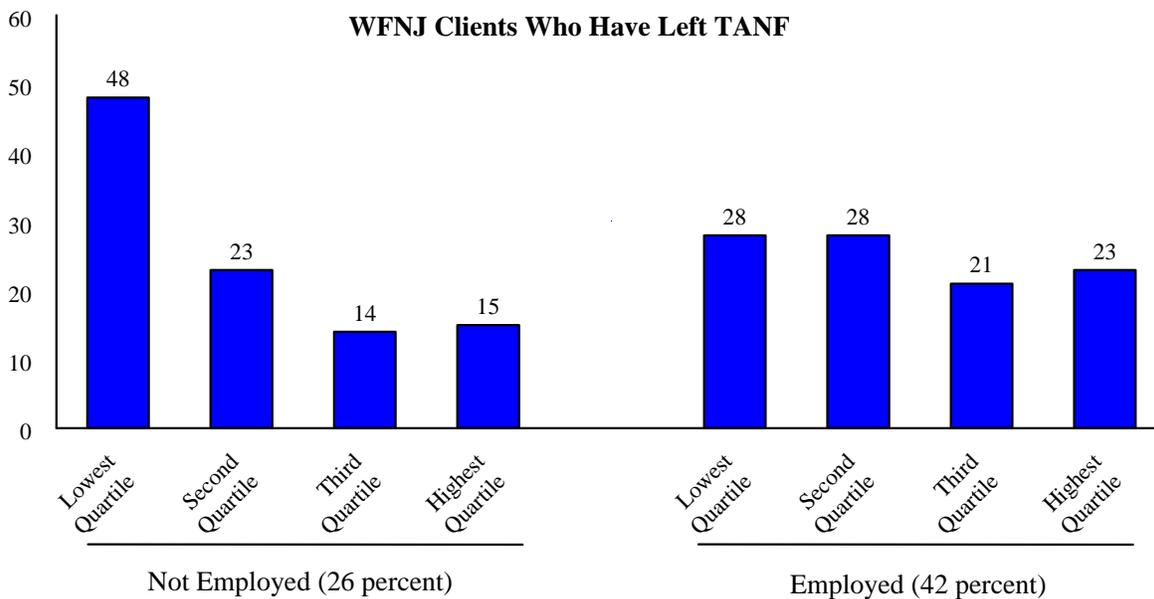
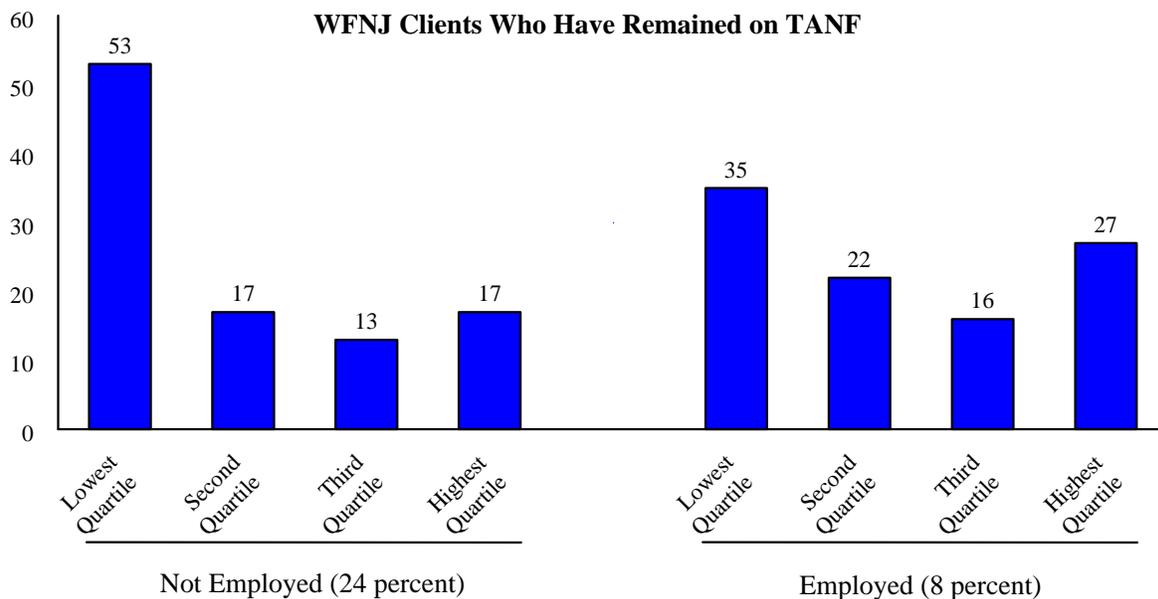


Source: Second WFNJ Client Survey.

Note: WFNJ clients were placed into quartiles relative to the general U.S. adult population based on their responses to the SF-12, a standard battery of health-status questions (Ware et al. 1998).

FIGURE III.10

MENTAL HEALTH OF WFNJ CLIENTS,
BY EMPLOYMENT AND TANF STATUS

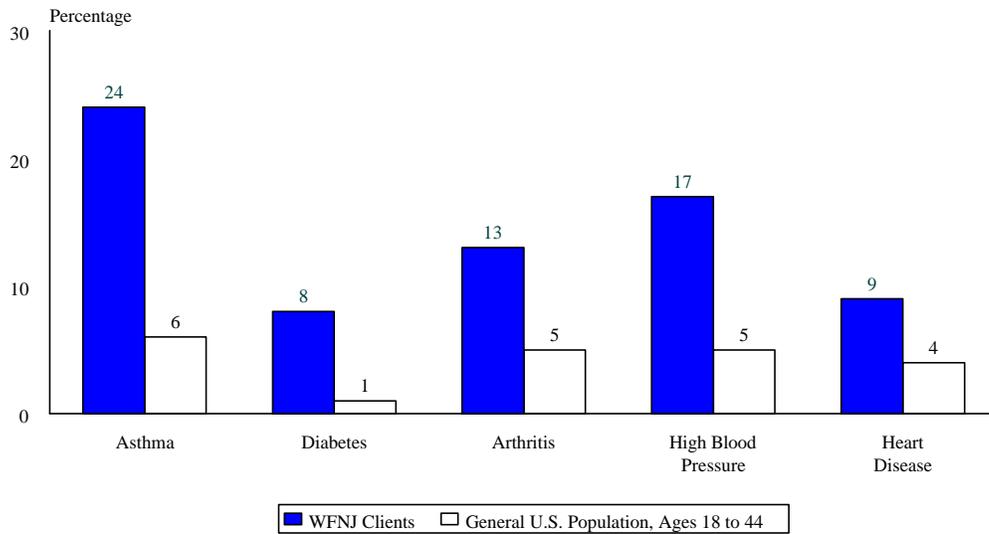


Source: Second WFNJ Client Survey.

Note: WFNJ clients were placed into quartiles relative to the general U.S. adult population based on their responses to the SF-12, a standard battery of health-status questions (Ware et al. 1998).

FIGURE III.11

PREVALENCE OF SELECTED CHRONIC HEALTH CONDITIONS AMONG WFNJ CLIENTS AND THE GENERAL U.S. POPULATION, AGES 18 TO 44



Source: Figures for WFNJ clients from second WFNJ Client Survey. Figures for general U.S. population were collected in 1996 and are from U.S. National Center for Health Statistics, *Vital and Health Statistics*, Series 10, No. 200.

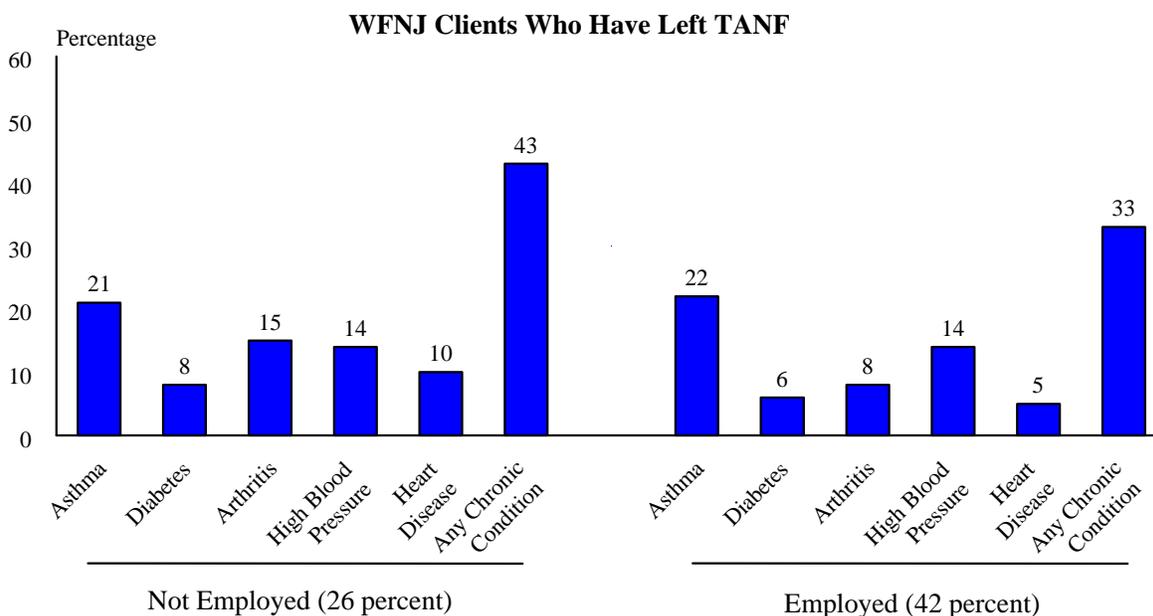
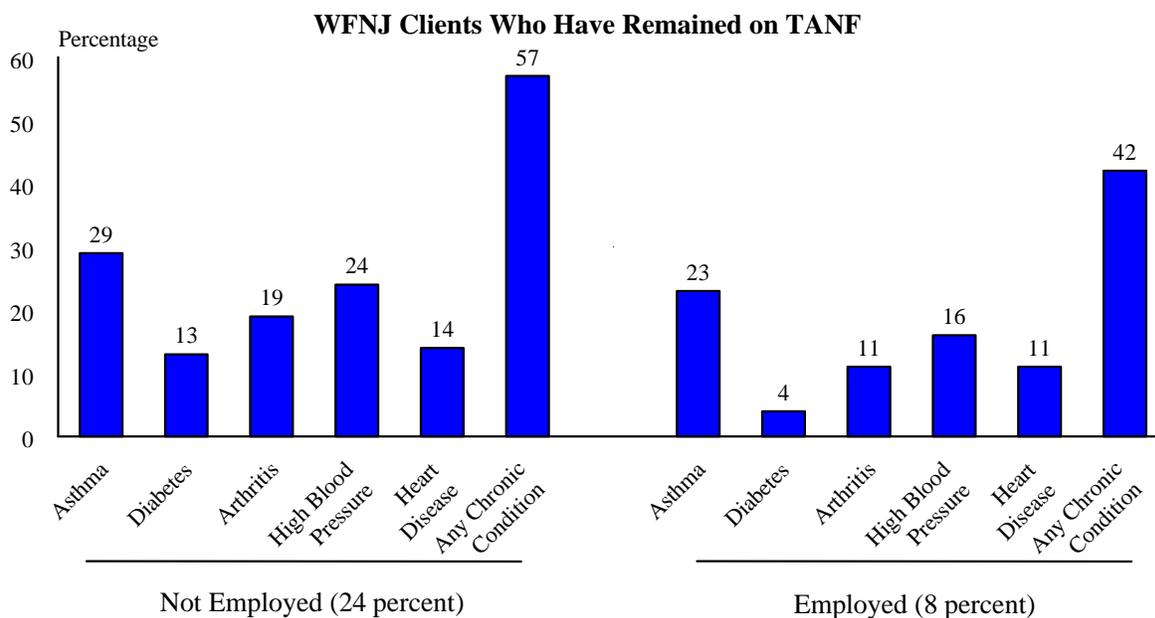
As with the more general health measures, the prevalence of chronic health conditions varies substantially by WFNJ clients' employment and TANF status (Figure III.12). For example, clients who have remained on TANF and are not employed are substantially more likely than those who have left welfare for work to report that a doctor has diagnosed them with a specific chronic physical health condition (57 percent, versus 33 percent). Clients who have remained on TANF and are not employed are also substantially more likely than other clients to report specific chronic conditions, such as arthritis, high blood pressure, and heart disease (Figure III.12).

C. ARE WFNJ CLIENTS MAINTAINING HEALTH INSURANCE COVERAGE?

For WFNJ clients and their families, an important component of a successful welfare-to-work transition is their ability to maintain health insurance coverage. Maintaining this coverage can be a challenge for some newly employed welfare recipients, because they often leave welfare for jobs that do not offer health insurance benefits. However, programs are available to help those leaving welfare for work maintain coverage during this transition. These programs include transitional Medicaid (which, in New Jersey, offers 24 months of post-TANF coverage) and New Jersey KidCare, the state's Children's Health Insurance

FIGURE III.12

PREVALENCE OF CHRONIC HEALTH CONDITIONS,
BY EMPLOYMENT AND TANF STATUS



Source: Second WFNJ Client Survey.

Note: WFNJ clients were placed into quartiles relative to the general U.S. adult population based on their responses to the SF-12, a standard battery of health status questions (Ware et al. 1998).

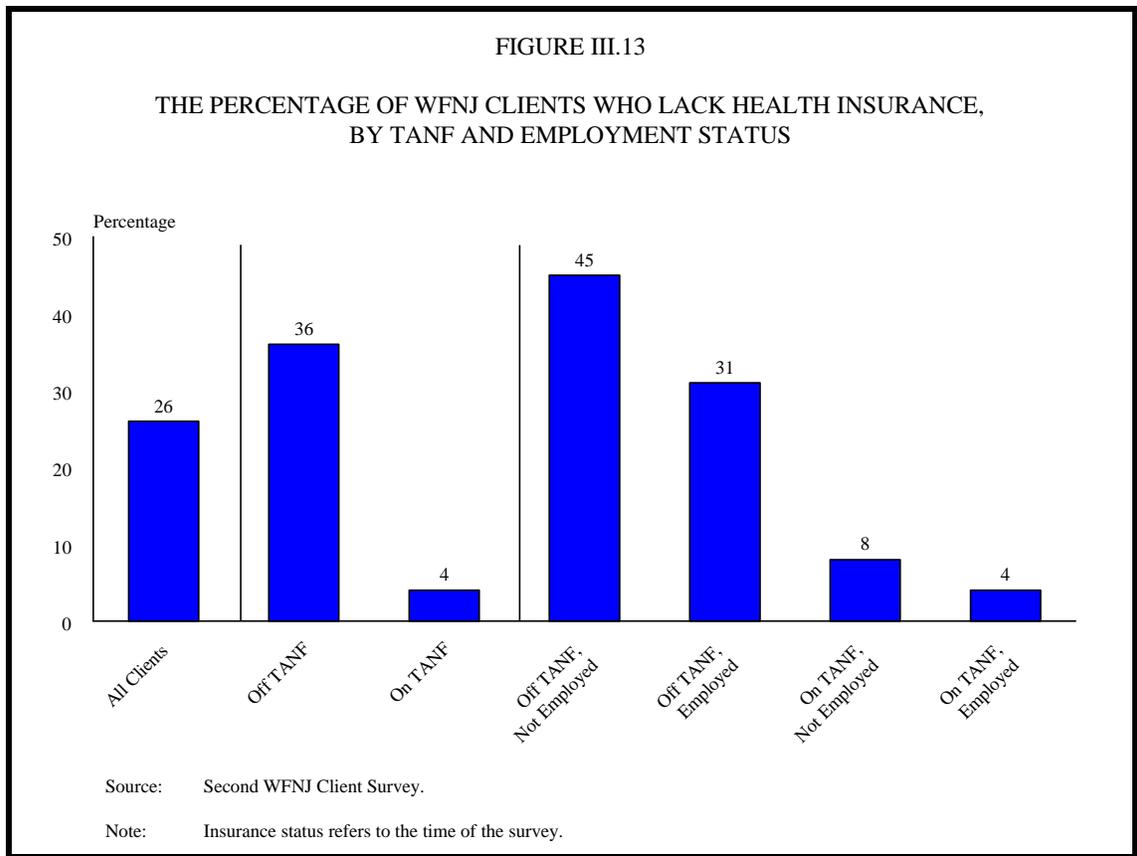
Program (CHIP). In this section, we examine the insurance coverage of WFNJ clients at the time of the second follow-up survey, which was conducted, on average, 30 months after they entered the program.

**# Two and a half years after entering WFNJ, one in four clients was uninsured.
The proportion uninsured has increased over time.**

At the time of the second survey, 74 percent of the WFNJ clients in our study had health insurance. Most (63 percent) were insured through Medicaid or another public insurance program; relatively few (14 percent) had private health insurance. Most (81 percent) of the children of WFNJ clients were also covered by insurance, primarily through public insurance programs, such as Medicaid and New Jersey KidCare.

The proportion uninsured has increased over time among these WFNJ clients. At the time of the second survey, 26 percent were uninsured (Figure III.13). In contrast, at the time of the first survey (conducted about a year earlier), 17 percent were uninsured (not shown). In addition, during the year prior to the second survey, 38 percent of clients had a time when either they or their children were uninsured.

In October 2000, the state launched FamilyCare, a state-sponsored insurance program for low-income working adults. The information on insurance coverage presented in this report was collected prior to the implementation of FamilyCare. Insurance coverage may increase among these clients once this program is fully implemented.



In spite of the large number of WFNJ clients who had been uninsured recently, relatively few (four percent) reported that either they or their children did not receive needed medical attention in the past year because of a lack of insurance (not shown). Although many had been recently uninsured, more than half of these clients (56 percent) indicated that their families did not need medical care during the times they were uninsured. Moreover, among uninsured clients who needed medical attention, 86 percent reported receiving care through emergency rooms or free clinics. Not receiving needed medical attention because of a lack of insurance was most common among WFNJ clients who were off TANF and not employed, with seven percent reporting having this happen in the past year.

WFNJ clients who had left TANF were more likely to lack health insurance, with more than a third uninsured at the time of the survey.

The likelihood of WFNJ clients' being uninsured varied substantially by their employment and TANF status. WFNJ clients who had left TANF were much more likely to be uninsured; 36 percent were uninsured at the time of the second survey, compared to 4 percent of clients who remained on TANF (Figure III.13). Clients who had left TANF and were not employed were even more likely to lack insurance coverage; 45 percent of this group had no health insurance at the time of the survey, compared to 31 percent of clients who were off TANF and working (Figure III.13). In Chapter IV, we examine the reasons why WFNJ clients who have left TANF are not participating in Medicaid, including the proportion who have exhausted their 24 months of transitional Medicaid.

D. DO WFNJ CLIENTS AND THEIR FAMILIES HAVE ENOUGH TO EAT?

One important measure of WFNJ clients' life quality is whether they and their families have access to enough food to meet their basic needs. In the nutrition literature, lacking consistent access to nutritionally adequate and safe foods is described as experiencing "food insecurity" (Anderson/Life Sciences Research Office 1990). When food insecurity is severe, it can lead to malnutrition and hunger. In this section, we examine the prevalence of food insecurity and hunger among WFNJ clients.

Similar to poor households nationally, more than a third of WFNJ clients and their families show evidence of food insecurity. More than 1 in 10 show evidence of hunger.

In the second client survey, we included the short form of the Household Food Security Scale, a standardized set of six questions developed to assess food insecurity and hunger (Blumberg et al. 1999). This six-item scale places respondents into one of three categories: (1) *food secure*--respondent's household shows no or minimal signs of food insecurity; (2) *food insecure without hunger*--because of inadequate resources, food insecurity is evident in the household (including reductions in diet quality), but with no evidence of a reduction in the quantity of food intake; and (3) *food insecure with hunger*--because of inadequate resources, food intake for household members is reduced to an extent that they are experiencing hunger.

Based on their responses to this six-item scale, we find that 36 percent of WFNJ clients and their families show signs of food insecurity, including 13 percent who show signs of food insecurity with hunger (Figure III.14). Food insecurity and hunger rates among WFNJ clients are almost identical to those among all poor Americans (Hamilton et al. 1997). Among all U.S. households below the poverty level, 35 percent were food insecure, and 13 percent showed evidence of hunger (Figure III.14).

Food insecurity and hunger are most common among WFNJ clients who are not employed, regardless of whether they have exited TANF. For example, among clients who have remained on TANF and are not employed, 41 percent are food insecure, and 16 percent show evidence of hunger (Figure III.15). Similarly, among clients who have exited TANF and are not employed, 42 percent are food insecure, and 15 percent show evidence of hunger. Food insecurity and hunger are less common among WFNJ clients who have left TANF and are employed. However, even among this group, 10 percent show evidence of hunger (Figure III.15). As we discuss in Chapter IV, use of food stamps is low among WFNJ clients who have left TANF, with only 29 receiving food stamps at the time of the second survey. Moreover, among this group, incidence of hunger was lower for those receiving food stamps than for those who did not receive food stamps but appear to be eligible to do so (8 percent, versus 19 percent). This finding suggests that it is particularly important for policymakers to address the low rates of food stamp use among clients who have left welfare.

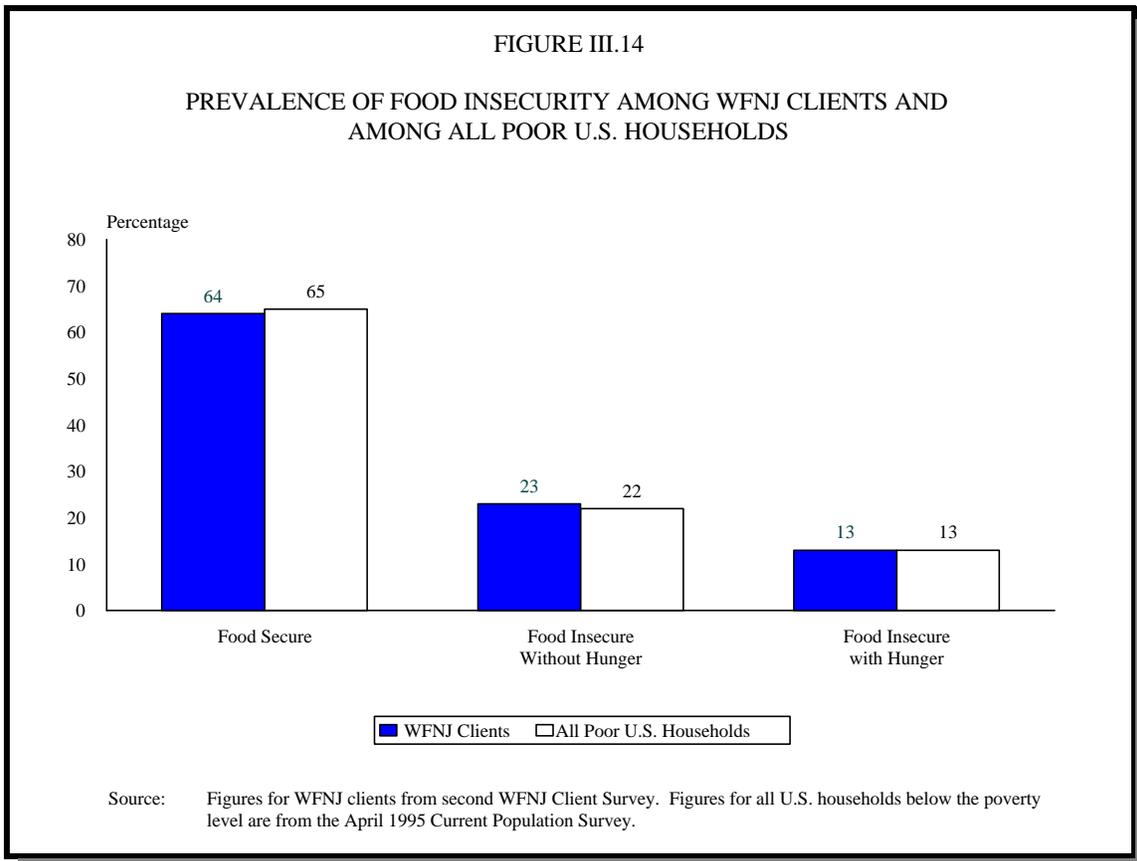
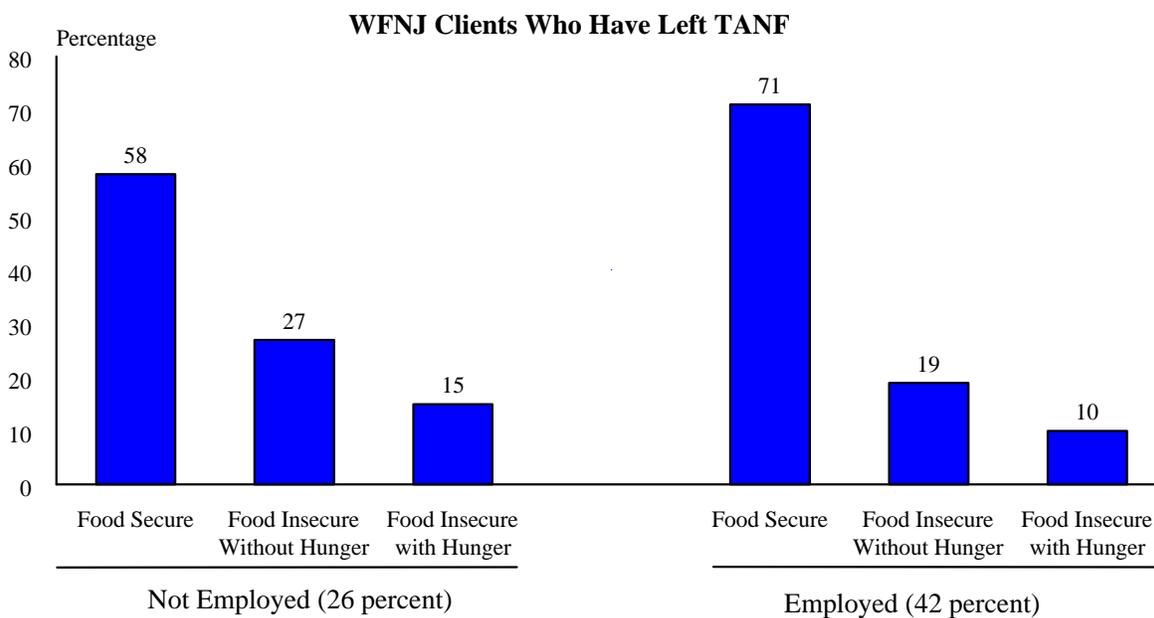
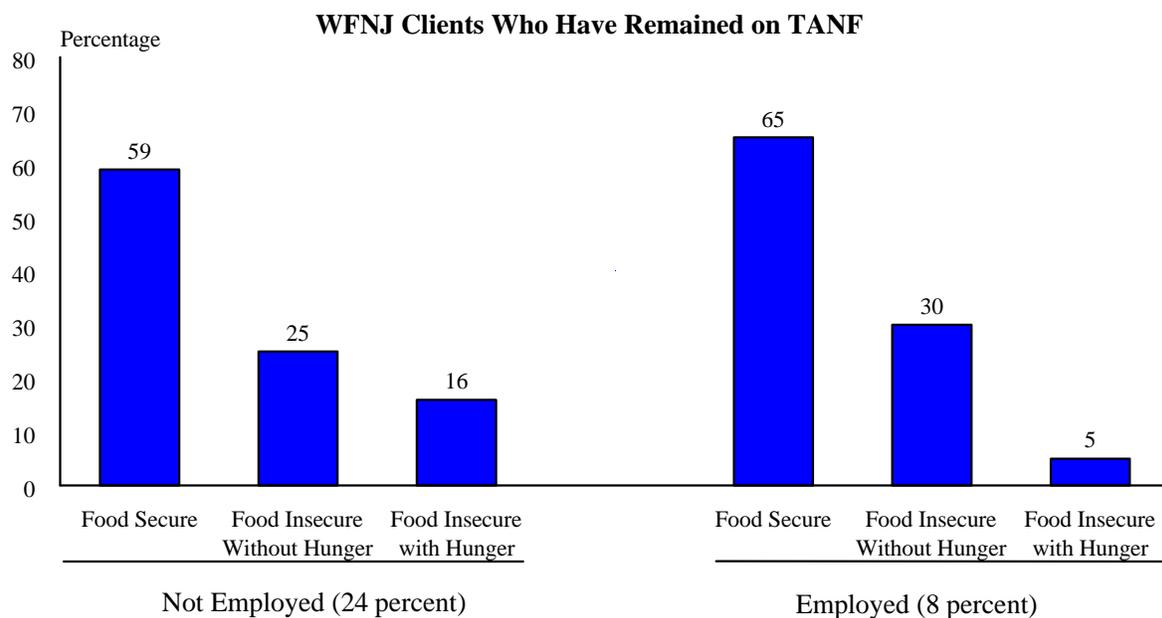


FIGURE III.15

PREVALENCE OF FOOD INSECURITY AMONG WFNJ CLIENTS,
BY EMPLOYMENT AND TANF STATUS



Source: Second WFNJ Client Survey.

At the time of the second survey, 13 percent of clients reported using a food bank, food pantry, or emergency kitchen in the past year (not shown). Clients who had left TANF and were working were the least likely to report relying on these emergency food services, with nine percent saying they had used one of these facilities in the past year. Among clients who had remained on TANF and among those who had left TANF and were not working, 16 to 17 percent had used an emergency food service in the past year.

E. WHAT ARE THE HOUSING SITUATIONS OF WFNJ CLIENTS?

Housing is often a major expense for WFNJ clients, as it is for many low-income families. Therefore, finding safe, affordable housing and maintaining a stable living arrangement can pose a substantial challenge. Among the WFNJ clients in our study, the large majority (86 percent) rent, while a small fraction (4 percent) own their homes.¹² The rest live rent free, typically with friends or relatives. In this section, we examine the housing problems facing WFNJ clients at the time of the second survey.

Among WFNJ clients in the study, about one in four experienced a recent housing crisis. The frequency of these crises has declined somewhat over time.

At the time of the second survey, 23 percent of WFNJ clients reported having a housing crisis in the past year, such as having their utilities cut off, moving in with friends or relatives to save on rent, living in an emergency shelter, or being homeless (Figure III.16). Doubling up with friends and relatives was the most common of these problems, reported by 13 percent of these clients. Doubling up was most common among those who were no longer receiving TANF and who were not employed; 17 percent of this group reported moving in with friends or relatives in the past year (not shown). Similarly, this group was the most likely to report that they were living rent free (14 percent, compared with 7 percent among all clients).

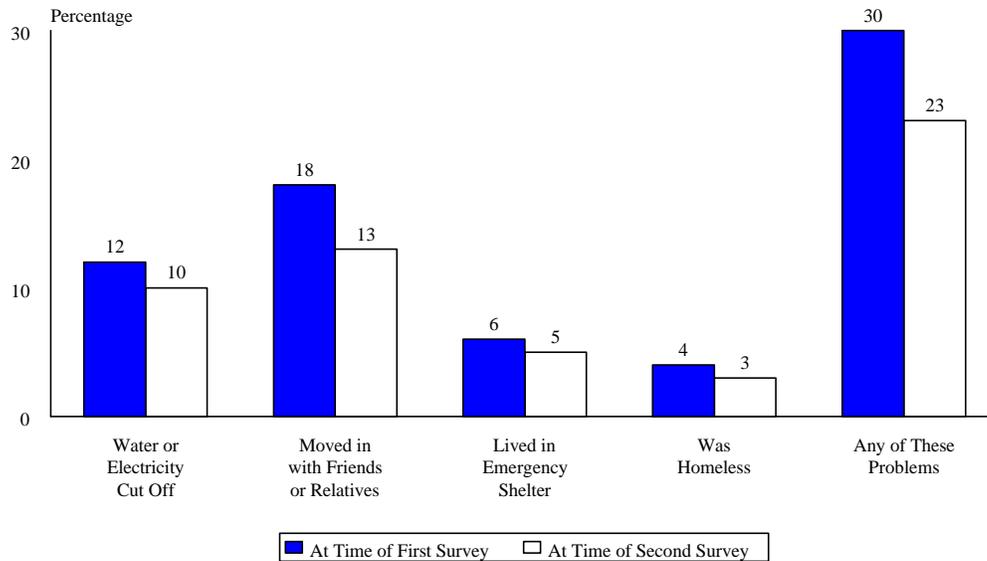
More extreme housing problems, such as homelessness, were less common among WFNJ clients. Only five percent of clients reported living in an emergency shelter during the year prior to the second survey, while three percent reported a period of homelessness during that time (Figure III.16). Clients who have remained on TANF and are not employed were most likely to report extreme housing problems. Among these clients, nine percent reported living in an emergency shelter, and five percent reported a period of homelessness in the past year (not shown).

The frequency of housing problems has declined somewhat over time for these clients. For example, on the second survey, 13 percent of these clients reported moving in with friends or relatives in the past year to save on rent, compared with 18 percent at the time of the first survey (Figure III.16). Similarly, the proportion of these clients living in overcrowded conditions (in a household with more than one person per room) declined

¹²Among those who rent, the average monthly rent is \$411, which represents 31 percent of the average income of WFNJ clients in our study.

FIGURE III.16

HOUSING PROBLEMS AMONG WFNJ CLIENTS



Source: First and second WFNJ Client Surveys.

somewhat.¹³ The frequency of overcrowding declined from 21 percent at the time of the first survey to 17 percent at the time of the second survey (not shown). In spite of this decline, living in overcrowded conditions is much more common among these clients than it is among the general population. In 1997, only three percent of all American households and seven percent of households below the poverty threshold had overcrowded conditions (HUD User Web Site 1999).

F. HOW COMMON ARE SERIOUS HARDSHIPS AMONG WFNJ CLIENTS?

Another way to measure the life quality of WFNJ clients is to examine how frequently serious hardships occur in their lives. For instance, how common are extreme poverty, serious illness, hunger, or serious housing crises among WFNJ clients? Are these hardships more common among certain groups of clients, such as those who remain on TANF or those who are not employed? How many clients have recently experienced more than one serious hardship?

In this section, we examine the proportion of WFNJ clients who have faced four serious hardships during the past year: (1) extreme poverty (defined as being below 50 percent of the

¹³This definition of “overcrowded” housing conditions is a standard one used in the housing literature.

poverty level); (2) serious illness; (3) a serious housing crisis (defined as doubling up with friends or relatives, living in an emergency shelter, or being homeless); and (4) experiencing hunger (as defined in Section D of this chapter). By examining the frequency with which these four hardships occur and how they are concentrated among certain groups of WFNJ clients, we can gain a better understanding of the challenges some clients face.

Half of WFNJ clients faced at least one of these hardships (most often extreme poverty or serious illness) during the past year.

At the time of the second survey, 50 percent of WFNJ clients had faced one of these serious hardships in the past year (Figure III.17). The most common hardships were extreme poverty and serious illness, each affecting a little more than one in five clients. Although many clients experienced one of these hardships, a substantially smaller fraction (17 percent) experienced two or more of these hardships in the past year.

WFNJ clients who had left TANF and were not employed were most likely to experience one of these hardships; 73 percent of this group had experienced a hardship in the past year (Figure III.18). This high rate of hardship among those off TANF and not working was due primarily to the fact that many of these clients (49 percent) had incomes below 50 percent of the poverty level during the month prior to the survey. WFNJ clients who remained on TANF and were not employed were also more likely than other clients to experience these severe hardships, especially serious illness. Those clients who had left

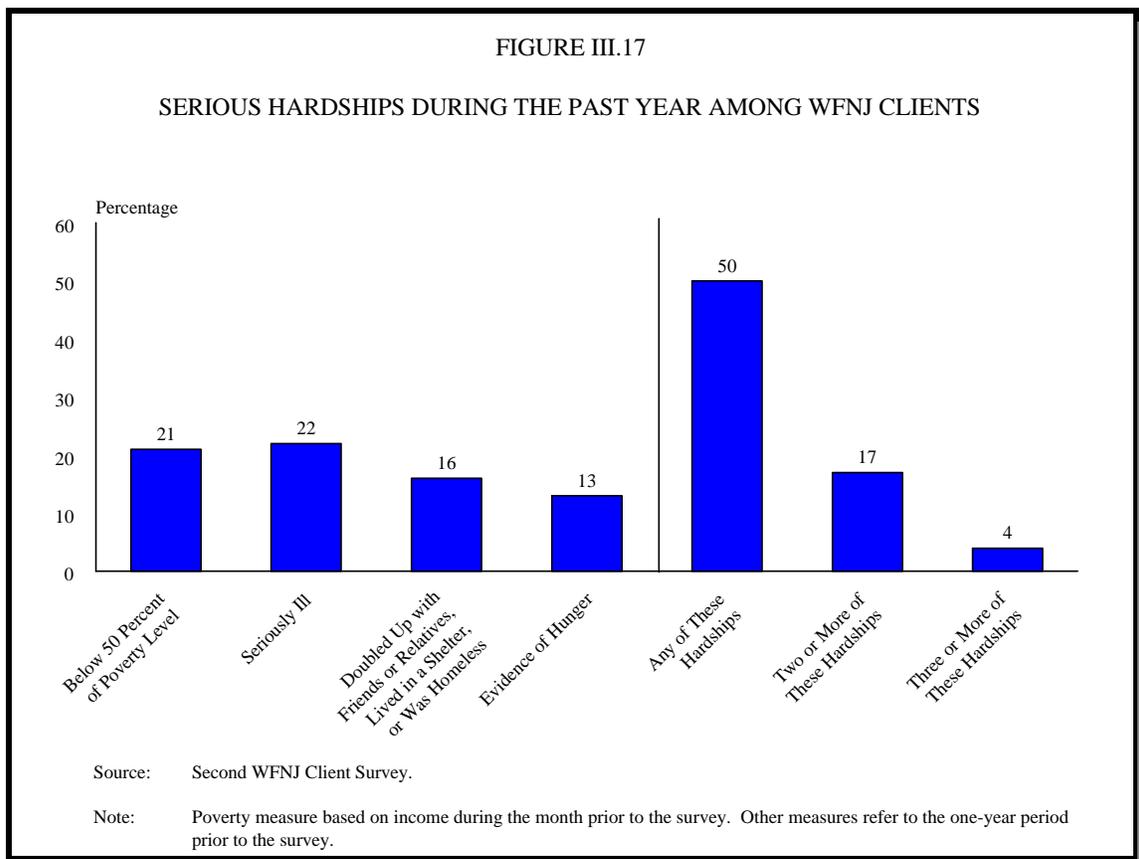
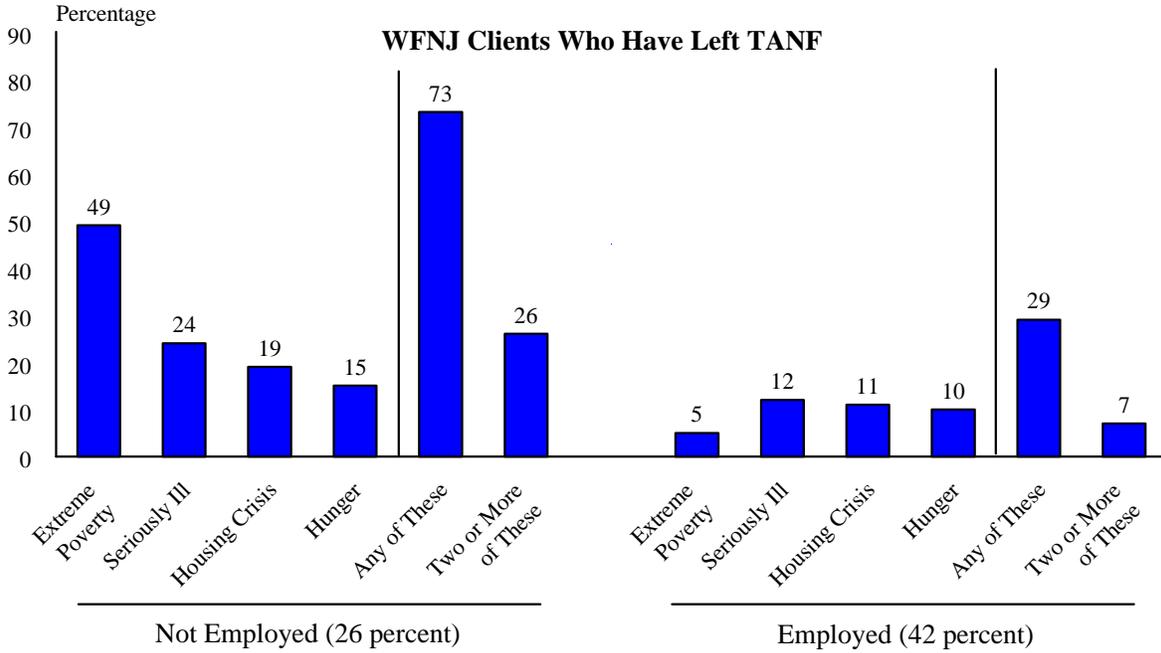
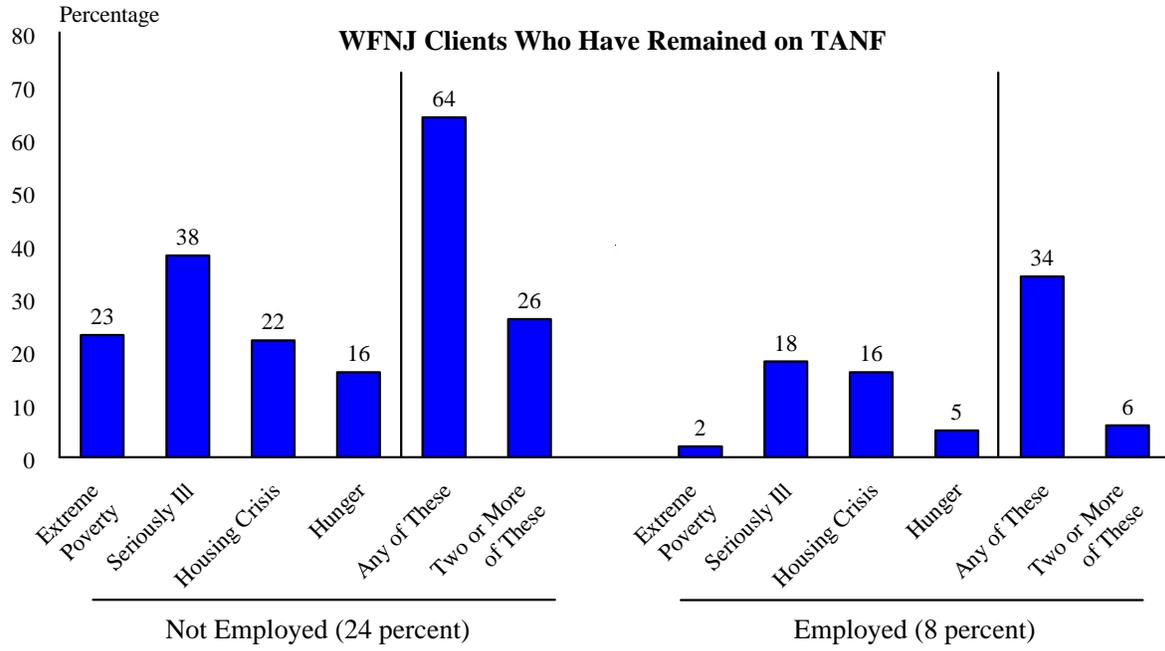


FIGURE III.18

SERIOUS HARDSHIPS DURING THE PAST YEAR,
BY EMPLOYMENT AND TANF STATUS



Source: Second WFNJ Client Survey.

Note: Hardship measures defined in Figure III.17.

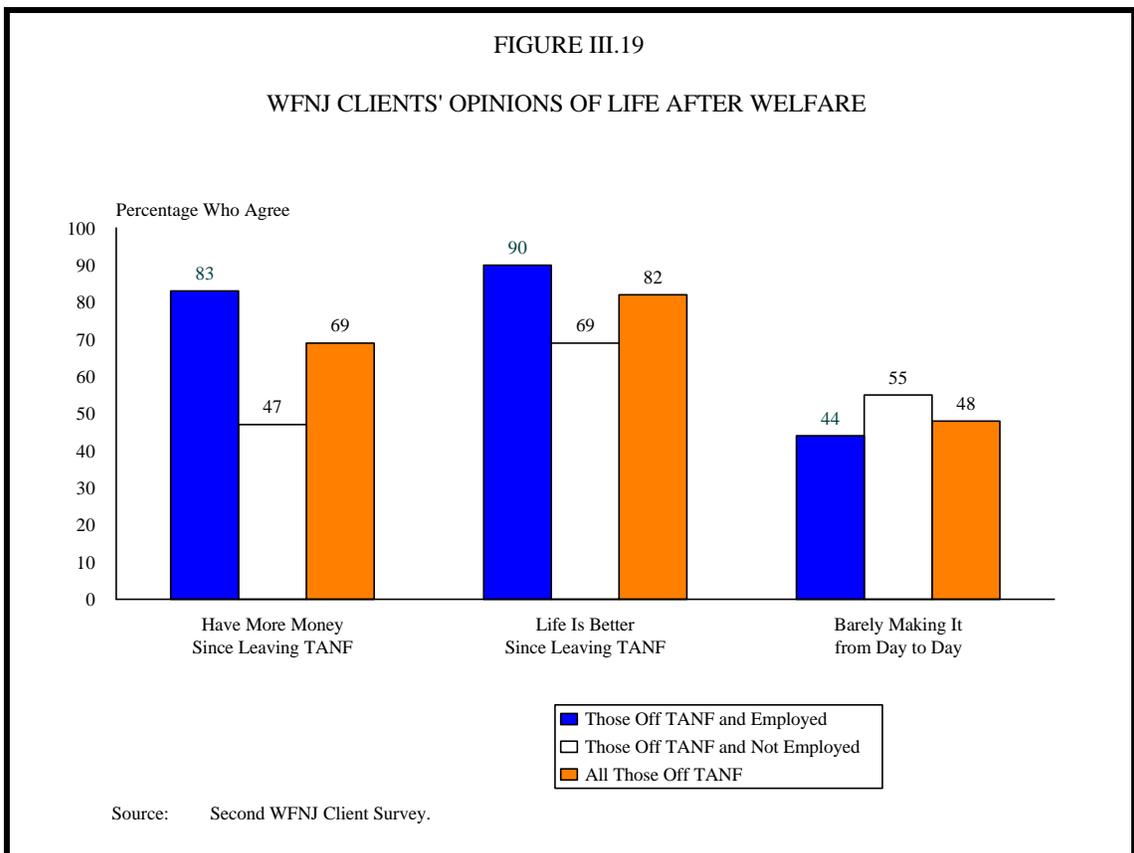
TANF and were working had faced the fewest recent hardships, with only 29 percent reporting one of these four hardships in the past year (Figure III.18).

G. WHAT DO WFNJ CLIENTS THINK OF LIFE AFTER WELFARE?

Another way to examine life quality among WFNJ clients who have left TANF is to ask them to assess how they think they are faring since leaving welfare. At the time of the second survey, conducted about two and a half years after clients entered WFNJ, 68 percent of WFNJ clients in our study were no longer receiving cash assistance. As part of the second survey, we asked those clients who had exited TANF whether they agreed or disagreed with the following three statements: (1) “I have more money now than I did when I was on welfare;” (2) “Life is better now than it was when I was on welfare;” and (3) “I am barely making it from day to day.”

Most WFNJ clients who are no longer on TANF say their lives are better since leaving welfare. However, many still say they are struggling financially.

Among WFNJ clients who have left TANF, most agreed that they have more money (69 percent) and that their lives are better (82 percent) since leaving welfare (Figure III.19). These percentages varied substantially by clients’ employment status at the time of the survey, however. For example, 83 percent of clients who had left TANF and were working



agreed that they had more money since leaving welfare, compared with only 47 percent of those who had left TANF and were not working (Figure III.19). However, even among clients who had left TANF and were not employed, more than two-thirds said life was better since they left welfare.

Although most WFNJ clients who were no longer receiving TANF thought their lives had improved since leaving welfare, many still considered their lives to be quite difficult. Almost half (48 percent) reported that they were “barely making it from day to day.” Even among clients reporting that they were barely making it, however, most (71 percent) still said their lives were better since leaving welfare (not shown). Although the percentage reporting that they were barely making it varied somewhat by employment status, even among those who were working this percentage was fairly high (44 percent).

IV

DO TANF LEAVERS USE POST-TANF BENEFITS?

Several types of post-TANF benefits are available to clients to facilitate their transition from welfare to work. These include food stamps, Medicaid, and child care assistance. We saw in the first client report that many clients who had exited welfare and obtained employment were not using these benefits. In this chapter, we examine whether the same patterns we saw earlier have continued over time. First, we examine utilization of food stamp benefits. For instance, how many clients who had left TANF at the time of the survey receive food stamps? How many are eligible to use food stamps? What fraction of those who are eligible use these benefits, and why do others not continue to receive food stamps after TANF exit? Second, we examine use of Medicaid benefits among TANF leavers. How many have other kinds of health insurance? What are the reasons for noncoverage among those with no insurance? What are the characteristics of the uninsured? Finally, we examine use of transitional child care among employed TANF leavers. What are the characteristics of those who do not participate? Why do people who do not receive subsidies not obtain these benefits?

KEY FINDINGS FROM THIS CHAPTER

- # ***Three in 10 TANF leavers receive food stamps. Some nonparticipants are ineligible, while some claim not to want benefits. Others are unaware of benefits or think getting them is too much hassle.*** Among former clients, 30 percent receive food stamps. About a third of nonparticipants appear to be ineligible for food stamps based on their income and assets. About half of eligible TANF leavers receive food stamps. Among those eligible and not receiving benefits, nearly 30 percent do not know they can get food stamps after leaving TANF. Others say they do not want these benefits or think getting them is too much trouble.
- # ***More than a third of TANF leavers lack health insurance. Some have exhausted their transitional Medicaid benefits; others are unaware of them.*** Among TANF leavers, 36 percent lack health insurance. Some uninsured clients have exhausted their transitional benefits. However, many report never receiving Medicaid after leaving TANF. Some of the uninsured report that they do not need or want Medicaid; others say they are ineligible. Almost half say they did not know that transitional Medicaid was available.
- # ***Only one in four employed leavers uses child care subsidies. Some nonparticipants have access to free care; others are unaware of benefits or have difficulty accessing them.*** Among employed leavers with children under six, 27 percent receive subsidies. The same proportion does not, but pays nothing for care (usually because a relative provides care for free). The rest pay for care on their own. Among those not participating, more than a third are unaware of the benefits. Others do not want them or find them difficult to access.

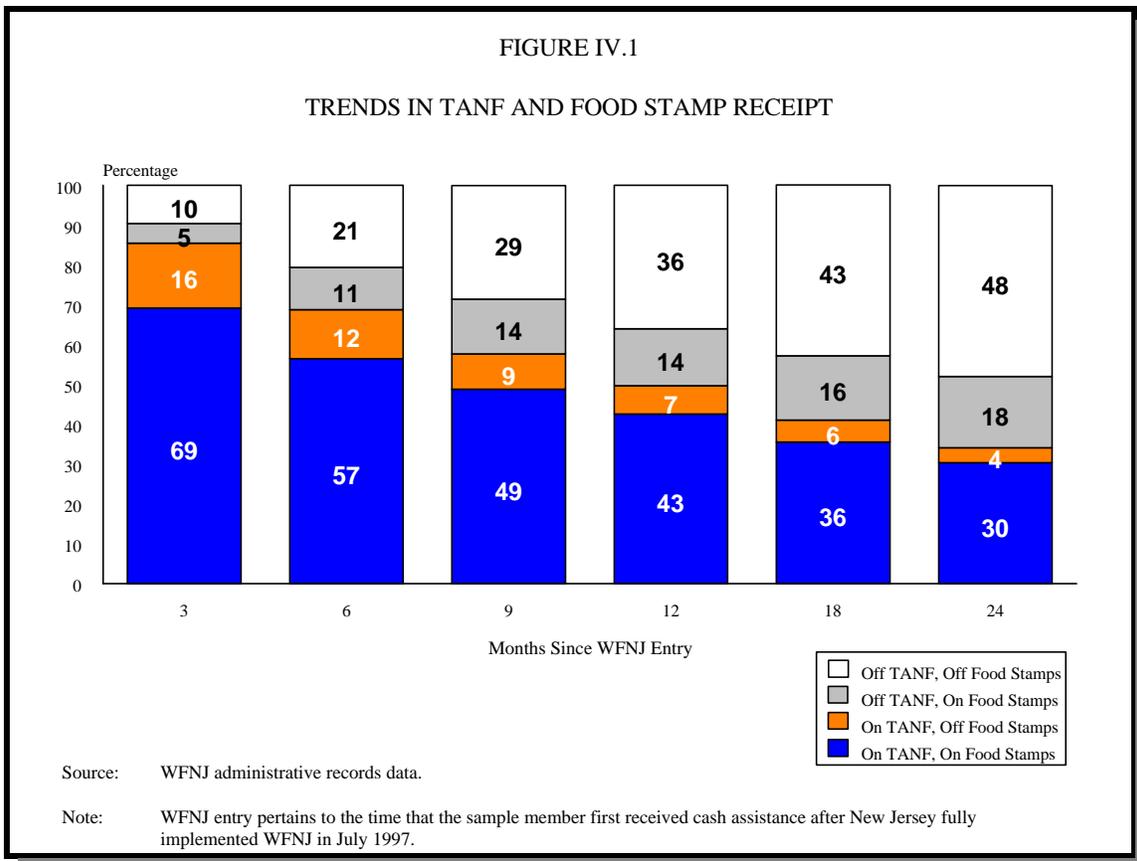
A. TO WHAT EXTENT DO TANF LEAVERS USE FOOD STAMPS?

We saw in Chapter II that, as TANF receipt steadily declined over time, so did food stamp receipt. We examine here how clients combine TANF and food stamp receipt, and to what extent they seem to be “packaging” the two types of benefits. In other words, do many clients leave food stamps at the same time as they leave TANF, or do they continue to receive food stamps for at least a while? We then look at the utilization of food stamps at the time of the survey among all TANF leavers and among those eligible for food stamps, and examine why some people are not using them. Third, we investigate how much clients know about food stamp availability after TANF exit and examine their decision to apply. Finally, we examine TANF leavers who do and do not receive food stamps to determine differences in their characteristics and in the prevalence of hunger among them.

1. What Are Clients’ Patterns of Participation in the Food Stamp Program?

WFNJ clients steadily leave both TANF and food stamps; a large fraction of clients were receiving neither food stamps nor TANF two years after they entered WFNJ.

Many clients who left TANF during the first two years after entering WFNJ also left the Food Stamp Program (FSP). For instance, two-thirds of the clients had exited TANF two years after entering WFNJ (Figure IV.1). Among this group, 29 percent were receiving food stamps, while over 70 percent were not. At the time of the second survey (conducted, on

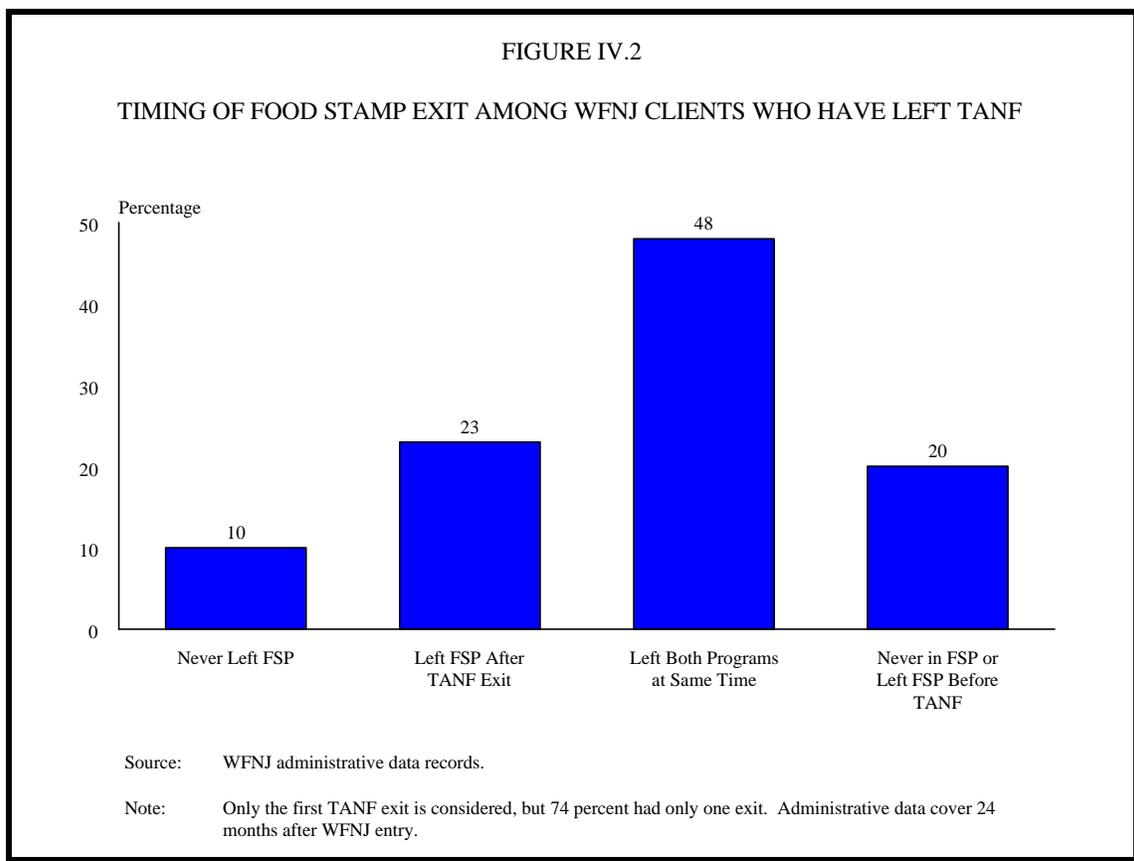


average, 30 months after WFNJ entry), a similar percentage (29 percent) of those who had exited TANF were receiving food stamps (not shown).

Using administrative records data, we compared when clients left the FSP to when they exited TANF. About one-third of clients who exited TANF at some time since WFNJ entry continued to receive food stamps, at least for a while (Figure IV.2). However, 48 percent of clients left both TANF and food stamps at the same time. Therefore, many clients appear to be viewing the two programs as one and tend to exit both programs at the same time.¹

2. Why Are Many Former TANF Recipients Not Receiving Food Stamps?

Because many clients leave TANF for work, high earnings may have caused some WFNJ clients to lose eligibility for food stamps and thus exit both programs at the same time. However, other factors, such as lack of knowledge or not wanting to continue to contend with the system, also may drive their decision to leave the FSP. Here, we first attempt to determine how many clients are still eligible for food stamps; then we explore why many eligible TANF leavers are not receiving them.



¹Consistent with these findings, other studies show that former welfare recipients leave the FSP at higher rates than families who have not been on welfare. For instance, using national data, Zedwelski and Brauner (1999) find that, among families that had received food stamps at any time since January 1995, 62 percent of former welfare recipients had left the FSP by 1997, compared to 46 percent of nonwelfare families.

Determining household eligibility for food stamps from survey data can be difficult, since program rules are fairly complicated, and surveys typically do not include all the necessary information. Using gross income alone (information that is typically available in most surveys) can lead a number of households that are actually ineligible to be assumed eligible for food stamp receipt. However, errors in predicting eligibility can be minimized by using information on household assets, vehicles owned, and the presence of elderly adults (McConnell 1997). In the second WFNJ survey, we asked clients for information on their financial assets, as well as on vehicles they owned. Based on this information, a nonelderly household was determined to be eligible for the FSP if its gross income did not exceed 130 percent of the federal poverty level, its financial assets did not exceed \$2,000, and it owned no vehicle newer than five years old. For elderly households, financial assets could not exceed \$3,000, but the vehicle and gross income criteria were the same.^{2,3}

Two additional difficulties in calculating food stamp eligibility are (1) obtaining accurate information on total household income, and (2) identifying who belongs in the food stamp unit. In our survey, we have information on income from various sources for the sample member, her spouse or partner, and their children. However, we do not have good information on the income of other household members. In addition, for households with other adults (who are not the spouse or partner of the case head), we do not know who belongs in the food stamp unit.⁴

As a result, calculating eligibility for single- and two-parent households in our sample is straightforward: we have fairly good income measures for these households, and we can reasonably assume that they are in the same food stamp unit. However, we are less sure about eligibility calculations for other multiple-adult households or for households with elderly adults. Consequently, in the following discussion, we focus on eligibility and participation rates for single- and two-parent households in our sample. We also calculated eligibility and participation measures for the other two household types (other multiple-adult households and households with an elderly person); in the text, we note any differences for these two groups.⁵ Among those households off TANF and not receiving food stamps, 67

²McConnell (1997) performs simulations to identify the best criteria for minimizing the error of incorrectly predicting those who are ineligible as being eligible, as well as that of incorrectly predicting those who are eligible as being ineligible for the FSP for various sets of information that might be available from survey data. We use the criteria that minimize the two types of errors for data sets that contain information on income, household size and composition, assets, and vehicles owned.

³Those who are actually receiving food stamps are also viewed as eligible. The eligibility numbers are rough proxies for eligibility, and actual eligibility rates may vary. For instance, reported income at the time of the survey may be different from clients' income through the rest of the year. There may also be some underreporting of income in the surveys.

⁴Food stamp program eligibility is calculated for those in a food stamp unit, defined as people who live under the same roof, share a kitchen, and cook and eat together.

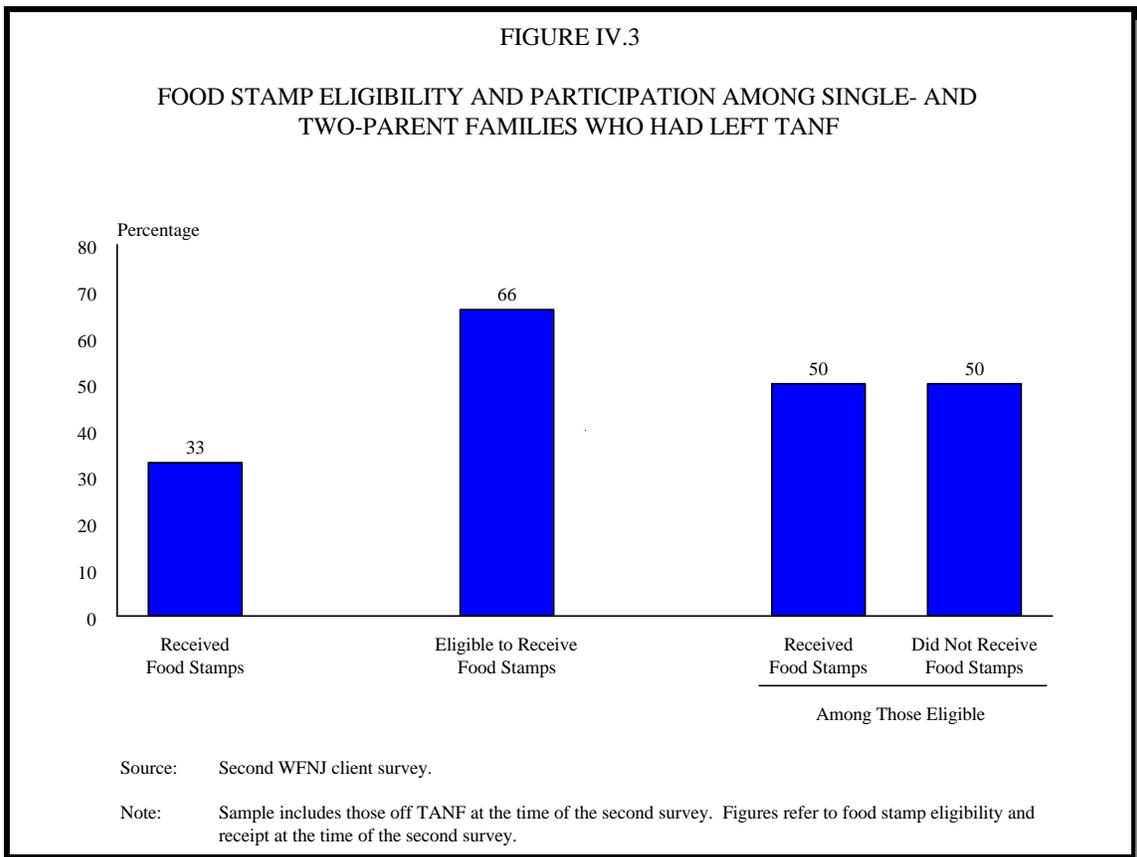
⁵Partners are included in the single- or two-parent households, as are single adults or couples without a child in the household. We separate elderly households from other nonelderly households, because the FSP rules are somewhat different for these two groups. In calculating household income for those in the two household types that are not single- or two-parent families, we assumed that the other members of the household have the same per-capita income as those in the sample member's immediate family. However, if the client and her immediate family are living with other relatives because the client has low income and needs
(continued...)

percent are single- or two-parent families, 24 percent are other multiple-adult households, and 9 percent are households with an elderly person.

Among all families leaving TANF, nearly two-thirds remain eligible for food stamps; about half of those eligible receive food stamps.

Among single- or two-parent households, we estimate that two out of three of those who had left TANF remained eligible for food stamps at the time of the interview (Figure IV.3). As Figure IV.3 shows, 33 percent of single- and two-parent families who had exited TANF were receiving food stamps; we estimate that twice as many are eligible for food stamp benefits. Thus, among those eligible, about half were receiving food stamps. We see that participation rates increase once we take eligibility into account, still, half of those eligible are not receiving food stamps.⁶

Although low, these participation rates are consistent with food stamp participation rates of former TANF recipients nationally. For instance, data collected from the National Survey of American Families finds that about 31 percent of TANF leavers nationally are receiving



⁵(...continued)

the support of others, assuming that the average household income is the same as that of the client's immediate family can overstate eligibility for these households.

⁶Eligibility rates for the other two groups are between 68 and 69 percent. Participation rates among those eligible are 47 percent for multiple-adult households and 40 percent for elderly households.

food stamps (Loprest 1999). In another study using the same data set, Zedlewski and Brauner (1999) calculate food stamp eligibility and participation rates and find that, of the approximately two-thirds of former TANF recipients who are eligible for food stamps, only about 42 percent are receiving them.⁷ Thus, while rates of food stamp receipt among former TANF recipients in New Jersey are fairly similar to national numbers, many who appear to be eligible are still not participating.

Many families off TANF and not receiving food stamps report leaving the FSP because they took a job or experienced an increase in earnings.

WFNJ clients who had exited TANF and were not receiving food stamps were asked why they had exited the FSP. Single- and two-parent households reported a variety of reasons, but most mentioned either taking a job or having an increase in earnings (Figure IV.4).⁸ Other reasons include experiencing increases in other sources of income, moving in with a spouse or partner, getting sanctioned, and wanting to avoid the hassles associated with getting benefits.

Single- and two-parent families ineligible for the FSP were much more likely than those who were eligible to report leaving the FSP because of employment or an earnings increase (64 percent versus 44 percent).⁹ Clients who were eligible for food stamps were more likely than those who were ineligible to report not receiving food stamps because they were sanctioned (17 percent of those eligible versus 8 percent of those ineligible). These clients may have been sanctioned for noncompliance with TANF requirements and decided to leave the FSP as well.¹⁰

⁷Some differences in participation rates may be driven by how eligibility was calculated in the two studies. The Zedlewski and Brauner study uses a gross-income criterion that can overstate eligibility. When we use a gross eligibility criterion for our sample, our participation rates are fairly close to those of their study.

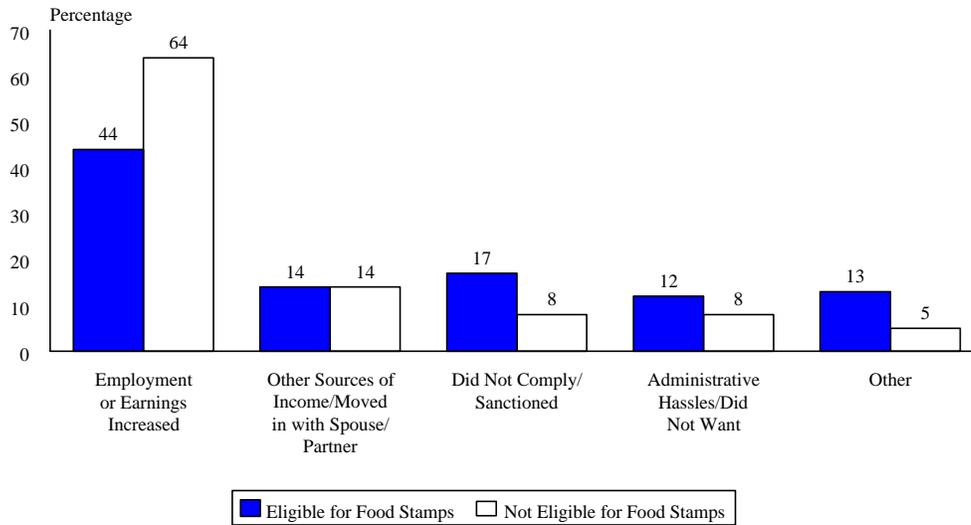
⁸From the survey, we do not know whether these people left the FSP voluntarily as they became more self-sufficient or were told that they were no longer eligible because their income was too high.

⁹This is not surprising, since most of the clients we determined ineligible for food stamp benefits were employed at the time of the second survey.

¹⁰While clients report leaving the FSP because they were sanctioned, some may actually have been sanctioned for TANF noncompliance. Among those eligible, clients in other multiple-adult households were considerably more likely than other household types to report having left the FSP because they were sanctioned. It is possible that some clients who got sanctioned had to double up with others to make ends meet. It is also possible that some other clients were already living with others, and because they had this source of support, were more willing to be noncompliant with program rules and consequently got sanctioned. Eligible clients in elderly households were more likely than other household types to report leaving for administrative hassles or because of increased earnings.

FIGURE IV.4

SELF-REPORTED MAIN REASON FOR LEAVING THE FSP AMONG TANF LEAVERS WHO ARE NOT RECEIVING FOOD STAMPS
(Single- and Two-Parent Families)



Source: Second WFNJ client survey.

3. Do TANF Leavers Know They Can Receive Food Stamps?

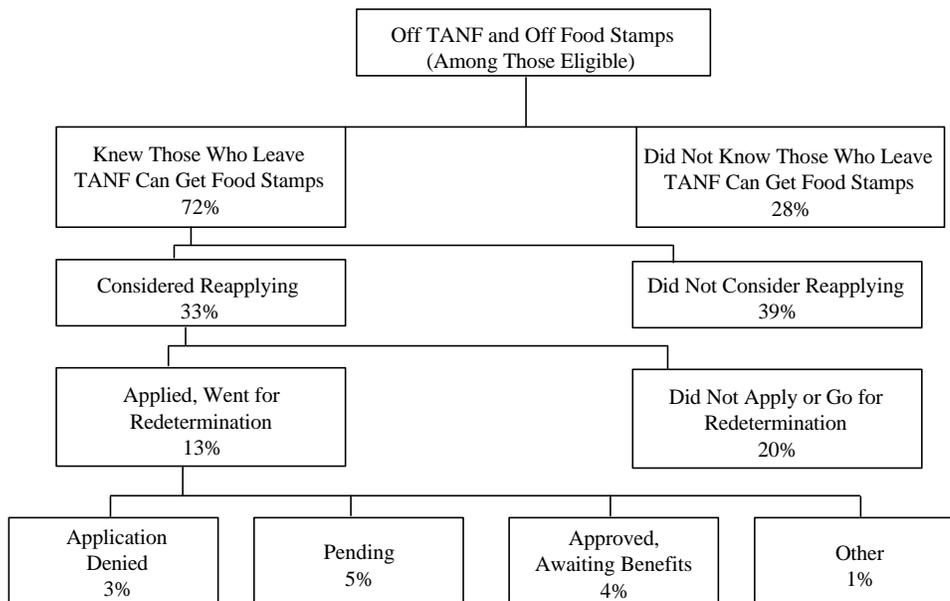
While many clients report leaving the FSP because of earnings or other income-related reasons, it is not clear that they all actually had incomes high enough to make them ineligible. In fact, about 40 percent of those we classified as eligible for FSP benefits reported leaving because of an earnings increase. It is possible, however, that many of them could have continued to receive food stamps. In this section, we attempt to get a better sense of what clients know about the FSP rules after TANF exit and whether those who knew that they were eligible for food stamps had actually applied for them.

More than 70 percent of single- and two-parent families off TANF and not receiving food stamps are aware that clients who leave TANF can continue to get food stamps.

Seventy-two percent of eligible but nonparticipating members of single- and two-parent families reported that they knew that food stamp eligibility did not end when they left TANF (Figure IV.5). Conversely, nearly 30 percent who are not receiving food stamps are unaware that clients who leave the FSP can participate in the program. While some of them may choose not to receive food stamps even if they know they could get these benefits, the lack

FIGURE IV.5

APPLICATION DECISION PROCESS AMONG SINGLE- AND TWO-PARENT FAMILIES OFF TANF AND NOT RECEIVING FOOD STAMPS AT THE SECOND INTERVIEW^a



SOURCE: Second WFNJ client survey.

^a Excludes those who never received food stamps.

of information or understanding of program rules is a barrier to continued food stamp receipt for some clients.¹¹

Clients who were not receiving food stamps at the time of the interview and who reported knowing that those off TANF can still get food stamps were asked whether they had considered reapplying for benefits. If they had, they were also asked whether they actually went to reapply and what the outcome of the process was. Less than one-half of the single- or two-parent families who knew about the availability of benefits (33 of 72 percent) had considered reapplying, and only 39 percent of them (that is, 13 percent of all TANF leavers not on food stamps) had gone for a redetermination (Figure IV.5).

We asked clients who did not consider reapplying why they did not. Single- or two-parent families who were eligible for food stamps and did not consider reapplying gave a variety of reasons, the most common (cited by 33 percent) being that they did not like the welfare rules (or staff) (Table IV.1). About 27 percent reported that they did not need or did not want food stamps, while increases in earnings or other unearned income were reported by nearly 30 percent. Almost seven percent reported being uncertain about whether or not they were eligible. In comparison, many single- and two-parent families who were ineligible reported that they did not need or want food stamps (45 percent), and 29 percent reported

¹¹About 65 percent of clients in other multiple-adult households reported knowing that those off TANF can continue to get food stamps (not shown). Knowledge is considerably lower among those in elderly households. Among the 9 percent of clients off TANF in a household with an elderly person, only 42 percent reported knowing that those who leave TANF can still receive food stamps (not shown).

TABLE IV.1

REASONS FOR NOT CONSIDERING REAPPLYING FOR FOOD STAMPS, AMONG
SINGLE- AND TWO-PARENT FAMILIES OFF TANF AND OFF FOOD STAMPS
(Percentages)

	Eligible	Not Eligible
Among Those Who Did Not Consider Reapplying for Food Stamps, Reasons Why Not: ^a		
Earnings too high	26	29
Too much unearned income	4	5
Not eligible for other reasons	7	8
Did not like welfare rules/staff	33	23
Did not need or want food stamps	27	45
Uncertain about eligibility	7	2
Other	2	0
Sample Size	89	130

SOURCE: Second WFNJ client survey.

^aMultiple answers were allowed, so responses may sum to more than 100 percent.

earnings as the reason for not wanting them. Among those who considered reapplying but chose not to, about half reported it to be too much trouble or hassle (not shown).

Among those off TANF and receiving food stamps, most reported hearing about the program from the welfare office; one-third reported that the process of applying for food stamps was difficult.

To better understand the process of applying for food stamp benefits, we asked clients off TANF and receiving food stamps how they had learned about such benefits. Most clients (70 percent) reported having been informed by the welfare office or their caseworker (Table IV.2). However, a significant minority (30 percent) had learned about the program from others, often staff from another agency or friends or relatives.

Clients receiving food stamps were also asked about how easy or difficult the application process was. About two-thirds of the clients reported that the process was very easy or somewhat easy. However, one-third reported that the process was somewhat difficult or very difficult. Nearly 40 percent of those who thought the process was difficult reported that the paperwork was too complicated (not shown).

4. Who Among TANF Leavers Receives Food Stamps?

Since many clients who leave TANF do not receive food stamps, it is useful to see who receives these benefits and who does not. For instance, are food stamp recipients more disadvantaged than eligible nonparticipants (and is that the reason they participate)? Is there any difference in the incidence of food security among those who do and those do not receive food stamps? In this section, we look at all TANF leavers and compare the characteristics

TABLE IV.2

APPLICATION PROCESS AMONG THOSE OFF WELFARE
AND RECEIVING FOOD STAMPS
(Percentages)

	All Clients ^a
How Learned About the FSP	
Letter/staff from welfare office	70
Friend or relative	8
Staff from another agency	8
Other	14
Ease of Application Process	
Very easy	29
Somewhat easy	38
Somewhat or very difficult	33
Sample Size	315

SOURCE: Second WFNJ client survey.

^aIncludes all clients off welfare and receiving food stamps.

of those who do and those do not receive food stamps. Among those not receiving food stamps, we examine the characteristics of those who are eligible and compare them with those who are not eligible.¹²

Eligible food stamp nonparticipants have less education and work experience than ineligible nonparticipants. Those receiving food stamps have low skills similar to eligible nonparticipants; however, recipients have more children and are more likely to be from a single-parent household.

There are no major differences in the demographic characteristics of nonrecipients by their food stamp eligibility status (Table IV.3). However, among those not receiving food stamps, those who were eligible were considerably more likely than those who were ineligible to have lower levels of education and less work experience. This is consistent with the fact that most of those who are ineligible are also working, and those who worked were more likely to have more education and work experience.

Food stamp recipients have skills levels similar to those of eligible nonparticipants but differ in some demographic characteristics. For instance, those receiving food stamps have low levels of education and less work experience, and as a group, they resemble the eligible

¹²Since we are comparing the characteristics of all TANF leavers who receive food stamps with the characteristics of those who do not receive food stamps, we include in this section all food stamp nonrecipients regardless of household type (not just those in single- or two-parent families).

TABLE IV.3

CHARACTERISTICS OF THOSE OFF TANF, BY FOOD STAMP RECEIPT STATUS
(Percentages)

	Not Receiving Food Stamps		Receiving Food Stamps
	Eligible	Ineligible	
Average Age	30	30	29
Race/Ethnicity			
African American	46	47	54
Hispanic	25	21	25
White, non-Hispanic	28	30	19
Other, non-Hispanic	1	2	1
Number of Children in Household			
1 or none	51	53	41
2 or 3	44	43	51
4 or more	5	4	9
(Average)	(1.8)	(1.7)	(2.0)
Average Age of Youngest Child	5.4	4.6	5.0
Marital Status of Head			
Never married	65	62	73
Married	8	10	9
Separated/widowed/ divorced	27	28	19
Education			
Less than high school/GED	43	29	40
High school or GED	44	47	49
More than high school or GED	13	24	11
Employment Experience During Two Years Prior to WFNJ Entry			
None	41	32	39
Half the quarter or less	37	37	33
More than half the quarter	22	31	25
County of Residence ^a			
High density	45	42	47
Medium density	30	33	30
Low density	26	24	23
Sample Size	379	366	327

SOURCE: WFNJ administrative records data and second client survey.

^aHigh population density counties include Camden, Essex, and Hudson. Medium population density counties include Bergen, Mercer, Middlesex, Monmouth, Passaic, and Union. Low population density counties include Atlantic, Burlington, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Ocean, Salem, Somerset, Sussex, and Warren.

nonparticipants on these dimensions. However, those receiving food stamps after TANF exit were more likely than eligible nonparticipants to have more children and more likely to be single (Table IV.3). For instance, 73 percent of those receiving food stamps were never married, compared to around 65 percent of those not receiving food stamps.¹³

TANF leavers who are eligible for food stamps but do not receive them are more likely than those who receive food stamps to experience food insecurity and hunger.

Clients who are eligible for but not receiving food stamps are more likely than those who are ineligible or who are food stamp recipients to report food insecurity with hunger.¹⁴ For instance, about 19 percent of eligible nonparticipants were food insecure with hunger, compared to 10 percent of the ineligible nonparticipants and 8 percent of those receiving food stamps (Table IV.4). Interestingly, although eligible nonparticipants are fairly similar to the food stamp recipients with respect to their human capital characteristics, they have much higher levels of food insecurity. The higher prevalence of food insecurity among the eligible nonparticipants suggests that many of these people have a pressing need for food and may benefit from using food stamps.

TABLE IV.4
FOOD STAMP RECEIPT AND FOOD SECURITY AMONG THOSE OFF TANF
(Percentages)

Level of Food Security	Not Receiving Food Stamps		Receiving Food Stamps
	Eligible	Ineligible	All
Food Secure	59	72	67
Food Insecure Without Hunger	22	18	26
Food Insecure with Hunger	19	10	8
Sample Size	379	365	326

SOURCE: Second WFNJ client survey.

¹³Those in larger families and those with more children may be more likely to be participating in the FSP, because larger households receive greater benefits.

¹⁴See Chapter III for a discussion of the measures of food insecurity.

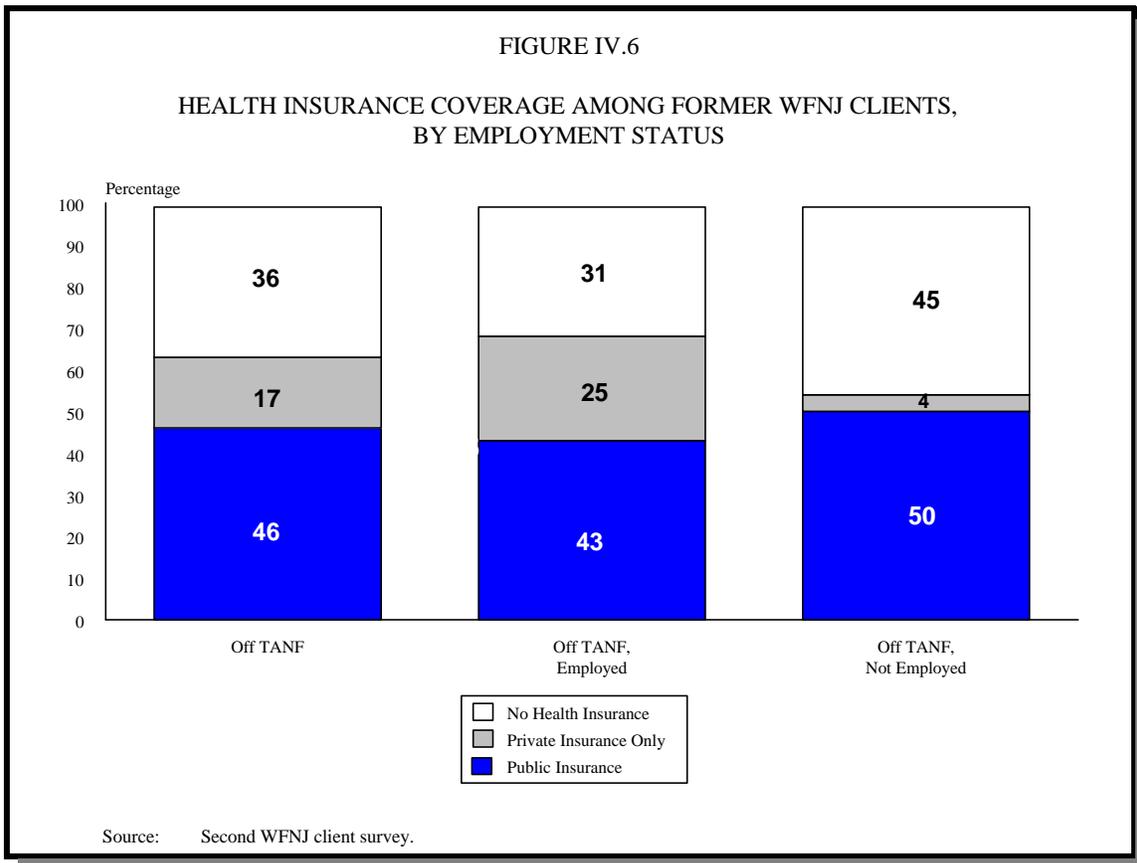
B. TO WHAT EXTENT DO TANF LEAVERS MAINTAIN INSURANCE COVERAGE?

As discussed in Chapter III, the proportion of WFNJ clients in our study who lack health insurance has increased over time. In this section, we examine insurance coverage among WFNJ clients who have left TANF. We also analyze reasons for lacking Medicaid coverage among those with no health insurance. Finally, we examine whether there are any differences in clients' characteristics, their economic outcomes, and their health by their insurance status.

1. What Kinds of Health Insurance Coverage Do TANF Leavers Have?

While most TANF leavers have health insurance coverage, more than a third do not.

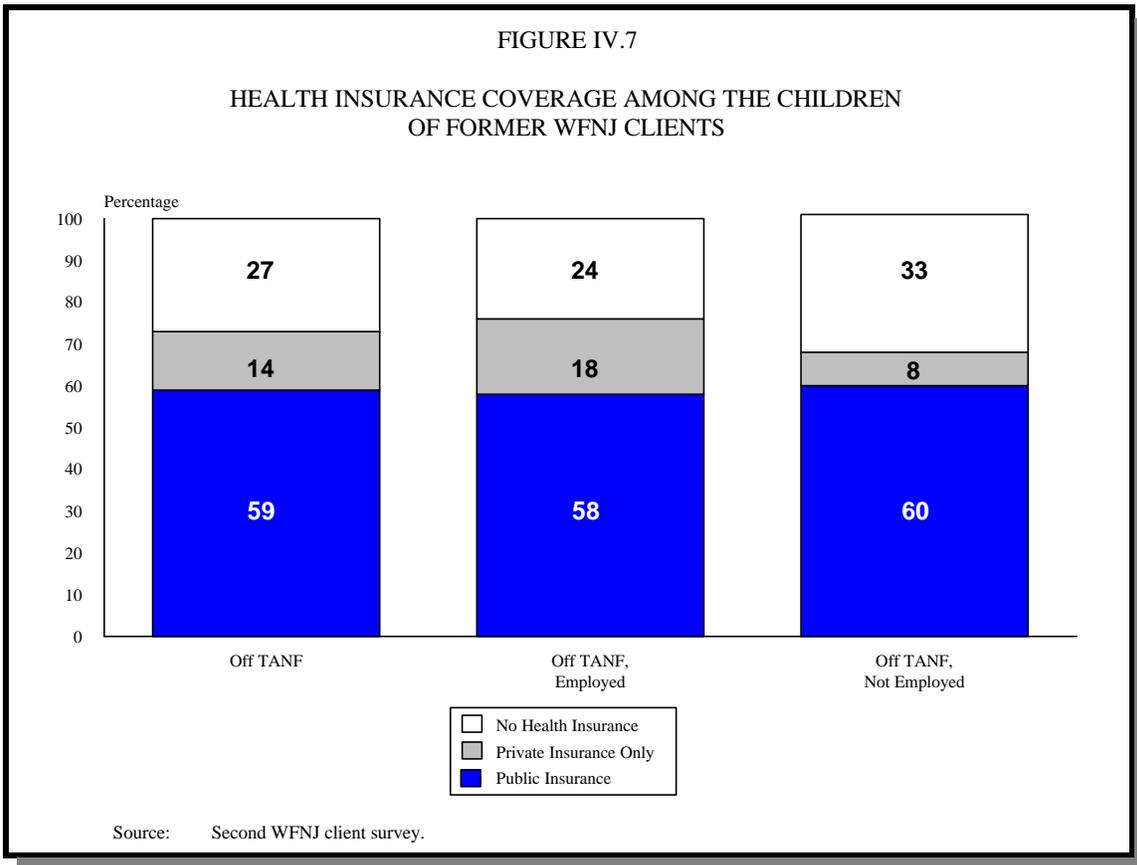
About two-thirds (64 percent) of former WFNJ clients in our study had health insurance coverage at the time of the second survey (Figure IV.6). Just under half (46 percent) had public health insurance coverage, while an additional 17 percent had private health insurance. Employed TANF leavers were more likely than those who were not working to have insurance (68 percent versus 54 percent). They were also more likely to have private coverage (25 percent versus 4 percent).



More than a third of former WFNJ clients lack health insurance. TANF leavers who were not employed are particularly likely to be uninsured, with 45 percent lacking insurance coverage at the time of the survey. However, as discussed in Chapter III, although substantial proportions of former clients are uninsured, few reported not getting needed medical attention during the past year. This proportion is low because many uninsured clients reported that they did not get sick or injured during the period, while others who did need medical help often got free care at an emergency room or other medical facility.

The children of TANF leavers were more likely to be insured than their parents. Even so, one in four was uninsured.

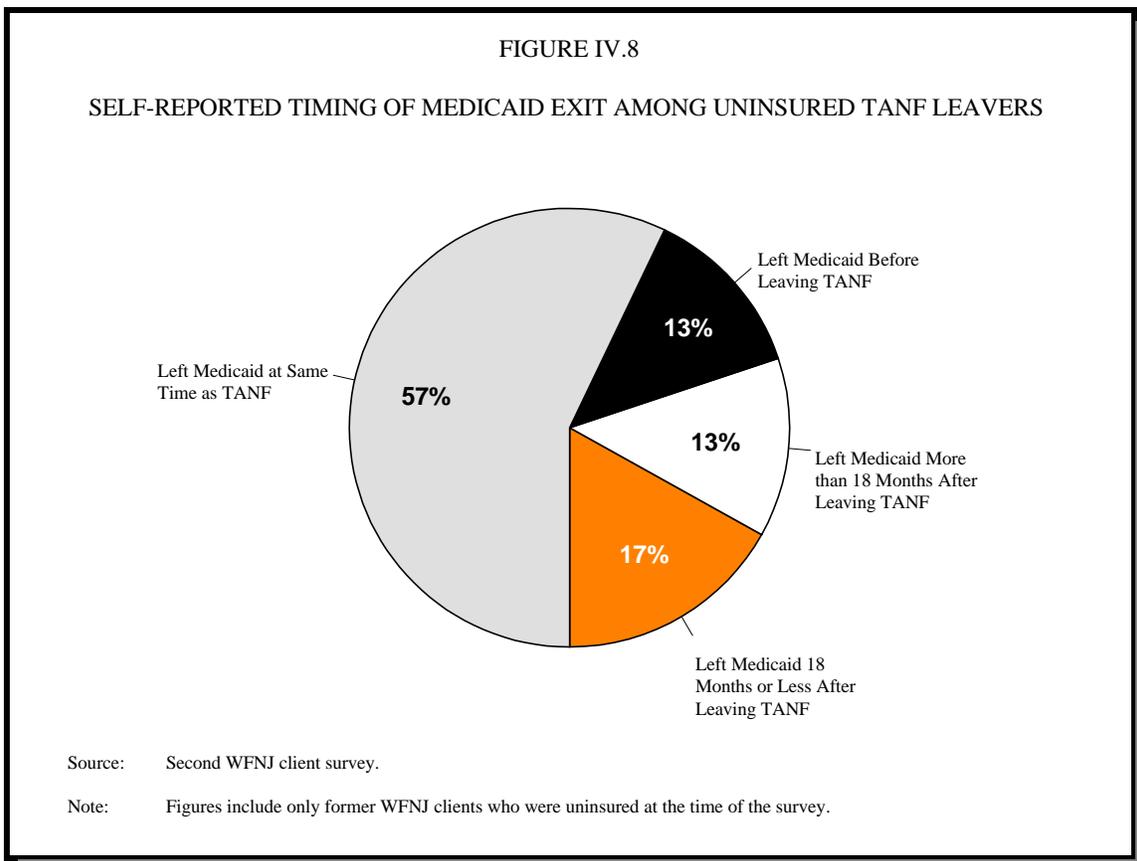
Among the children of TANF leavers, 73 percent had health insurance coverage, while 27 percent were uninsured (Figure IV.7). Public insurance for the children of TANF leavers does not vary by the employment of their parents, but the children of employed TANF leavers were more likely than the children of nonemployed TANF leavers to have private coverage (18 percent versus 8 percent). As a consequence, children of TANF leavers who were not working were more likely to be uninsured (33 percent versus 24 percent).



2. Why Are Some TANF Leavers Uninsured?

Among the uninsured, many never received Medicaid after leaving TANF. Others have exhausted their 24 months of transitional Medicaid benefits.

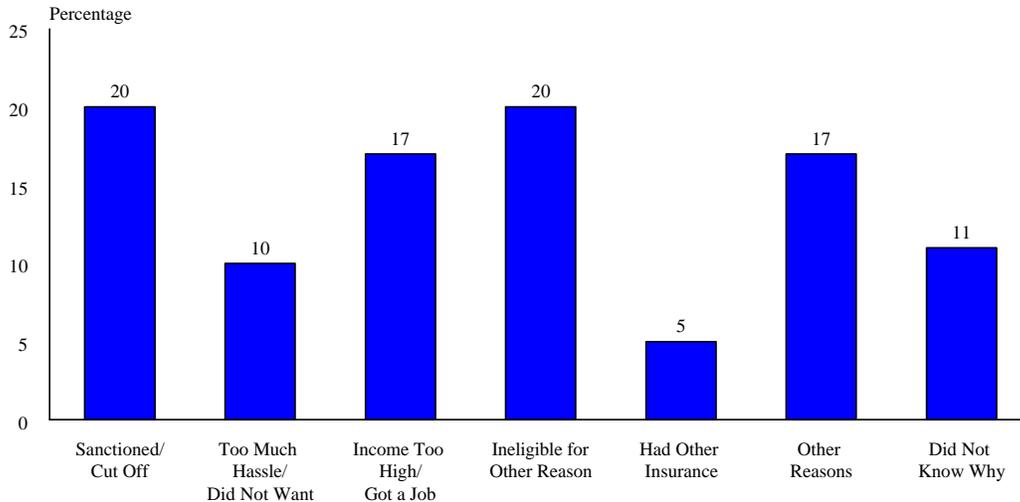
For a better understanding of why many TANF leavers are uninsured, we examined how self-reported TANF exit dates related to self-reported Medicaid exit dates. Our results are summarized in Figure IV.8. As the figure illustrates, some clients (13 percent) reported that they left Medicaid prior to leaving TANF. Although it is possible to do this under certain circumstances, some of these clients may be remembering their TANF and Medicaid exit dates incorrectly. Other clients reported leaving Medicaid substantially after leaving TANF; 13 percent reported a Medicaid exit date more than 18 months after their TANF date. Most of these clients indicated that their Medicaid coverage ended because they had exhausted their transitional benefits. However, more than half (57 percent) of uninsured TANF leavers reported leaving Medicaid at the same time they left TANF.¹⁵ These clients reported a variety of reasons that their benefits ended. For example, 20 percent said that they were sanctioned or “cut off” of Medicaid (Figure IV.9). Similar proportions said that they got a job or had too much income (17 percent) or were ineligible for some other reason (20



¹⁵For this analysis, clients were considered to have exited TANF and Medicaid “at the same time” if their self-reported TANF and Medicaid exit dates were within three months of each other. Among the uninsured, TANF leavers who were not employed were somewhat more likely than employed leavers to report leaving Medicaid and TANF at the same time (59 percent versus 55 percent).

FIGURE IV.9

SELF-REPORTED REASONS FOR LEAVING MEDICAID AMONG THOSE WHO LEFT MEDICAID AND TANF AT SAME TIME



Source: Second WFNJ client survey.

Note: Figures include only former WFNJ clients who were uninsured at the time of the survey and reported leaving Medicaid and TANF at the same time.

percent). One in 10 indicated that they did not want coverage because it was too much hassle, while a similar proportion said they did not know why their Medicaid coverage ended.

Many uninsured TANF leavers are unaware of the availability of transitional Medicaid benefits.

One important reason some clients are not covered by Medicaid after leaving TANF appears to be a lack of knowledge of transitional Medicaid benefits. For example, among uninsured TANF leavers, only 55 percent indicated that they knew that they could continue their Medicaid coverage if they left TANF for employment (Figure IV.10). Those who left Medicaid at the same time they left TANF were particularly unlikely to be aware of this benefit, with only 46 percent reporting that they knew those leaving welfare for work were eligible for coverage.

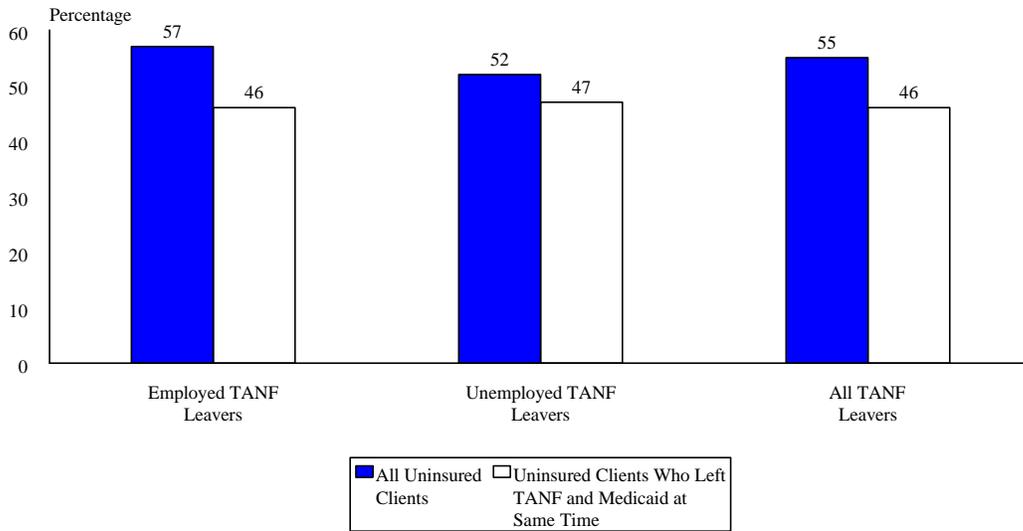
3. What Are the Characteristics of Uninsured TANF Leavers?

Uninsured TANF leavers are similar to those with public insurance; however, they are more disadvantaged than those with private coverage.

Since a considerable number of WFNJ clients who leave TANF were not insured at the time of the second survey, it is useful to examine whether their characteristics differ from those of other TANF leavers. Consistent with the fact that those with private insurance are

FIGURE IV.10

KNOWLEDGE OF TRANSITIONAL MEDICAID
AMONG UNINSURED TANF LEAVERS



Source: Second WFNJ client survey.

Note: Figures include only former WFNJ clients who were uninsured at the time of the survey.

much more likely to be employed, we find that uninsured TANF leavers are less likely than leavers with private insurance to have a high school diploma or GED or to have worked in the two years prior to WFNJ entry (Table IV.5). In addition, income levels of uninsured TANF leavers are substantially lower than those of people with private insurance coverage (which also reflects the much higher employment rates among those with private coverage). In contrast, uninsured TANF leavers look very similar to those who have Medicaid coverage, in terms of education levels, work histories, and income.

Uninsured TANF leavers have poorer health than those with private insurance but somewhat better health than those with Medicaid. For instance, 16 percent of those with no insurance and 20 percent of those with Medicaid report having been seriously ill in the past year, compared with 10 percent of those with private insurance (Figure IV.11). These findings are consistent with the fact that those with poor health are less likely to work and therefore less likely to have private insurance coverage.

Given the similarities in their demographic and economic characteristics, as well as the health problems they face, these findings suggest that uninsured TANF leavers are not substantially better off than Medicaid recipients. Therefore, many of these clients would most likely benefit from having access to publicly provided insurance coverage. Although, as discussed in Chapter III, many uninsured clients manage to obtain emergency medical attention when the need arises, insurance coverage would give them a feeling of security, better access to preventive health care services, and a systematic approach to maintaining their health.

TABLE IV.5

CHARACTERISTICS OF THOSE OFF TANF, BY HEALTH INSURANCE COVERAGE
(Percentages, Unless Otherwise Indicated)

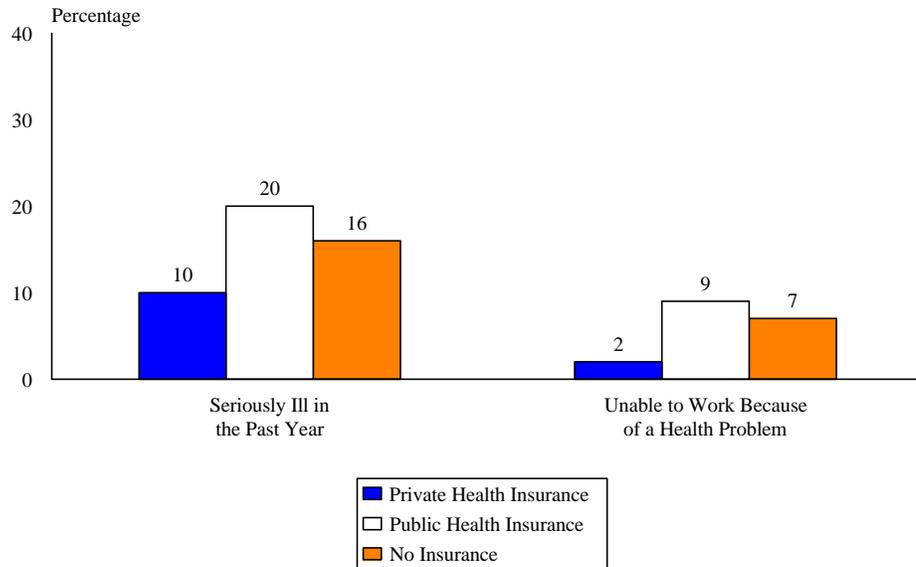
	Any Health Insurance		
	Private Insurance	Public Insurance	No Insurance
Average Age	30	29	30
Race/Ethnicity			
African American	48	50	49
Hispanic	22	24	23
White, non-Hispanic	28	24	27
Other, non-Hispanic	3	1	1
Number of Children in the Household			
1 or none	49	48	50
2 or 3	46	44	46
4 or more	4	8	4
(Average)	(1.7)	(1.9)	(1.7)
Average Age of Youngest Child	5.0	4.3	5.1
Marital Status			
Never Married	60	69	69
Married	10	10	6
Separated/widowed/divorced	30	22	25
Education			
Less than high school/GED	28	40	39
High school or GED	52	46	46
More than high school/GED	20	14	17
Employment Experience During Two Years Prior to WFNJ Entry			
None	28	40	39
Half the quarter or less	36	36	38
More than half the quarter	36	24	23
Average Monthly Income (Dollars) ^a	2,214	1,124	1,126
Income Relative to Poverty Level ^a			
Less than 100 percent	14	60	57
Less than 150 percent	44	84	81
Less than 200 percent	67	93	92
Sample Size	192	512	395

SOURCE: State administrative records data and second WFNJ client survey.

^aExcludes food stamps and child care subsidies.

FIGURE IV.11

HEALTH PROBLEMS, BY INSURANCE STATUS,
AMONG FORMER WFNJ CLIENTS



Source: Second WFNJ client survey.

C. DO CLIENTS USE CHILD CARE ASSISTANCE AFTER LEAVING TANF?

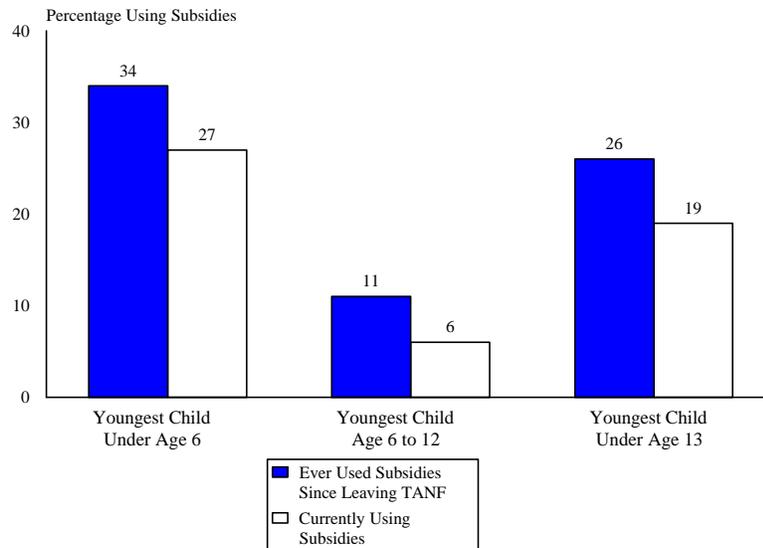
WFNJ clients who leave TANF for work can receive transitional child care subsidies for up to two years. As discussed in the first client study report, however, many clients who leave welfare and are working do not take advantage of these benefits (Rangarajan and Wood 1999). This section describes use of child care assistance among employed former WFNJ clients and examines why these subsidies are not widely used.

One in four employed TANF leavers with young children receives child care subsidies. Another one in four does not, but pays nothing for care. Almost half receive no subsidy and pay for child care on their own.

Among employed former WFNJ clients who had children under age six, 27 percent reported receiving government child care assistance at the time of the second survey (Figure IV.12). Participation rates were lower for those with older children. For example, only six percent of employed TANF leavers with children ages 6 to 12 were receiving a subsidy at the time of the survey. Many clients who do not receive subsidies still pay nothing for care. For example, among those with children under six, 27 percent (and 37 percent of those not

FIGURE IV.12

USE OF POST-TANF CHILD CARE SUBSIDIES AMONG EMPLOYED FORMER WFNJ CLIENTS



Source: Second WFNJ client survey.

Note: Figures include only former WFNJ clients who were employed and had a child under age 13 at the time of the survey.

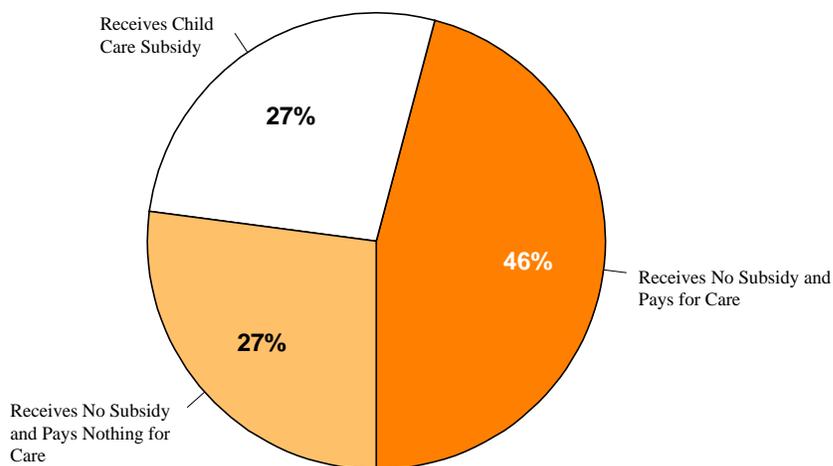
receiving subsidies) received no subsidy and paid nothing for care (Figure IV.13), usually because they had relatives who provided child care for free. The remaining 46 percent did not receive a subsidy and paid for care on their own (Figure IV.13).

Subsidy recipients have lower incomes and more and younger children than those not receiving subsidies. They are also much more likely than other TANF leavers to use formal group care.

Employed former WFNJ clients who receive child care subsidies have incomes lower than those who do not. For example, they have average monthly incomes (excluding food stamps and child care subsidies) of \$1,530, compared to \$1,650 for nonparticipants who pay nothing for care and \$1,889 for nonparticipants who pay for care on their own (Table IV.6). Those receiving child care subsidies also have more children than those not receiving subsidies, and their children are, on average, younger. They are also more likely than those who do not receive subsidies to use formal group care arrangements. Half of subsidy recipients use this type of child care, compared to only about one in four among those not receiving subsidies (Table IV.6). Subsidy recipients average \$131 per month in out-of-pocket child care costs, which, on average, represents nine percent of their income.

FIGURE IV.13

USE OF CHILD CARE SUBSIDIES AND FREE CARE AMONG EMPLOYED FORMER WFNJ CLIENTS



Source: Second WFNJ client survey.

Note: Figures include only former WFNJ clients who were employed and had a child under age six at the time of the survey.

Although employed TANF leavers who pay for care and do not receive child care subsidies have above-average incomes, they also face substantial child care costs. Therefore, they devote a substantial portion of their income to cover child care expenses. Their average out-of-pocket child care costs are \$321 per month (Table IV.6). On average, they devote 21 percent of their income to child care costs.

Reasons for not using child care subsidies vary. Some are unaware of subsidies; others do not want or need help or find it difficult to access benefits.

Why do so few employed TANF leavers receive child care subsidies? One reason appears to be a lack of knowledge of these benefits. Among those with children under age six who were not receiving subsidies, 37 percent were unaware that child care subsidies were available to those who left TANF for employment (Table IV.7). Even larger proportions were unaware that these subsidies were available for informal child care arrangements with relatives, friends, and neighbors (Figure IV.14).

TABLE IV.6

SELECTED CHARACTERISTICS OF EMPLOYED FORMER WFNJ CLIENTS,
BY CHILD CARE SUBSIDY RECEIPT
(Percentages, Unless Otherwise Indicated)

	Those Receiving Child Care Subsidies	Those Not Receiving Subsidies		All Employed Former WFNJ Clients
		Who Pay Nothing for Care	Who Pay for Care on Their Own	
Average Monthly Income (Dollars) ^a	1,530	1,650	1,889	1,728
Income Relative to Poverty Level ^a				
Less than 100 percent	35	41	30	34
Less than 150 percent	74	64	62	66
Less than 200 percent	90	91	75	83
Less than 250 percent	99	97	83	91
Average Monthly Out-of- Pocket Child Care Costs (Dollars)	131	0	321	184
Average Proportion of Income Devoted to Child Care Costs ^a	9	0	21	12
Number of Children Under Age 13				
One	31	37	43	38
Two	37	39	33	36
Three or more	32	24	24	26
(Average)	(2.2)	(2.0)	(1.9)	(2.0)
Average Age of Youngest Child (Years)	2.3	2.9	2.7	2.6
Child Care Arrangements for Youngest Child				
Relative care	29	66	42	45
Other informal care	21	5	23	18
Formal group care	49	17	32	33
Other arrangements	1	12	3	5
Sample Size	97	103	169	369

SOURCE: Second WFNJ client survey.

NOTE: Figures include only WFNJ clients who had left TANF, were employed, and had a child under age six at the time of the survey.

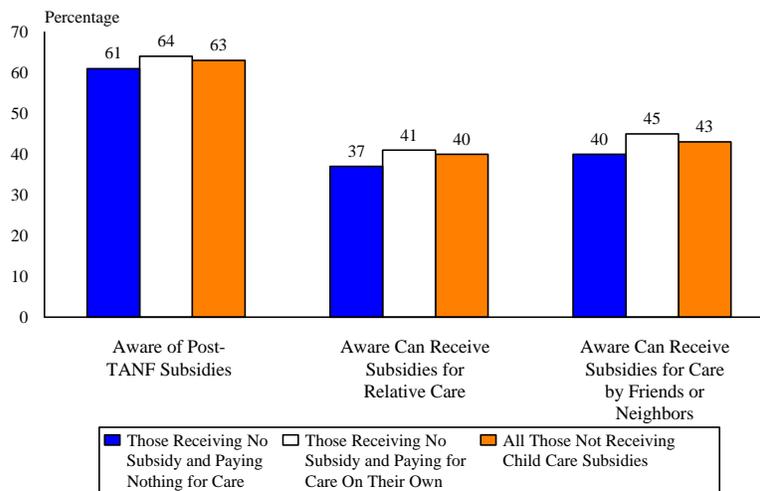
^aExcludes food stamps and child care subsidies.

Some clients report that they do not participate because they do not need or want this kind of help. Among those not participating, 20 percent report that they are aware that child care subsidies are available but that they do not need or want them (Table IV.7). Not surprisingly, this response type of is particularly common among those who pay nothing for child care, with 37 percent of this group indicating that they do not need or want subsidies. Many of these clients relied on free care from relatives.

Other clients do not participate because they find it difficult to access these benefits. Among those not participating, 28 percent report that they are aware of the availability of these benefits but do not participate because of access issues (Table IV.7). Those not receiving subsidies and paying for child care on their own are particularly likely to report access problems. Among this group, 36 percent report a problem accessing benefits as the main reason for not participating. The most commonly reported access problem is simply that receiving child care subsidies is “too much trouble.” Others who report access problems say that they do not know where to go to get child care benefits, that their provider does not want to participate, that copayments are too high, or that they cannot take time off work to go to the child care office and apply for benefits.

FIGURE IV.14

KNOWLEDGE OF POST-TANF CHILD CARE SUBSIDIES
AMONG THOSE NOT PARTICIPATING



Source: Second WFNJ client survey.

Note: Figures include only former WFNJ clients who were employed, had a child under age six, and were not receiving child care subsidies at the time of the survey.

TABLE IV.7

KNOWLEDGE OF AND REASONS FOR NOT USING POST-TANF CHILD CARE SUBSIDIES
 AMONG THOSE NOT PARTICIPATING
 (Percentages)

	Those Who Pay Nothing for Care	Those Who Pay for Care on Their Own	All Those Not Receiving Subsidies
Unaware of Post-TANF Child Care Subsidies	39	36	37
Aware of Subsidies and Does Not Participate Because			
Does Not Need or Want Help	37	11	20
Gets free care from friend or relative	19	2	8
Works while children in school	4	0	2
Has older children who do not need care	2	2	2
Does not want help	12	8	10
Has Access Problems	13	36	28
Does not know where to get this kind of help	2	6	4
Too much trouble or hassle	6	14	12
Provider does not want to participate	3	5	4
Copayment too high	3	3	3
No time to go to child care office	0	4	3
Waiting period too long	0	2	1
Reached time limit	0	1	1
Not Eligible	4	11	9
Income too high	4	10	8
Ineligible for other reasons	0	2	1
Other Reasons	5	5	5
Sample Size	103	169	272

SOURCE: Second WFNJ client survey.

NOTE: Figures include only former WFNJ clients who were employed and had a child under age six at the time of the survey.

V

WFNJ CLIENTS WHO HAVE LEFT TANF AND ARE NOT EMPLOYED

Two and a half years after entering WFNJ, most clients are no longer receiving TANF. Most who have left cash assistance are working, but a substantial fraction are not. Two out of three clients we are tracking in this study had exited TANF at the time of the second survey. Among clients who were no longer receiving TANF, 38 percent were not employed. As discussed in Chapter III, WFNJ clients who have left TANF and are not employed are faring considerably worse than those who had exited TANF and are working. For example, they have much lower incomes and are more likely to experience problems with their housing, their health, and getting enough to eat. However, as described in the first WFNJ client report, clients who have left TANF and are not employed are a diverse group. Some are living with employed spouses or partners and seem to be doing relatively well financially. Others have worked recently and, although their financial situations are currently poor, many may soon return either to work or to cash assistance. In this chapter, we take a closer look at former WFNJ clients who are not working and examine the different types of clients in this group, including those living with employed spouses or partners and those with recent work experience. We consider how they are faring in terms of income, health, housing, and other measures and examine how likely they are to either return to TANF or become employed in the near future.

KEY FINDINGS FROM THIS CHAPTER

- # *Former WFNJ clients who are not employed are diverse; some have stable sources of support, while others do not.* For example, about 1 in 10 left TANF for SSI. Another one in five lived with an employed spouse or partner, while a similar fraction had worked recently themselves. However, the remaining half of this group, representing 12 percent of all WFNJ clients in our study, did not have any of these more substantial and stable sources of financial support.
- # *Former WFNJ clients who lack a substantial source of financial support have low skills and face more hardships than other TANF leavers.* For example, these clients have more limited work histories, less education, and longer welfare histories than others who have left TANF; they are similar to those who have remained on TANF on these measures. This group gets by on very little income, and most live in poverty. They have poorer mental health than other TANF leavers and are more likely to be uninsured.
- # *These clients rely heavily on the support of friends and relatives, as well as on government assistance, to supplement their small incomes.* For example, half live with another adult (often a close relative), and many pay no rent. More than a third receive money or in-kind help from friends and relatives with whom they do not live. Many also rely on government assistance, with 4 in 10 receiving food stamps and a third receiving housing subsidies.

A. WHO LEAVES TANF AND IS NOT EMPLOYED?

One in four WFNJ clients we are tracking in our study were off TANF and not employed at the time of the second survey (conducted, on average, 30 months after program entry). We begin this chapter by examining these clients' basic characteristics and their reasons for leaving TANF. We also make comparisons with employed TANF leavers and TANF stayers.

Former WFNJ clients who are not working have less education and weaker work histories than employed TANF leavers. They are also more likely to have left TANF because they were sanctioned.

In general, unemployed TANF leavers were more disadvantaged when they entered WFNJ than were those who left TANF and were working.¹ As Table V.1 shows, among those who have left TANF, former WFNJ clients who are not employed are less likely than those who are employed to be high school graduates (56 versus 66 percent) or to have worked in the two-year period prior to WFNJ entry (54 versus 68 percent). Similarly, TANF leavers who are not employed have spent somewhat more time on welfare prior to WFNJ entry. For example, they averaged 58 percent of their time on cash assistance in the two years prior to entering the program, compared with 54 percent for those off TANF and working (Table V.1). On other demographic measures, such as age, ethnicity, marital status, and number and ages of children, employed and unemployed TANF leavers look similar.

Although more disadvantaged than employed TANF leavers, former WFNJ clients who are not working are not as disadvantaged as clients who have remained on TANF (Table V.1). For example, they are more likely than TANF stayers to have a high school diploma or GED (56 versus 47 percent) and to have worked in the two years prior to entering WFNJ (54 versus 45 percent). Similarly, unemployed TANF leavers have spent less time on cash assistance prior to WFNJ entry, are younger, and have fewer children than those who have remained on TANF.

The reasons for leaving TANF are different for employed and unemployed TANF leavers. For example, most (76 percent) WFNJ clients who exited TANF and are working left TANF because of employment, while relatively few (11 percent) left because they were sanctioned (Figure V.1). In contrast, among those off TANF and not working, only 40 percent left welfare because of employment, while 25 percent left because they were sanctioned (Figure V.1). Similarly, those who were not employed were more likely than employed TANF leavers to report that they left cash assistance because welfare was "too much hassle" (six versus one percent). Those off TANF and not employed were also more likely than employed TANF leavers to report that they left welfare because they went on SSI, moved in with a spouse or partner, or no longer had children under age 18 living with them.²

¹In this chapter, we refer to WFNJ clients who left TANF and are not employed as "unemployed TANF leavers," whether or not they were actively looking for work.

²This latter category includes those clients who have lost custody of their children.

TABLE V.1
CHARACTERISTICS OF WFNJ CLIENTS AT WFNJ ENTRY,
BY TANF AND EMPLOYMENT STATUS
(Percentages)

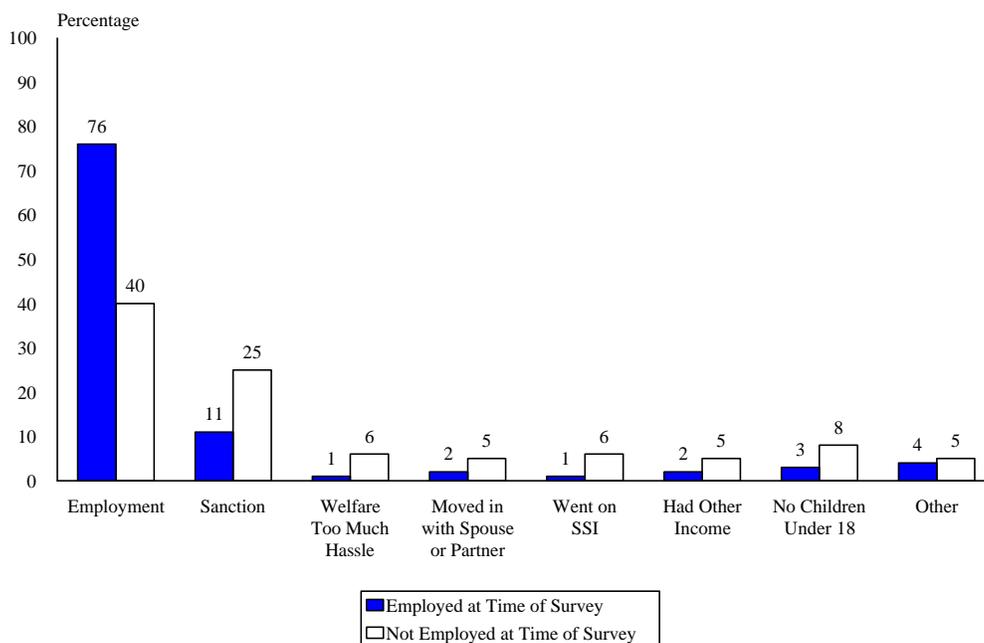
	On TANF	Off TANF	
		Employed	Not Employed
Female	97	96	95
Average Age (in Years)	31.0	29.6	30.1
Employed in Two-Year Period Prior to WFNJ Entry	45	68	54
Education			
Less than high school	53	34	44
High school/GED	39	49	42
More than high school	8	17	14
Percent of Time on Cash Assistance During Two Years Prior to WFNJ Entry			
50 percent or less	35	46	42
51 to 99 percent	29	30	31
100 percent	37	24	27
(Average)	(67)	(54)	(58)
Race/Ethnicity			
African American	65	51	47
Hispanic	24	23	24
White	11	25	27
Other	1	1	2
Marital Status			
Never married	76	67	67
Married	4	8	9
Separated/divorced/widowed	20	25	24
Average Number of Children Under Age 18 in Household	2.2	1.8	1.7
Average Age of Youngest Child (in years)	4.7	4.6	4.8
Sample Size	508	675	424

SOURCE: WFNJ administrative records data and second WFNJ client survey.

NOTE: Descriptive characteristics refer to time of WFNJ entry. TANF and employment status refer to time of second survey. WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

FIGURE V.1

REASONS FOR LEAVING TANF, BY EMPLOYMENT STATUS



Source: Second WFNJ client survey.

B. WHAT DIFFERENT GROUPS ARE OFF TANF AND NOT EMPLOYED?

The fact that substantial numbers of WFNJ clients exit TANF and are not working raises the question: How do these clients support themselves after they leave welfare? In this section, we take a preliminary look at the different alternative support sources available to some former WFNJ clients who are not working. This initial look reveals several key subgroups of unemployed TANF leavers, each with very different financial circumstances.

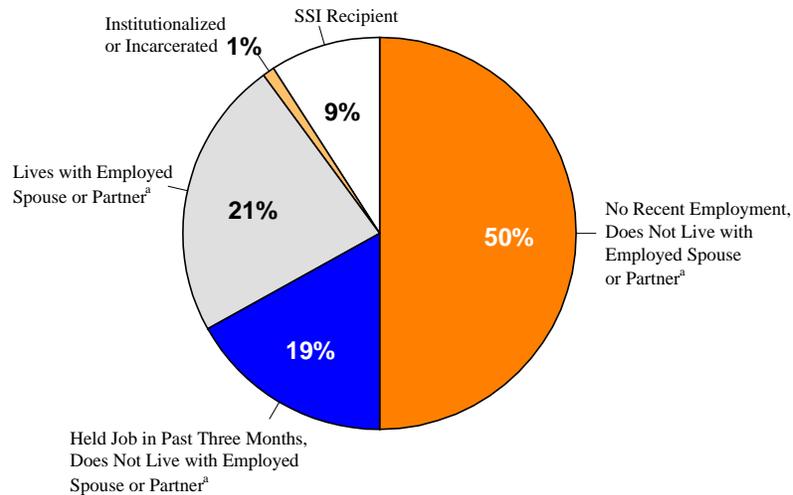
WFNJ clients who have left TANF and are not employed are diverse. Some live with employed spouses or partners; others are on SSI or have worked recently themselves.

Unemployed TANF leavers include a diverse set of WFNJ clients. For example, nine percent of these clients are disabled and have gone on SSI (Figure V.2). For these clients, switching from TANF to SSI, which offers higher benefits and is not time limited, is probably a good outcome. A larger group (21 percent) are living with employed spouses or partners.³ The welfare literature has shown that marriage typically leads to a stable transition off welfare (Ellwood 1986; and Bane and Ellwood 1983). Consequently, these clients may not be a group for policy concern. Another 19 percent had been employed within the past three months and had only recently lost their jobs. Some in this group may find other

³Those with spouses or partners who were not employed are categorized in other subgroups, depending on the client's own employment or SSI status.

FIGURE V.2

ALTERNATIVE SOURCES OF SUPPORT AMONG WFNJ CLIENTS WHO ARE OFF TANF AND NOT EMPLOYED



Source: Second WFNJ Client Survey.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

^a Excludes SSI recipients and those who are incarcerated or institutionalized.

employment fairly soon; others may return to TANF. Among all those off TANF and not employed, a small portion (one percent) were institutionalized or incarcerated at the time of the survey (Figure V.2).

The remaining 50 percent of clients who had exited TANF and were not currently employed had not worked for pay in the past three months, were not on SSI, and did not live with an employed spouse or partner (Figure V.2). It is less obvious how this group (which represents 12 percent of the WFNJ clients we are tracking) are supporting themselves. They may be at high risk of extreme poverty and other poor outcomes. For this reason, it is important to learn more about how this group is faring in terms of life quality, how they are managing to make ends meet, and why they left TANF in the first place.

In the rest of this chapter, we examine the characteristics and outcomes of WFNJ clients who have left TANF and are not employed. We examine these measures for the full set of clients who are off TANF and not employed, as well as for the three largest subgroups identified in Figure V.2: (1) those living with an employed spouse or partner; (2) those not living with an employed spouse or partner, but who have worked in the past three months; and (3) those not living with an employed spouse or partner and who have not worked recently.⁴ We focus particularly on this last group, since these clients appear at highest risk of extremely poor outcomes.

⁴These three subgroups exclude clients who are SSI recipients and those who have been institutionalized or incarcerated. We are unable to examine SSI recipients separately in this analysis because of sample size limitations.

TANF leavers with no recent work or an employed spouse are more disadvantaged than other TANF leavers when they enter WFNJ and, on many measures, look similar to those who have remained on TANF.

The three main subgroups of clients who are off TANF and are not employed had very different characteristics from each other at the time they entered WFNJ. For example, those living with an employed spouse were more likely to be white, high school dropouts, and married at program entry than were other unemployed TANF leavers (Table V.2).⁵ These clients had also spent less time on cash assistance prior to WFNJ entry. Former WFNJ clients with recent employment (but no employed spouse) were younger than other unemployed TANF leavers and had worked more prior to WFNJ entry. In addition, these clients were more likely to have left TANF because of employment than other clients who were off TANF and not working (Figure V.3).

Unemployed TANF leavers with no recent work history and who were not living with an employed spouse were particularly disadvantaged when they entered WFNJ. They had the weakest work histories of the three key subgroups and had spent the most time on welfare prior to entering WFNJ (Table V.2). In fact, their work histories and prior welfare receipt were similar to those of clients who had remained on TANF (Table V.1). In addition, TANF leavers with no recent employment and no employed spouse were the most likely to have left welfare because of a sanction (with 33 percent reporting this reason) or because they considered welfare to be too much hassle (Figure V.3).

C. WHAT IS THE LIFE QUALITY OF THOSE OFF TANF AND NOT EMPLOYED?

In Chapter III, we saw that, as a group, WFNJ clients who have left TANF and are not employed are faring worse than other clients in terms of their economic outcomes and other measures of life quality. However, the diverse circumstances of unemployed TANF leavers described above suggests that some of these clients are likely to be faring better than others, while some are faring worse. In this section, we examine income, health, and life quality measures of the three key subgroups of WFNJ who are off TANF and not employed.

Among those off TANF and not employed, clients with employed spouses do relatively well financially. Other unemployed TANF leavers have low incomes and high poverty rates.

Among unemployed TANF leavers, WFNJ clients who lived with employed spouses had much higher incomes and were much less likely to be in poverty than other subgroups. Their average family income for the prior month (which includes spouse's income) was \$1,695

⁵In the rest of this chapter, for brevity, we refer to a spouse or partner simply as "spouse."

TABLE V.2

CHARACTERISTICS OF WFNJ CLIENTS WHO ARE OFF TANF AND NOT EMPLOYED,
BY LIVING SITUATION AND EMPLOYMENT STATUS
(Percentages)

	Off TANF and Not Employed			All
	Employed Spouse/Partner ^a	Recent Employment, No Employed Spouse/Partner ^a	No Recent Employment, No Employed Spouse/Partner ^a	
Female	93	96	96	95
Average Age (in Years)	28.7	27.6	30.0	30.1
Employed in Two-Year Period Prior to WFNJ Entry	52	66	49	54
Education				
Less than high school	49	43	42	44
High school/GED	41	40	45	42
More than high school	10	17	13	15
Percent of Time on Cash Assistance During Two Years Prior to WFNJ Entry				
50 percent or less	51	46	36	42
51 to 99 percent	32	26	34	31
100 percent	17	28	30	27
(Average)	(49)	(56)	(64)	(58)
Race/Ethnicity				
African American	30	50	53	47
Hispanic	26	24	24	24
White	42	26	20	27
Other	2	0	3	2
Marital Status				
Never married	48	77	74	67
Married	26	5	5	9
Separated/divorced/widowed	26	18	21	24
Average Number of Children Under Age 18 in Household	1.7	1.9	1.7	1.7
Average Age of Youngest Child	4.0	4.2	4.8	4.8
Sample Size	96	78	207	424

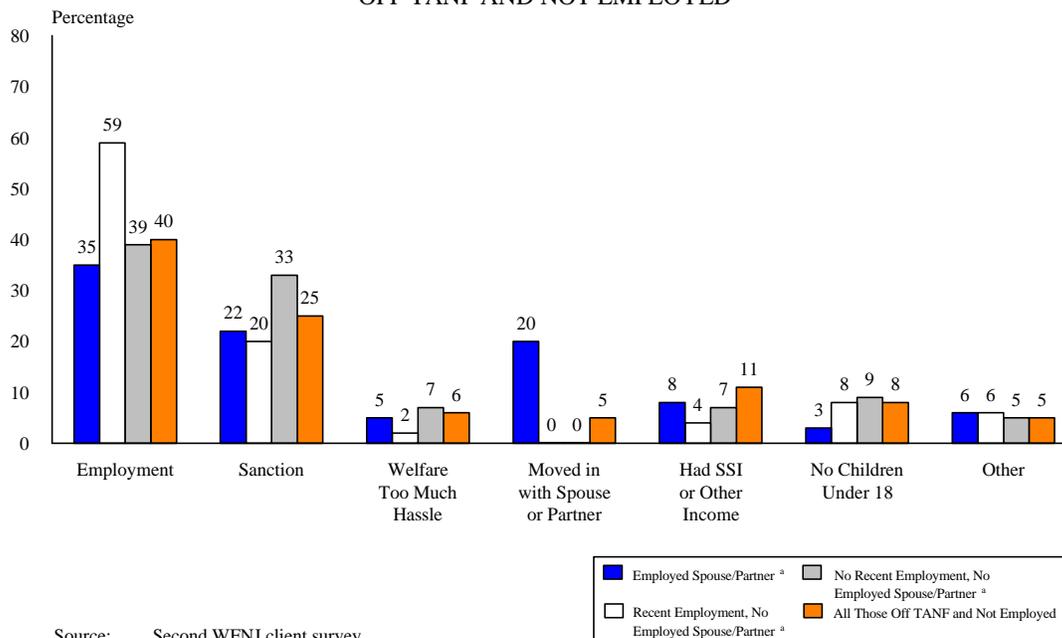
SOURCE: WFNJ administrative records data and second WFNJ client survey.

NOTE: Descriptive characteristics refer to time of WFNJ entry. Living situation and employment status refers to time of second survey. "Recent employment" is defined as being employed within the past three months.

^a Category excludes SSI recipients and those who are incarcerated or institutionalized.

FIGURE V.3

REASONS FOR LEAVING TANF AMONG THOSE OFF TANF AND NOT EMPLOYED



Source: Second WFNJ client survey.

Note: "Recent employment" is defined as being employed within the past three months.

^aExcludes SSI recipients and those who are incarcerated or institutionalized.

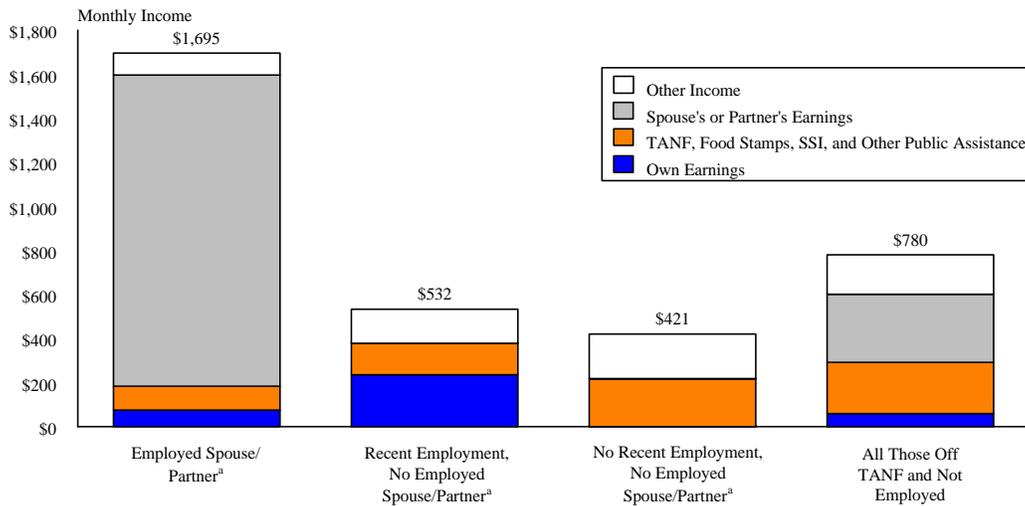
(Figure V.4). Fewer than 4 in 10 clients in this group had incomes below the federal poverty level (Figure V.5). Most of their family income came from their spouse's earnings (Figure V.4 and Table V.3). These clients had somewhat lower incomes and higher poverty levels than employed former WFNJ clients (Figures III.5 and III.6). However, they had substantially higher incomes and lower poverty levels than WFNJ clients who had remained on TANF.⁶ Former WFNJ clients who left TANF for the SSI program are also doing better financially than other unemployed TANF leavers (although not as well as those living with employed spouses). This relatively small group of clients had an average monthly income of \$1,265, and 67 percent had incomes below the poverty level (not shown).

Other WFNJ clients who were off TANF and not currently working had substantially less income. Among those who had worked in the previous three months (and were not living with an employed spouse), average income for the prior month was \$532, and 86 percent had incomes below the poverty level (Figures V.4 and V.5). The income of clients in this group came mainly from their own recent earnings, food stamps, child support, and unemployment benefits (Table V.3).

⁶As discussed in Chapter III, WFNJ clients who were no longer on TANF and were working had average monthly incomes of \$1,832, and 25 percent lived in poverty, while those who remained on TANF (including both those who were employed and those who were not employed) had average incomes of \$1,078, and 75 percent were in poverty (Figures III.5 and III.6).

FIGURE V.4

TOTAL MONTHLY INCOME AT THE TIME OF THE SECOND SURVEY
AMONG THOSE OFF TANF AND NOT EMPLOYED



Source: Second WFNJ client survey.

Note: Figures refer to income from the month prior to the survey. "Recent employment" is defined as being employed within the past three months.

^aExcludes SSI recipients and clients who are incarcerated or institutionalized.

Former WFNJ clients who had not worked recently and did not live with an employed spouse had extremely low monthly incomes (\$421, on average), and almost all (95 percent) had incomes below the poverty level at the time of the survey (Figures V.4 and V.5). The income of clients in this group came mainly from food stamps, SSI, child support payments, and unemployment benefits (Table V.3).⁷

Former WFNJ clients with no employed spouse or recent employment of their own rely heavily on help from friends and relatives to supplement their small incomes.

Former WFNJ clients who have not worked recently and do not live with employed spouses have extremely low income. In fact, 23 percent reported having no income at all during the month prior to the survey. How do these clients support themselves on little or no income? A closer look at their living situations and sources of support reveals that these clients rely heavily on support from their friends and relatives, many of whom share a household with the client.

⁷This group does not include any clients who were SSI recipients themselves. Therefore, clients in this group with income from SSI have disabled children or spouses who are SSI recipients.

TABLE V.3

MONTHLY INCOME AND ITS SOURCES AMONG WFNJ CLIENTS
WHO WERE OFF TANF AND NOT EMPLOYED

	Off TANF and Not Employed			All
	Employed Spouse/ Partner ^a	Recent Employment, No Employed Spouse/Partner ^a	No Recent Employment, No Employed Spouse/Partner ^a	
Monthly Income (in Dollars)				
Own earnings	75	235	0	59
Spouse's/partner's earnings	1,413	0	2 ^b	309
Food stamps	68	73	98	82
SSI	10	20	92	119
Child care subsidy	13	33	10	14
Other public assistance	16	18	17	18
Child support	30	67	58	54
Unemployment Insurance	23	50	61	50
Friends/relatives	24	23	41	31
Other sources	22	13	43	44
All sources	1,695	532	421	780
Percent Receiving Income from				
Own earnings	9	37	0	9
Spouse's/partner's earnings	100	0	0	24
Food stamps	27	30	41	35
SSI	3 ^c	4 ^c	14 ^c	17
Child care subsidy	4	10	3	4
Other public assistance	8	7	6	7
Child support	12	25	25	22
Unemployment Insurance	3	13	11	10
Friends/relatives	9	22	23	18
Other sources	8	12	15	13
Any source	100	84	77	85
Sample Size	96	78	207	424

SOURCE: Second WFNJ client survey.

NOTE: Figures refer to income from the month prior to the survey. "Recent employment" is defined as being employed within the past three months.

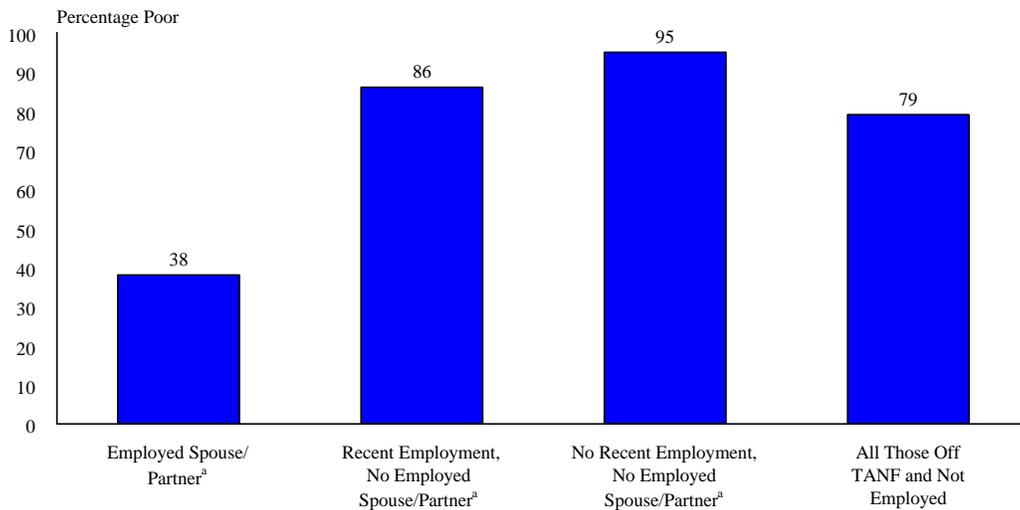
^a Category excludes SSI recipients and those who are incarcerated or institutionalized.

^b Clients in this group did not live with currently employed spouses or partners. However, a few (less than one percent) lived with spouses or partners who had worked within the past month and, therefore, had prior month's earnings.

^c Category excludes clients who are SSI recipients themselves. Therefore, clients in this category who have income from SSI have disabled children or spouses who are SSI recipients.

FIGURE V.5

POVERTY LEVELS AT THE TIME OF THE SECOND SURVEY,
AMONG THOSE OFF TANF AND NOT EMPLOYED



Source: Second WFNJ client survey.

Note: Income was measured for the month prior to the survey and transformed to an annual income figure by multiplying by 12. "Recent employment" is defined as being employed within the past three months.

^aExcludes SSI recipients and clients who are incarcerated or institutionalized.

Just over half of these clients (53 percent) live with another adult, usually a close relative such as a grown child, a parent, or a sibling. Many of these other adults in the household are employed or have other sources of income. Among former WFNJ clients with no employed spouse and no recent employment of their own, 38 percent live with an adult with income (Table V.4). Since these adults are not part of the client's immediate family, this additional household income does not count in the family income figures reported in Figure V.4 and Table V.3. Sharing a household with other adults helps some former WFNJ clients with no recent employment to get by financially. In fact, 17 percent of these clients reported that they lived rent free with a friend or relative (Table V.4).

In addition, many TANF leavers without recent employment or an employed spouse received money from friends and relatives who did not live with them, with 23 percent reporting having received this kind of income in the past month (Table V.3). Similarly, many of these clients rely on in-kind help from friends and relatives who do not live with them to obtain food, clothing, and other essentials. One in four reported receiving this kind of help in the past month (Table V.4).

Many TANF leavers without an employed spouse or recent employment of their own also rely on assistance from community organizations, as well as other kinds of government assistance, to support themselves. For example, 10 percent reported getting help from a community organization in the past month in obtaining food, clothing, and other items (Table V.4). Similarly, 18 percent of these clients reported using a food bank or emergency kitchen

TABLE V.4

OTHER FINANCIAL SUPPORTS USED BY WFNJ CLIENTS
WHO ARE OFF TANF AND NOT EMPLOYED
(Percentages)

	Off TANF and Not Employed			All
	Employed Spouse/Partner ^a	Recent Employment, No Employed Spouse/Partner ^a	No Recent Employment, No Employed Spouse/Partner ^a	
Other Adults in Household with Income (besides spouse or partner)				
Earnings	16	29	27	24
Other income	6	14	16	13
Any income	22	35	38	33
In-Kind Help in Past Month				
From friends and relatives	10	29	26	22
From community organizations	5	5	10	8
From either	13	29	31	26
Emergency Food Assistance in Past Year				
Used food bank	13	13	18	16
Used emergency kitchen	2	6	2	3
Used either	15	13	18	16
Housing Subsidies and Costs				
Lives in public housing	6	14	8	9
Receives rent voucher	7	19	24	19
Lives rent free with friend or relative	6	9	17	12
Owens home	12	0	4	6
Pays unsubsidized rent	67	57	47	52
Other	1	1	0	2
Sample Size	96	78	207	424

SOURCE: Second WFNJ client survey.

NOTE: "Recent employment" is defined as being employed within the past three months.

^aExcludes SSI recipients and those who are incarcerated or institutionalized.

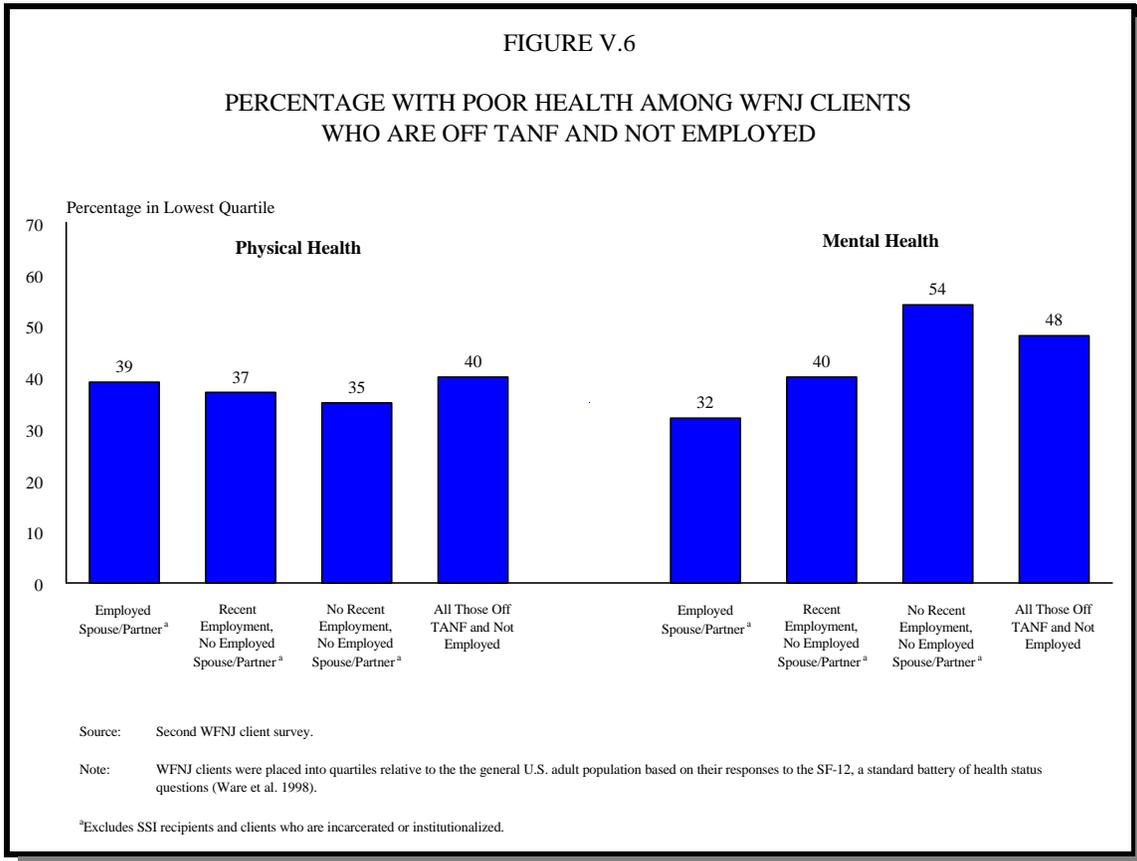
in the past year. One-third reported receiving a government housing subsidy, either by living in public housing or, more frequently, by receiving a rent voucher.

Former WFNJ clients without an employed spouse and who have not worked recently have particularly poor mental health.

As discussed in Chapter III, WFNJ clients who left TANF and are not employed have poorer health than former clients who are working. For example, 40 percent of clients who are off TANF and are not employed are in the bottom quartile nationally for physical health, compared with 24 percent among clients who are off TANF and working (Figure III.9).

Similarly, 48 percent of former WFNJ clients who are not working are in the bottom quartile nationally for mental health, compared with 28 percent of employed former clients (Figure III.10).

In terms of physical health, no major differences exist across the three main subgroups of unemployed TANF leavers. For example, 35 to 40 percent of each of these groups gave responses to the SF-12 that placed them in the bottom quartile nationally for physical health (Figure V.6).⁸ However, those with no recent employment or an employed spouse have substantially worse mental health than other former WFNJ clients who are not working. At the time of the second survey, 54 percent of these clients ranked in the lowest quartile nationally for mental health. The mental health composite measure calculated from the SF-12 encompasses several mental-health-related concepts, such as depression, anxiety, and the degree to which mental health problems interfere with the respondent's work and social life. These former clients may have had these mental health problems for many years, and these problems may have made it difficult or impossible for them to maintain employment after leaving TANF. Their poor mental health may have also made it difficult for these clients to participate in required TANF activities. Alternatively, their extremely poor economic status



⁸The SF-12 is a standard battery of health questions designed to assess general levels of physical and mental health. See Chapter III for a more complete discussion. The percentage in the bottom quartile for physical health among all former WFNJ clients who are not employed is higher than the percentage for the three key subgroups because the full group includes SSI recipients, while the three subgroups presented in Figure V.6 do not.

may create depression and anxiety and, therefore, be the cause of (rather than the result of) their mental health problems. Former WFNJ clients with no recent employment (and no employed spouse) are also more likely than others to lack health insurance. At the time of the survey, 50 percent of this group was uninsured (Figure V.7).

Former WFNJ clients without an employed spouse or recent employment of their own are more likely than other TANF leavers to experience serious hardships and to have poor opinions of life after welfare.

TANF leavers who have not worked recently and do not have an employed spouse are more likely than others who are off TANF and not employed to experience serious hardships--extreme poverty in particular. For example, 71 percent of these clients had incomes below 50 percent of the poverty level at the time of the survey, compared with 49 percent among all unemployed TANF leavers (Figure V.8). These clients were also more likely than others to have experienced hunger in the past year, with 17 percent reporting having had this problem. Similarly, they had the poorest opinions of their lives since leaving welfare. For example, only a third of TANF leavers who had not worked recently (and had no employed spouse) thought they had more money since leaving welfare, while two-thirds reported that they were barely making it from day to day (Figure V.9). In contrast, 62 percent of unemployed TANF leavers living with an employed spouse reported that they had more money since leaving welfare, while only 37 percent reported that they were barely making it. However, even among those with no employed spouse or recent employment of

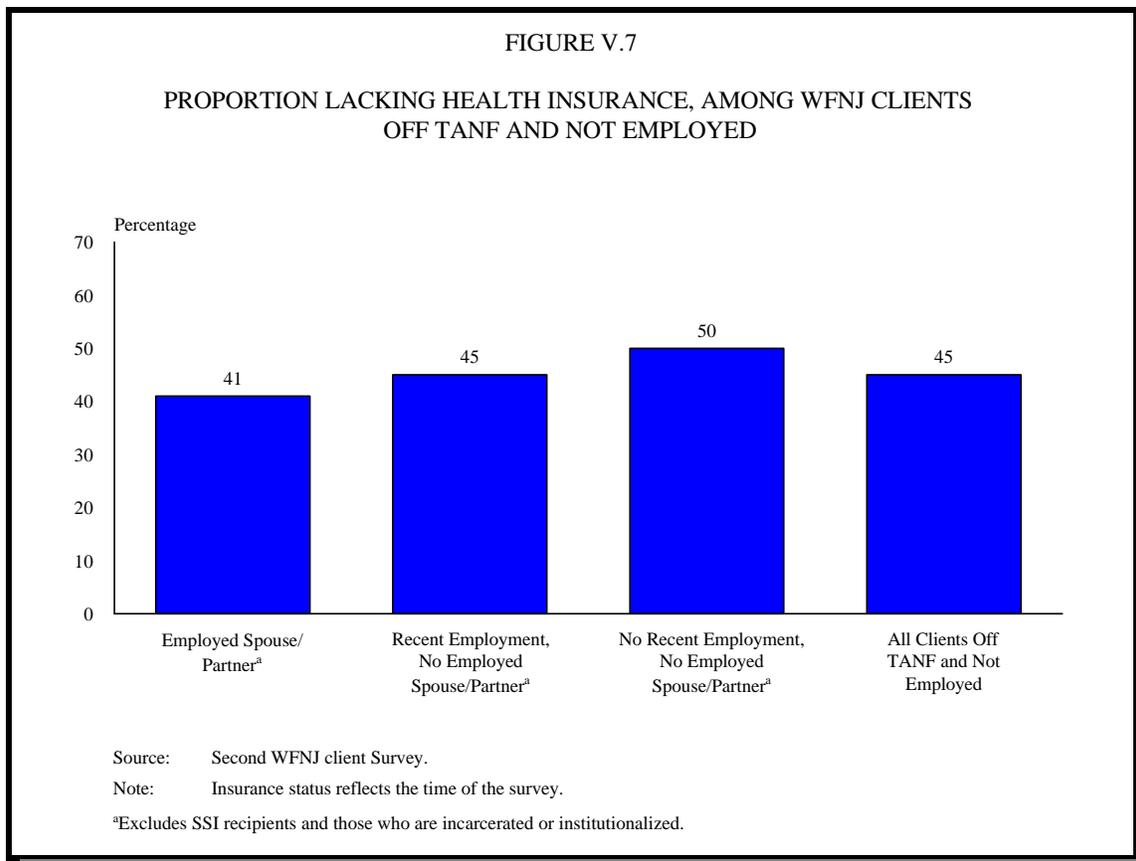
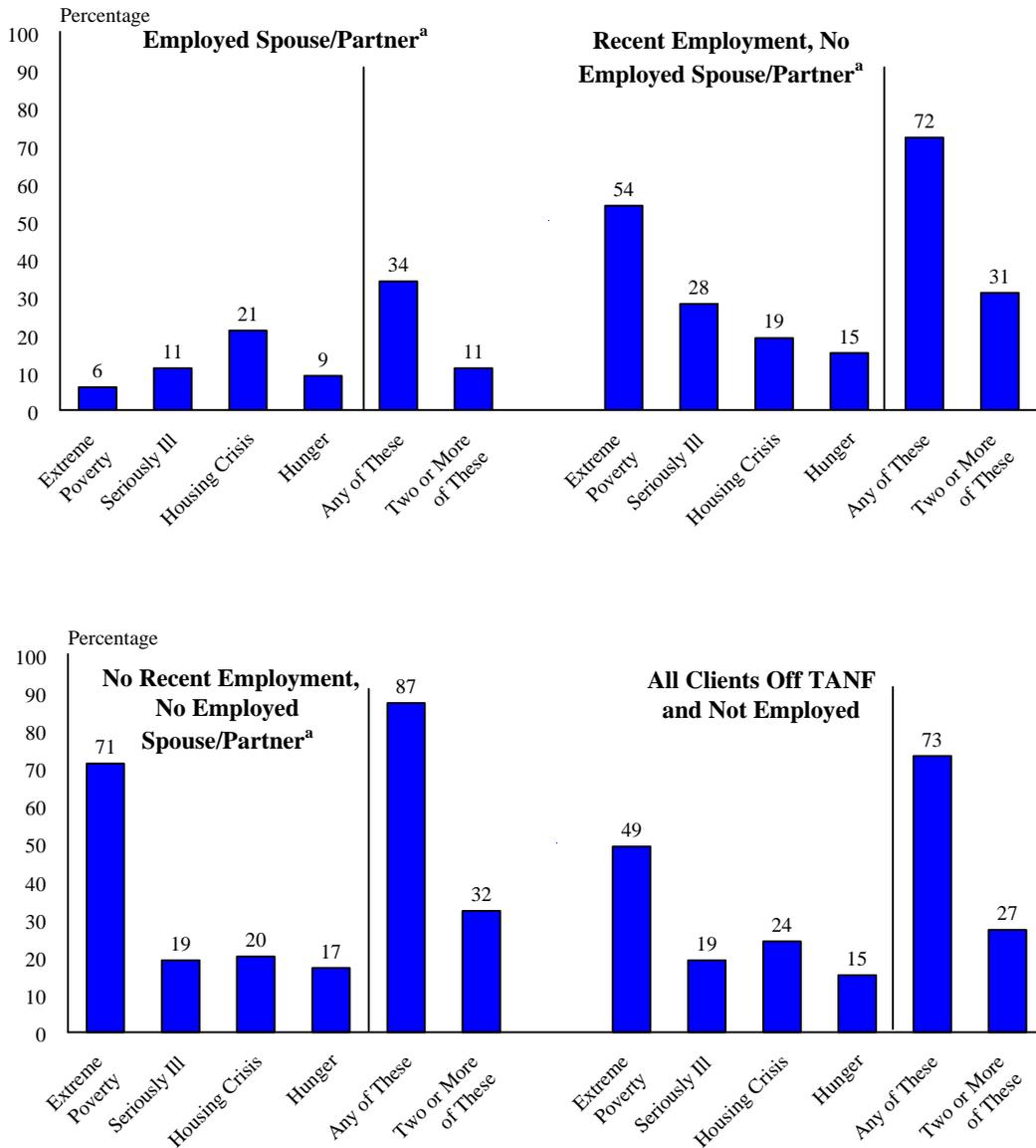


FIGURE V.8

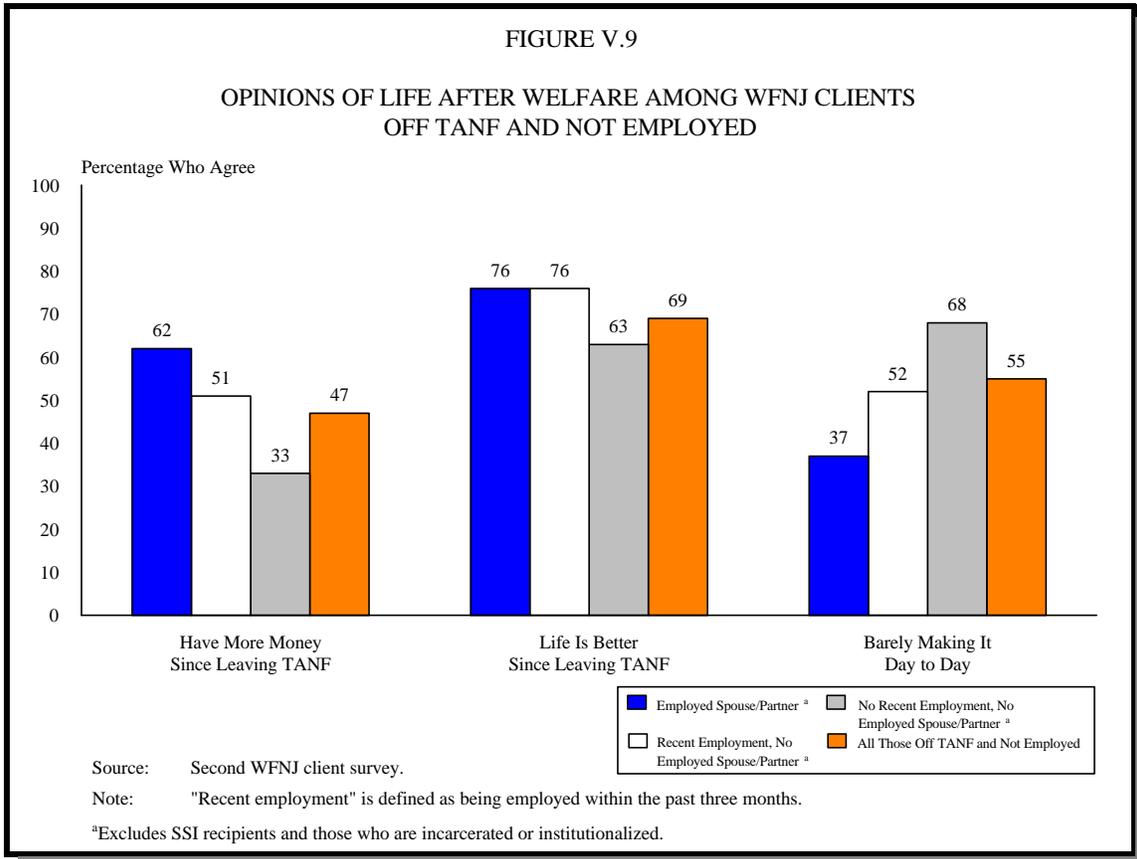
SERIOUS HARDSHIPS DURING THE PAST YEAR AMONG WFNJ CLIENTS WHO ARE OFF TANF AND NOT EMPLOYED



Source: Second WFNJ client survey.

Note: Hardship measures defined in Figure III.17.

^aExcludes SSI recipients and clients who are incarcerated and institutionalized.



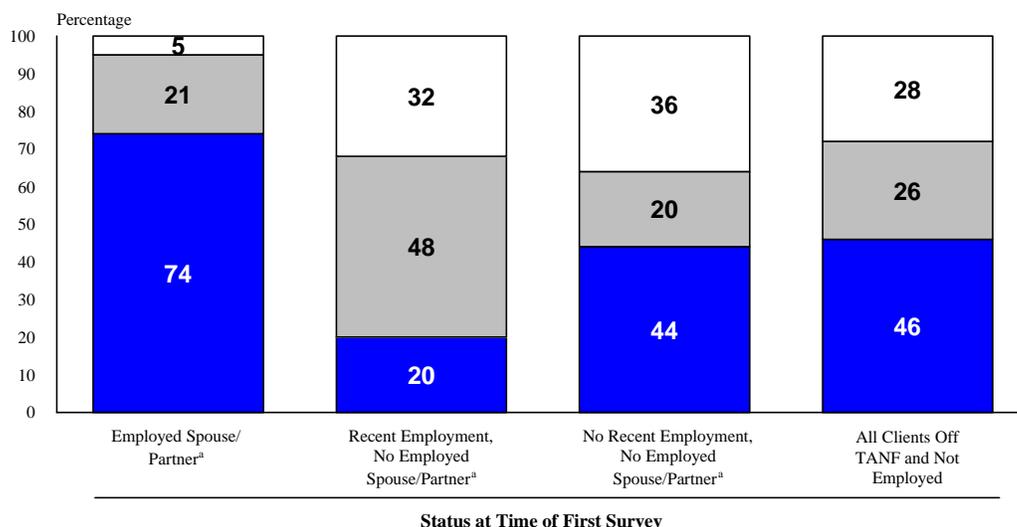
their own, the majority (63 percent) thought that their lives had improved since leaving welfare.

D. HOW OFTEN DO THESE CLIENTS RETURN TO TANF OR EMPLOYMENT?

Thus far in this chapter, we have treated WFNJ clients' employment and TANF status as static. In other words, we have identified the group of clients who were off TANF and not employed at the time of the second survey and have then examined their basic characteristics and how they are faring in terms of income, health, and other measures. However, the very limited incomes of many WFNJ clients who have left TANF and are not working may make it unlikely that these clients will remain in this status for very long. Many may return to TANF; others may find a job fairly soon. To examine how frequently these clients return to TANF or become employed, in this section, we identify the set of WFNJ clients who were off TANF and not employed at the time of the first survey (conducted, on average, 19 months after WFNJ entry) and then examine their employment and TANF status approximately one year later, at the time of the second survey (conducted, on average, 30 months after WFNJ entry).

FIGURE V.10

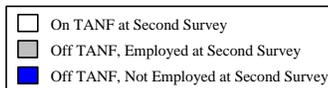
EMPLOYMENT AND TANF STATUS ONE YEAR LATER AMONG WFNJ CLIENTS WHO WERE OFF TANF AND NOT EMPLOYED AT TIME OF FIRST SURVEY



Source: First and Second WFNJ client surveys.

Note: "Recent employment" is defined as being employed within the past three months.

^aExcludes SSI recipients and clients who are incarcerated or institutionalized.



Some unemployed TANF leavers either return to welfare or find jobs quickly; others remain off TANF and are not employed for an extended period of time.

Among WFNJ clients who were off TANF and not employed at the time of the first survey, just over one-fourth (28 percent) had returned to TANF a year later, about one-fourth (26 percent) had found a job and stayed off TANF at this point, while almost half (46 percent) had remained off TANF and were not employed (Figure V.10). In contrast, among those employed and off TANF at the time of the first survey, only 10 percent had returned to TANF a year later, 15 percent had lost their jobs and not returned to TANF, and 75 percent remained employed and off TANF at this point (not shown).

The frequency with which clients return to TANF or become employed varies substantially across the three main subgroups of unemployed TANF leavers. For example, those living with an employed spouse were particularly unlikely to return to TANF. Only five percent of this group was on TANF one year later, while 74 percent remained off TANF and not employed at this point (Figure V.10). In contrast, among those with recent employment and no employed spouse, only 20 percent were off TANF and not employed one year later, while about half had returned to work, and a third had returned to TANF.

Therefore, among unemployed TANF leavers, those living with employed spouses appear to have fairly stable economic situations and rarely return to TANF. In contrast, those with recent employment who do not live with an employed spouse appear to be in a much more transitory state and are likely to return to work or welfare soon.

TABLE V.5

REASONS FOR NOT REAPPLYING FOR TANF AMONG WFNJ CLIENTS
WHO ARE OFF TANF AND NOT EMPLOYED
(Percentages)

	Off TANF and Not Employed			All
	Employed Spouse/ Partner ^a	Recent Employment, No Employed Spouse/Partner ^a	No Recent Employment, No Employed Spouse/Partner ^a	
Reapplication Since Last TANF Exit				
Ever Reapplied	10	20	20	17
Application Pending	1	8	7	5
Application Approved/Awaiting Benefits	0	6	4	3
Reasons for Not Reapplying (Those Who Have Not Reapplied Only)				
Do Not Like Welfare/Welfare Too Much Trouble	29	44	34	32
Would Rather Work/Looking for Job	12	29	21	18
Spouse or Partner Has Earnings	24	0	0	7
Has SSI Benefits	5	1	4	10
Has Other Source of Income	7	8	11	9
Does Not Need Welfare	15	10	12	12
No Children Under 18	1	0	7	4
Other Reasons	7	8	11	9
Sample Size	96	78	207	424

SOURCE: Second WFNJ client survey.

NOTE: "Recent employment" is defined as being employed within the past three months.

^a Category excludes SSI recipients and those who are incarcerated or institutionalized.

Many unemployed TANF leavers who have not worked recently and do not live with an employed spouse also return to TANF. Among clients in this group at the time of the first survey, 36 percent had returned to TANF a year later (Figure V.10). However, this group is much less likely than those with recent employment to become employed quickly; only 20 percent were employed and off TANF one year later. Clients in this group are, therefore, much more likely to remain off TANF and not employed than are those who have worked recently. Almost half of this group remained off TANF and not employed one year later (Figure V.10). Therefore, although many clients in this group return to TANF or find jobs fairly quickly, a substantial fraction remain off TANF and not employed for a longer period of time.

Why do many former WFNJ clients who have not worked recently and do not live with an employed spouse not return to welfare? At the time of the second survey, only 20 percent of TANF leavers with no recent employment and no employed spouse reported that they had reapplied for TANF (Table V.5). Among the 80 percent who had not, a third reported they

had not reapplied because they did not like the welfare system or that welfare was too much trouble (Table V.5). In addition, although no clients in this group had worked in the past three months, 21 percent said they had not reapplied because they would rather work or because they were looking for a job. Others did not reapply because they had other sources of income (reported by 11 percent), because they do not need welfare (reported by 12 percent, presumably also because of other income sources), and because they no longer have children under age 18 living with them (reported by 7 percent).

VI

CLIENTS REMAINING ON TANF: WHAT EMPLOYMENT BARRIERS DO THEY FACE?

WFNJ, combined with a strong economy, has led many welfare recipients who entered TANF to leave it. However, a substantial minority (32 percent) remained on TANF approximately 30 months after WFNJ entry. Some received TANF continuously since WFNJ entry, while others cycled in and out of welfare. Some had some work experience since WFNJ entry, while others did not. Clients with no labor force attachment or with severe employment barriers will find it more difficult to find work when the reach time limits. To identify strategies to help these clients as they reach time limits, agency staff will need to know more about who these clients are who are still receiving welfare. In this chapter, we examine the characteristics of clients who remain on TANF approximately 30 months after WFNJ entry and the employment barriers they face.

KEY FINDINGS FROM THIS CHAPTER

- # ***TANF stayers are more disadvantaged than those who have left.*** Stayers have less education, weaker work histories, and longer histories of welfare receipt than those who had left TANF. Nearly 40 percent of TANF stayers had received welfare continuously since WFNJ entry 30 months ago. Two-thirds of stayers had ever worked since WFNJ entry. However, they typically held lower-paying jobs than those held by clients who had left TANF and were more likely to have worked in seasonal or temporary jobs.
- # ***Many TANF stayers, especially those who have never worked since WFNJ entry, have serious health problems.*** Three of four TANF stayers had some serious health problem; more than one in three had been seriously ill in the past year. TANF stayers are twice as likely to report health problems than those who had left TANF. Among stayers with a severe health problem, 20 percent were receiving SSI, and another 40 percent had applied for SSI. More than half with a serious health problem were deferred from TANF work requirements.
- # ***Multiple barriers are common.*** More than half the TANF stayers faced multiple employment barriers, such as poor health, low education levels, and no recent employment history. Many TANF stayers had young children for whom they were responsible; over half lived alone with their child(ren) and had no other adult present in the household. One in five lived with a disabled family member. Those who had never worked since TANF entry were more likely to have multiple employment barriers.
- # ***Many TANF stayers, especially those who have never worked, experience serious hardships.*** About one in five of those on TANF had incomes below 50 percent of the federal poverty level, and more than one in three had severe health problems. Nearly 60 percent of TANF stayers experienced some severe hardship. Those who had never worked since WFNJ entry experienced more hardships than those who had ever worked since WFNJ entry.

In particular, we focus on four broad sets of questions:

1. Who remains on TANF at the time of the second survey (approximately 30 months after WFNJ entry)? Are they more or less disadvantaged than those not on TANF?
2. Second, do many of these clients cycle in and out of welfare, or do they receive TANF continuously? How many have ever worked since entering TANF? Are there differences in work experience by whether or not clients received TANF continuously since WFNJ entry?
3. What employment barriers do clients still receiving welfare face? How many experience multiple barriers? Among those on TANF, do certain groups face more barriers than others?
4. What types of hardships do those remaining on TANF experience, and do these hardships differ among those with different employment and welfare experiences since WFNJ entry?

Some of the information presented in this chapter, particularly the findings related to the health problems faced by WFNJ clients, overlap with the findings in Chapter III. We include a fairly detailed discussion of TANF recipients' health problems in this chapter because the prevalence of health problems among these individuals is particularly high, and we need to better understand the types of health issues these clients face. To provide program staff with a sense of the range and magnitude of the employment barriers longer-term TANF clients face, this chapter also focuses on the prevalence of serious or multiple hardships that can pose barriers to employment.

The first two sections of this chapter examine the characteristics of those who were receiving TANF at the time of the second survey, and what their welfare and employment experiences were since WFNJ entry. To provide some context, in these sections, we compare the characteristics and experiences of those on TANF with the characteristics and experiences of those who have left TANF.¹ In Sections C and D, we examine employment barriers and hardships experienced by those on TANF. Again, to provide context, we compare these outcomes with the barriers and hardships faced by those off TANF. Additionally, we would like to see whether there are some groups within those on TANF who may have more employment barriers (or face more hardships). To explore this issue, in Sections C and D we also examine the prevalence of employment barriers and hardships by whether or not the client received TANF continuously since WFNJ entry, and by whether or not the client had any employment experience since WFNJ entry.

¹A small fraction (9 percent) of those who were off TANF at the time of the second survey had received TANF during the three-month period prior to the second survey, and about 16 percent had received TANF during the six-month period prior to the second survey. Some of these clients may eventually come back on TANF.

A. WHAT ARE THE CHARACTERISTICS OF THOSE REMAINING ON TANF?

The analysis in Chapter II suggested that those who are relatively less disadvantaged are more likely than those who are more disadvantaged to leave TANF quickly. Here, we examine the characteristics (at the time of WFNJ entry) of those on TANF at the time of the second survey and look at how they differ from clients who were off TANF.

Those who remain on TANF are fairly diverse, but as a group they are relatively disadvantaged.

TANF “stayers” as a group are fairly disadvantaged.² Many have educational deficits, have little recent work history, and live alone with their children. Just over half of the TANF stayers did not have a high diploma or GED, and only about eight percent had more than a high school diploma or GED (Table VI.1). Most TANF stayers (55 percent) had no work experience prior to WFNJ entry, and only 12 percent had worked more than four quarters in the two years prior to WFNJ entry.

More than 4 in 10 TANF stayers were raised in families that received welfare, and over half were raised in single-parent households. About 14 percent of those remaining on TANF at the time of the second survey had lived in a household where someone (their child or another household member) had a disability and was receiving SSI at the time of WFNJ entry. Most stayers were also dependent on welfare prior to WFNJ entry. For instance, about two-thirds of TANF stayers received welfare more than half the time during the two years prior to WFNJ entry (and more than one-third had received welfare continuously over the two-year period prior to entry).

Three-fourths of those who remained on TANF were in single-parent households with no other adult present at the time of WFNJ entry. Only four percent were married and living with their spouse. The average age of their youngest child was just under five, and nearly 40 percent had a young child under age three. Almost two-thirds of the TANF stayers were African American, about one-quarter were Hispanic, and just over 10 percent were white.

Those remaining on TANF are relatively more disadvantaged than those who have left TANF.

TANF stayers in our sample, as a group, were generally more disadvantaged than those who had left TANF.³ For example, as just noted, more than half of TANF stayers had never worked during the two-year period prior to WFNJ entry, and just over 10 percent had worked more than half of the quarters during the two years prior to WFNJ entry (Table VI.1). In comparison, 38 percent of TANF leavers had never worked during the two-year period prior to entry, and 26 percent had worked more than half the quarters during that period.

²For simplicity, in this chapter, we often refer to those remaining on TANF at the time of the second survey as “stayers,” and those who were off TANF at the time of the second survey as “leavers.” Of course, some stayers are likely to eventually leave TANF, while some who were off TANF at the time of the second survey may eventually return.

³As Chapter V shows, not all TANF leavers are alike. Those who leave welfare for work tend to be relatively less disadvantaged than those who leave welfare and do not work.

TABLE VI.1

CHARACTERISTICS OF CLIENTS AT THE TIME OF WFNJ ENTRY, BY TANF
RECEIPT STATUS AT THE TIME OF THE SECOND SURVEY

	Percentage with Characteristic	
	On TANF at Time of the Second Survey	Off TANF at Time of Second Survey
Female	97	95
Average Age (in years)	31.0	29.8
Race/Ethnicity		
African American	65	47
Hispanic	24	24
White, non-Hispanic	11	26
Other, non-Hispanic	1	2
Number of Children in Household		
1 or none	38	49
2 or 3	49	45
4 or more	13	6
(Average)	(2.2)	(1.8)
Average Age of Youngest Child	4.7	4.6
Household Type		
Single parent	77	79
Two parent	6	11
Other multiple adult	9	7
Other single adult	8	3
Marital Status		
Never married	76	67
Married	4	9
Separated/widowed/divorced	20	24
Education		
Less than high school/GED	53	38
High school/GED	39	46
More than high school/GED	8	16
Percent of Quarters Employed During the Two Years Prior to WFNJ Entry		
None	55	38
50 percent or less	33	37
More than 50 percent	12	26
Household Member Receiving SSI	14	8
Lived in a Single-Parent Household as a Child	54	46
Family Received Welfare While Growing Up	43	33
Percent of Time Received TANF During the Two Years Prior to WFNJ Entry		
Less than 50 percent	35	45
51 to 99 percent	29	31
100 percent	37	25
Sample Size	508	1,099

SOURCE: WFNJ administrative records data and first and second WFNJ client survey.

Differences in the educational attainment of TANF stayers and leavers are similar to those in the patterns of work experience. For instance, 53 percent of the stayers had no high school diploma or GED, compared with 38 percent of those off TANF. Only 8 percent of those on TANF had more than a high school diploma or GED, compared with 16 percent of those off TANF.

TANF stayers were more likely than TANF leavers to have more children in their households at the time of WFNJ entry, to have grown up in a single-parent household, and to have been in a family that received welfare while they were growing up. TANF stayers were also nearly twice as likely as TANF leavers to have had a household member who was receiving SSI when they entered WFNJ. Finally, those remaining on TANF were also more likely to have been single (and never married) than those who had left TANF (76 versus 67 percent, respectively).

B. WHAT ARE THE WELFARE AND WORK EXPERIENCES OF TANF STAYERS?

As just discussed, those who remained on TANF were a diverse group with respect to their background and socioeconomic characteristics at the time of WFNJ entry. In this section, we examine whether clients who remained on TANF also had different patterns of welfare and work experiences since they entered WFNJ.⁴ If so, we can examine the employment barriers (discussed in Section C) by TANF stayers' welfare and work experiences to provide more information to program staff on the varying needs of the different groups of those remaining on TANF.

1. What Are the Patterns of Welfare Receipt Among Those Remaining on TANF?

We begin by examining TANF stayers' welfare experiences since the time they entered WFNJ. For instance, do these recipients generally cycle in and out of welfare ("cyclers"), or have they received TANF more or less continuously since they entered the program?⁵

⁴To provide some context, where relevant, we also contrast the work and welfare experiences of these clients with the experiences of those who had exited TANF.

⁵A person who has two or more spells of welfare receipt since WFNJ entry is defined as a cyclers, while a client who has one continuous spell on welfare (with one-month gaps closed) is defined as a person who received TANF continuously. We use TANF administrative records data to define whether those remaining on TANF are cyclers or receive TANF continuously. Among those who reported being on TANF at the time of the survey, 17 percent were not identified as being on TANF according to the administrative records data. There are at least two reasons for this discrepancy. First, some clients may be on SSI but receiving a TANF check for their child, and such child-only cases were excluded in our TANF receipt definition from the administrative data. Second, some clients may have moved out of state and may be receiving TANF in their state of current residence, but they would not show up as being on TANF in the WFNJ administrative records data. Since most of these clients had long gaps in welfare receipt according to the administrative records data, we classify them as "cyclers" for the analysis in this chapter.

Although the majority of those on TANF at the time of the second survey had exited welfare at some time since WFNJ entry, a substantial minority continuously received TANF since WFNJ entry.

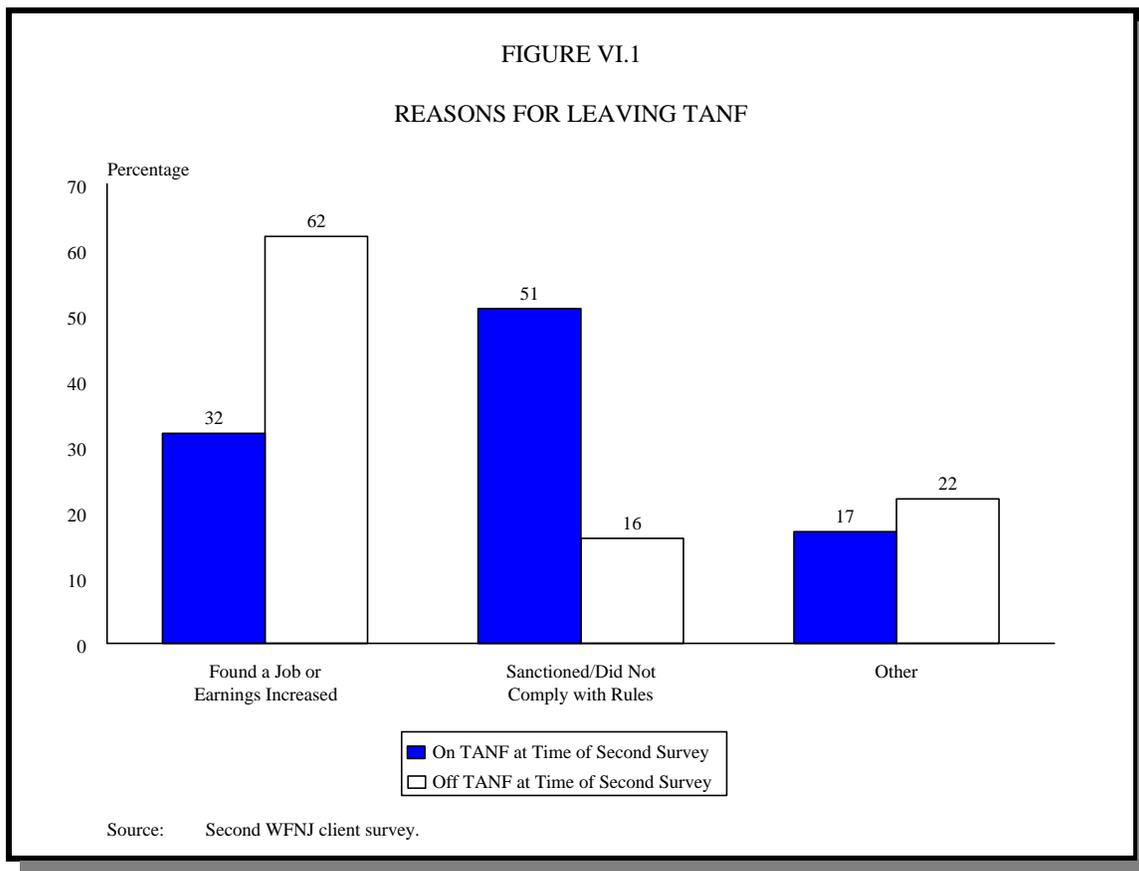
As Table VI.2 shows, 40 percent of those who were on TANF at the time of the second survey had received welfare continuously since they entered WFNJ. Just under half had two TANF spells, and just over 10 percent had three or more spells. On average, clients who were on TANF at the time of the second survey had received welfare benefits for about 75 percent of the time since WFNJ entry (that is, approximately 23 months out of an average of 30 months).

Not surprisingly, as a group, TANF stayers received welfare for considerably more time than TANF leavers, both during the two-year period prior to and the period after WFNJ entry (Table VI.2). For instance, only 8 percent of the leavers had received TANF more than three-quarters of the months since WFNJ entry, compared with about 62 percent of the TANF stayers.

	On TANF	Off TANF
TANF Receipt Since WFNJ Entry		
Continuously received TANF	40	2 ^a
Single short spell (less than 1 year)	--	52
Single long spell (more than 1 year)	--	26
Two spells	48	18
Three or more spells	12	4
Percentage of Time Received TANF Since WFNJ Entry		
Less than 25	9	42
26 to 50	11	31
51 to 75	18	19
More than 75	62	8
(Average)	(75)	(25)
Sample Size	508	1,099
SOURCE: WFNJ administrative records data and second WFNJ client survey.		
NOTE: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.		
^a A small number of clients reported not receiving TANF at the time of the survey, while the administrative records data show them as having continuously received welfare since WFNJ entry.		

Half of those who had left and subsequently returned to TANF said they initially left welfare because they did not comply with program rules.

Among all WFNJ clients who had ever exited TANF, the most common reason for leaving was that they had found a job or experienced an increase in earnings. However, those who had left TANF but who had returned by the time of the second survey were considerably more likely to report having left the program for noncompliance with program rules. As Figure VI.1 shows, more than 50 percent of the cyclers back on TANF at the time of the second survey reported having previously left TANF because they were sanctioned or because they did not want to comply with program rules. Just under one in three of these clients reported leaving because of an earnings-related reason. In contrast, only 16 percent of those who had exited welfare and were not receiving TANF at the time of the interview reported having left for noncompliance with program rules, while 62 percent reported having left TANF because of an earnings increase. More than 40 percent of the cyclers who were back on TANF returned because their sanctions were lifted or because a paperwork error was fixed, while another third returned because they had lost their job or had experienced a reduction in another source of income. Fourteen percent returned because they got pregnant, had a baby, or regained custody of their child (not shown).



2. What Are the Employment Experiences of Those Who Remain on TANF?

Many receiving TANF at the time of the second survey had worked since WFNJ entry; however, as a group they were less likely than those who were off TANF to work in any given month.

Nearly two-thirds of those who remained on TANF had worked at some time since WFNJ entry (not shown). However, only a relatively small fraction of clients who were on TANF were employed in any given month. For example, between 15 and 30 percent of those receiving TANF at the time of the second survey were employed in any given month over the two-year period following WFNJ entry (Figure VI.2). Average monthly employment rates were much higher for those who were off TANF. Monthly employment rates for those off TANF rose steadily, from just over 20 percent at WFNJ entry to over 60 percent two years later.

TANF stayers who had worked held fairly low-paying jobs with few fringe benefits.

TANF stayers who had held a job since WFNJ entry were asked about the characteristics (such as wages, hours worked, and benefits on the job) of their current or most recent job. As Table VI.3 shows, many TANF stayers who had worked held low-paying jobs. The average wage on the current or most recent job among TANF stayers was just over \$7. About 30 percent of these clients earned less than \$6 per hour, and only one in four earned \$8 or more per hour. In comparison, those off TANF at the time of the second survey

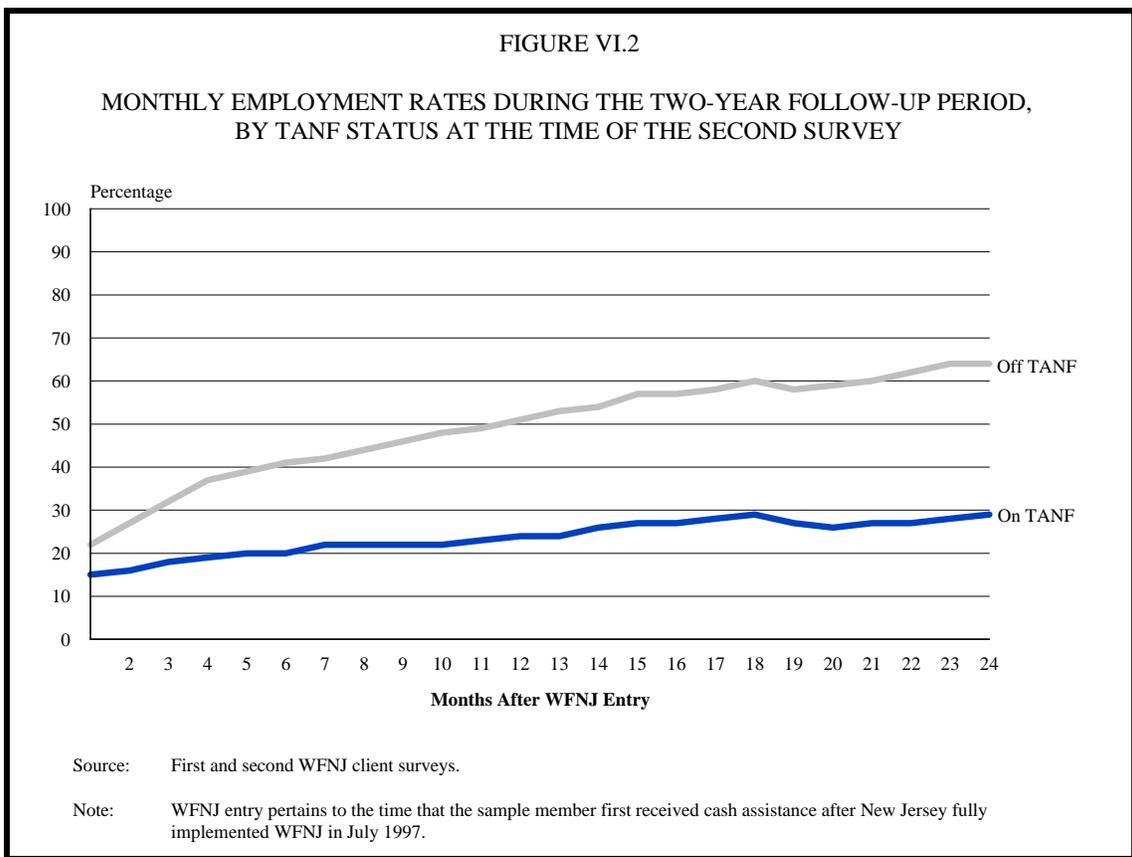


TABLE VI.3
 CHARACTERISTICS OF THE CURRENT/MOST RECENT JOB, BY TANF RECEIPT
 STATUS AT THE TIME OF THE SECOND SURVEY
 (Percentages)

	On TANF	Off TANF
Hourly Wages		
\$6.00 or less	30	14
\$6.01 to \$7.00	34	24
\$7.01 to \$8.00	12	19
\$8.01 to \$10.00	17	25
More than \$10.00	8	19
(Average)	(\$7.06)	(\$8.46)
Hours Worked per Week		
Less than 20	14	7
20 to 34	37	26
35 to 39	8	10
40 or more	42	57
(Average)	(32.4)	(35.5)
Monthly Earnings		
Less than \$600	27	11
\$601 to \$1,000	27	23
\$1,001 to \$1,400	28	31
\$1,401 to \$1,800	10	19
More than \$1,800	8	17
(Average)	(\$1,028)	(\$1,341)
Benefits Offered		
Health insurance	34	53
Paid vacation	34	58
Paid sick leave	27	48
Job Seasonal/Temporary	47	25
Shift Worked		
Regular	78	75
Evening/graveyard	13	14
Weekends/variable	9	11
Sample Size	255	889

SOURCE: First and second WFNJ client surveys.

had earned considerably more in their current or most recent job (almost \$8.50 per hour, which is 20 percent higher than the wages of the TANF stayers). Only 14 percent of those off TANF earned less than \$6 per hour, and 44 percent earned over \$8 per hour.

Those remaining on TANF were also somewhat less likely than those who were off TANF to have worked full-time in their most recent job (50 versus 67 percent).⁶ As a result

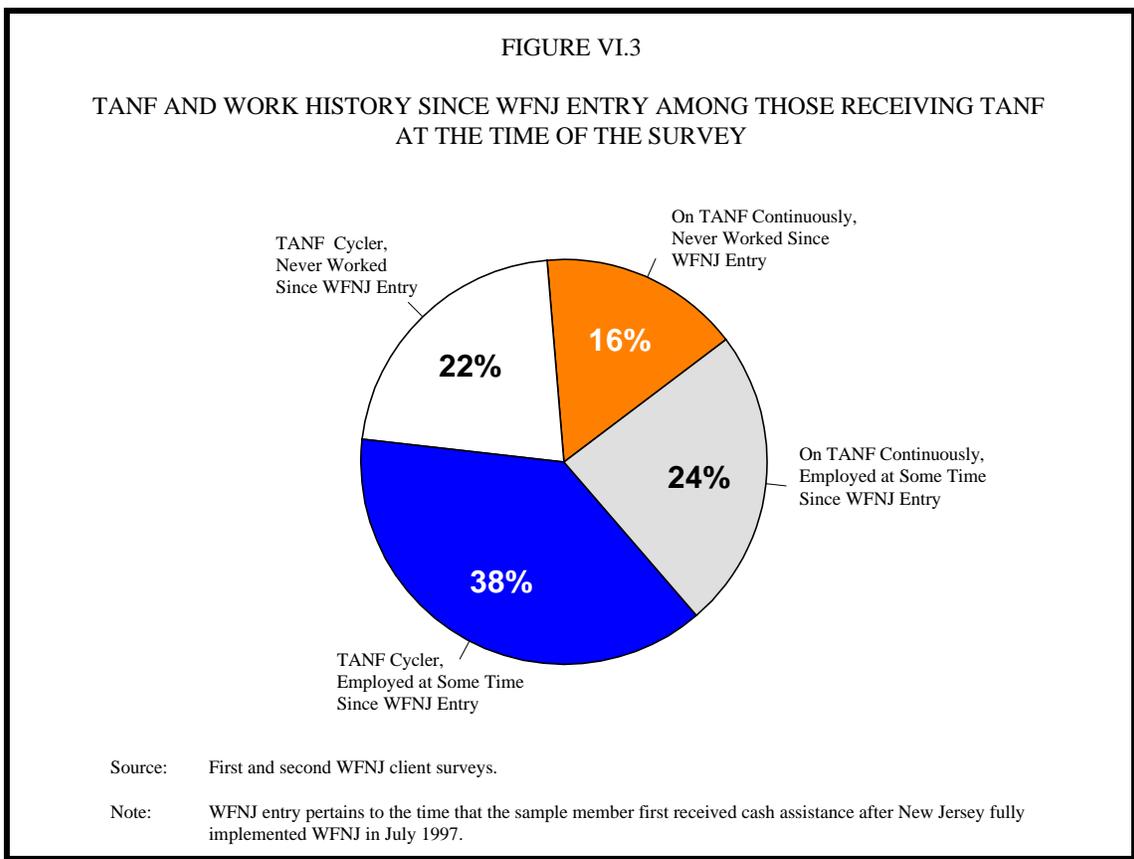
⁶We define a full-time worker as an individual who worked 35 hours or more per week. Some who were working while on welfare might have been working part-time while continuing to do their WFNJ activities. Other clients may have been able to work only part-time, given their other constraints.

of lower wages and fewer hours worked, TANF stayers had monthly earnings on their current or most recent job that were considerably lower than the earnings of those who were off TANF (\$1,028 for the stayers, versus \$1,341 for the leavers). In addition, the jobs held by TANF stayers were less likely to offer fringe benefits than the jobs held by those off TANF. For instance, just over one-quarter of the stayers had worked in jobs that offered paid sick leave, compared with nearly half among those who were off TANF at the time of the second survey (Table VI.3).

Many TANF stayers had worked at some time since WFNJ entry, including those who had received TANF continuously and those who had cycled in and out of TANF.

As we saw earlier, 40 percent of those on TANF at the time of the second survey received TANF continuously, while 60 percent were cyclers. Was it mostly the cyclers who worked (moving in and out of welfare and work), or did those who remain continuously on TANF work as well?

As Figure VI.3 shows, overall, 38 percent of TANF stayers were cyclers who had some employment since WFNJ entry, while another 22 percent were cyclers who had never worked since WFNJ entry. A considerable number of those who received TANF continuously had also worked. For instance, 24 percent of TANF stayers had received TANF continuously and had worked at some point since WFNJ entry. Sixteen percent had no employment and had received TANF continuously. Among cyclers, as well as those who continuously received



welfare, roughly similar proportions (around 60 percent) had worked since WFNJ entry. On average, those in both groups had worked roughly the same proportion of time since WFNJ entry (about 40 percent, not shown).

C. WHAT EMPLOYMENT BARRIERS DO THOSE REMAINING ON TANF FACE?

To get a better sense of the employability of those remaining on TANF, we examine the prevalence of a variety of employment barriers that these clients face. In Chapter III, we noted that many clients who remain on TANF have health problems. Here, we begin our examination of barriers by describing in greater detail the types of health problems WFNJ clients face. Next, we describe other employment barriers related to household structure (such as the presence of a young child or not having another adult in the household) that can make it more difficult for clients to maintain employment. Finally, we examine the prevalence of multiple barriers among those who remained on TANF at the time of the second survey and compare these to the barriers faced by clients who have left TANF.

1. What Kinds of Health Problems Do TANF Stayers Face?

Health problems can pose serious challenges to work and make it difficult for those on TANF to find and keep jobs. We describe the kinds of health problems TANF stayers experienced, including their self-reported health status and health barriers, how they rated on a standardized physical and mental health status index, and the prevalence of chronic health problems among this group. We then examine the prevalence of SSI receipt among those with severe health problems. Since health problems can make it difficult for people to meet the TANF work requirements, we examine the extent to which clients with severe health problems were deferred from TANF participation. Finally, we examine whether the prevalence of health problems varied among TANF stayers by whether they were cyclers or were continuously on TANF, and by whether or not they had worked since WFNJ entry.

Many clients who remain on TANF 30 months after WFNJ entry face health problems. As a group, they have poorer health than those off TANF.

A large number of those who remained on TANF reported some health problem. As Table VI.4 shows, 40 percent of those who remained on TANF at the time of the second survey reported being in fair or poor health.⁷ This is about four times as high as the national proportion that reported fair or poor health in 1996 (10 percent), and almost twice as high as that reported by poor people nationally (22 percent) (National Center for Health Statistics 1998). In addition, about one in five of those on TANF reported that they were unable to work at all because of their health problems, while one in three reported having been seriously ill during the year prior to the interview (Table VI.4).

About half of those remaining on TANF had the physical and mental health ratings that put them in the lowest quartile, suggesting that they were twice as likely as the national

⁷Self-assessed health is a broad indicator of health and well-being and incorporates a variety of physical, emotional, and personal components of health. Several studies have shown self-assessed health to be a valid and reliable indicator of a person's overall health status, and a powerful predictor of mortality and of changes in physical functioning (National Center for Health Statistics 1998).

TABLE VI.4

PREVALENCE OF HEALTH PROBLEMS, BY TANF STATUS
AT THE TIME OF THE SECOND SURVEY

	Percentage with Health Problem	
	On TANF	Off TANF
Self-Reported Health Status		
Poor	13	7
Fair	27	21
Good	28	31
Very good/excellent	32	42
Unable to Work at All Because of Health	20	6
Seriously Ill in the Past Year	33	17
Physical Health Index		
Lowest quartile	53	30
Second quartile	20	24
Third quartile	14	22
Highest quartile	12	24
Mental Health Index		
Lowest quartile	49	36
Second quartile	18	26
Third quartile	14	18
Highest quartile	19	20
Proportion Who Report Being "Limited a Lot" in Their Ability to Perform the Following Physical Activities:		
Lifting or carrying a bag of groceries	18	8
Climbing one flight of stairs	17	7
Walking several blocks	24	9
Bathing or dressing self	18	6
Prevalence of Selected Chronic Conditions		
Asthma	28	22
Diabetes	11	7
Arthritis	17	11
High blood pressure	22	14
Heart disease	13	7
Chronic lung disease	8	3
Cancer	8	5
Any Chronic Health Problem	53	37
Mental/Emotional Disorder	14	9
Depression	9	5
Other mental health problem	6	4
Sample Member Receives SSI	6	4
Prevalence of Number of Six Serious Health Problems ^a		
Any	73	55
Two or more	45	23
Three or more	28	11
Sample Size	508	1,099

SOURCE: Second WFNJ client survey.

^a The six health problems were sample member (1) reports "poor" health, (2) is unable to work at all because of health, (3) was seriously ill in past year, (4) ranks in lowest quartile of physical health index, (5) ranks in lowest quartile of mental health index, and (6) receives SSI.

population to be in poor physical or mental health.⁸ Between 17 and 24 percent of those on TANF reported being “limited a lot” in their ability to do fairly simple physical activities, such as carrying a bag of groceries, climbing a flight of stairs, or walking several blocks (Table VI.4). Almost one in five reported being “limited a lot” in a measure of activities of daily living--their ability to bathe or dress themselves.⁹

Just over half of those on TANF reported that a doctor had diagnosed them with a chronic health problem (Table VI.4). Almost 30 percent had asthma, while 22 percent had high blood pressure.¹⁰ More than 1 in 10 each had diabetes or heart disease, and 17 percent had arthritis. Finally, 14 percent of those on TANF reported that a doctor had diagnosed them with a mental or emotional disorder, with 9 percent reporting that it was depression.¹¹

As just seen, many clients report various types of health issues. To capture the prevalence of these health problems, we examine the proportion of TANF clients who face one or more of six serious health problems. These represent whether the sample member (1) has poor self-reported health, (2) is unable to work at all because of health, (3) was seriously ill in the past year, (4) ranks in the lowest quartile nationally on a standardized physical health index, (5) ranks in the lowest quartile nationally on a standardized mental health index, and (6) receives SSI. Overall, nearly three out of four of those on TANF had at least one of six health problems, nearly half had at least two of these health problems, and more than one-quarter had at least three of these health problems (Table VI.4).

Many of those who were off TANF at the time of the second survey also had health problems; however, those off TANF had a lower prevalence of health problems than those on TANF.¹² For instance, those off TANF were generally less likely to report fair or poor health than those on TANF (28 versus 40 percent), and only 6 percent reported being unable to work at all because of health (compared with 20 percent of those who remained on TANF) (Table VI.4). Those off TANF at the time of the second survey were similar to the national population with respect to the physical health index but somewhat worse than the national population with respect to the mental health index. In general, 28 percent of those remaining on TANF had three or more serious health problems, compared with 11 percent of those who were off TANF.

⁸By definition, one-quarter of the national population was in the lowest quartile. See Chapter III for a discussion of these physical and mental health rating scales.

⁹This measure of impairment is as high as in the Medicare population (elderly or disabled), where 18 percent have one or more impairments in activities of daily living.

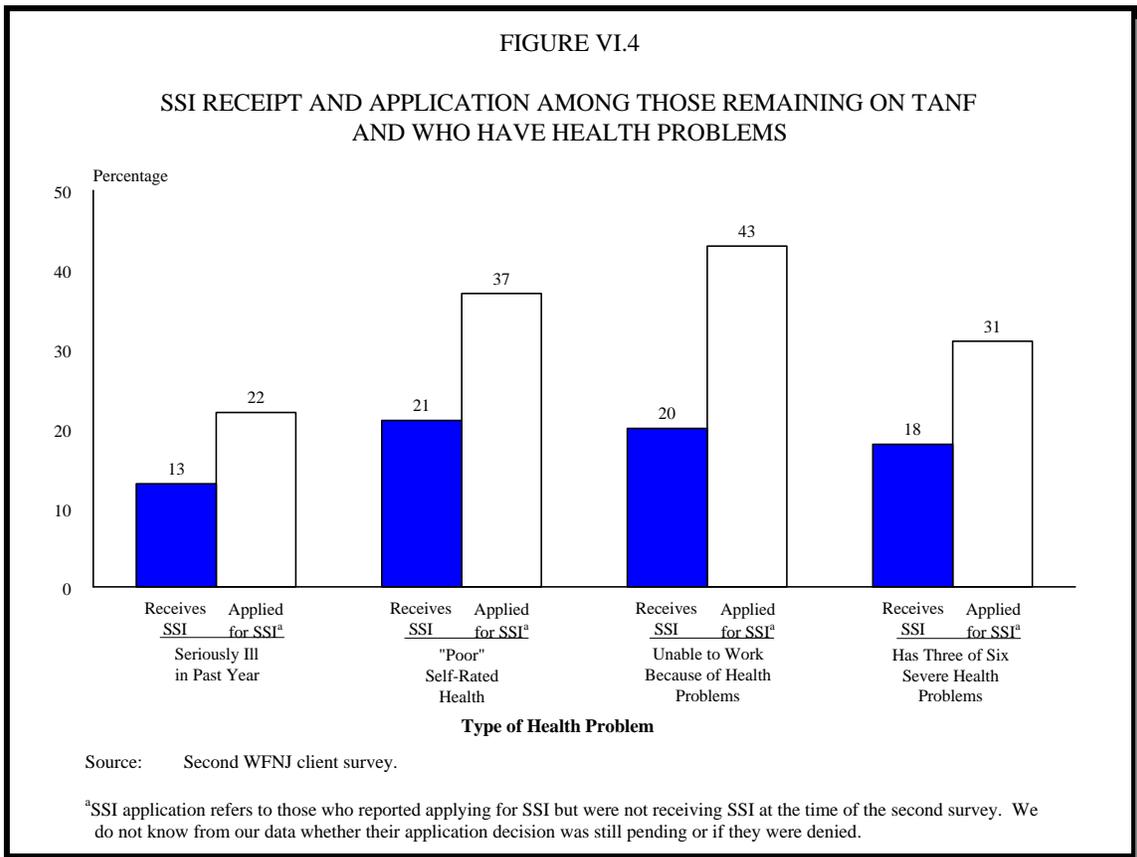
¹⁰Appendix Tables A.1 to A.3 list sample members’ responses to these and other questions related to their physical and mental health, by whether or not they were on TANF, as well as by their work and welfare experiences since WFNJ entry for those on TANF.

¹¹These numbers are likely to underestimate the prevalence of mental health problems among TANF stayers, since some clients with mental health problems are unlikely to have received a diagnosis from a doctor. Additionally, there is a tendency to underreport the prevalence of mental health problems in surveys.

¹²As Chapters III and V show, the prevalence of health problems among those off TANF was driven largely by the high prevalence of health problems among those who left TANF and were not working.

Despite the high prevalence of health problems among welfare recipients, only a relatively modest fraction of those with health problems receive SSI.

Because of the difficulties they have in finding and keeping jobs, clients with severe health problems are at high risk of reaching the TANF time limits. Because the SSI program offers more generous benefits and does not have time limits, it can be a more attractive option than TANF for those who qualify for SSI. Overall, as shown in Table VI.4, only six percent of those on TANF at the time of the second survey were receiving SSI for themselves.¹³ Not surprisingly, the prevalence of SSI receipt was somewhat higher among those who had health problems (Figure VI.4). For instance, about 20 percent of TANF recipients who reported being unable to work because of a health problem or who reported “poor” health were receiving SSI for themselves. Some sample members who were not currently receiving SSI reported having applied for SSI. For example, nine percent of all sample members on TANF, and around 40 percent of those who reported being unable to work because of a health problem or who reported “poor” health, had applied for (and were not receiving) SSI at the time of the second survey.¹⁴



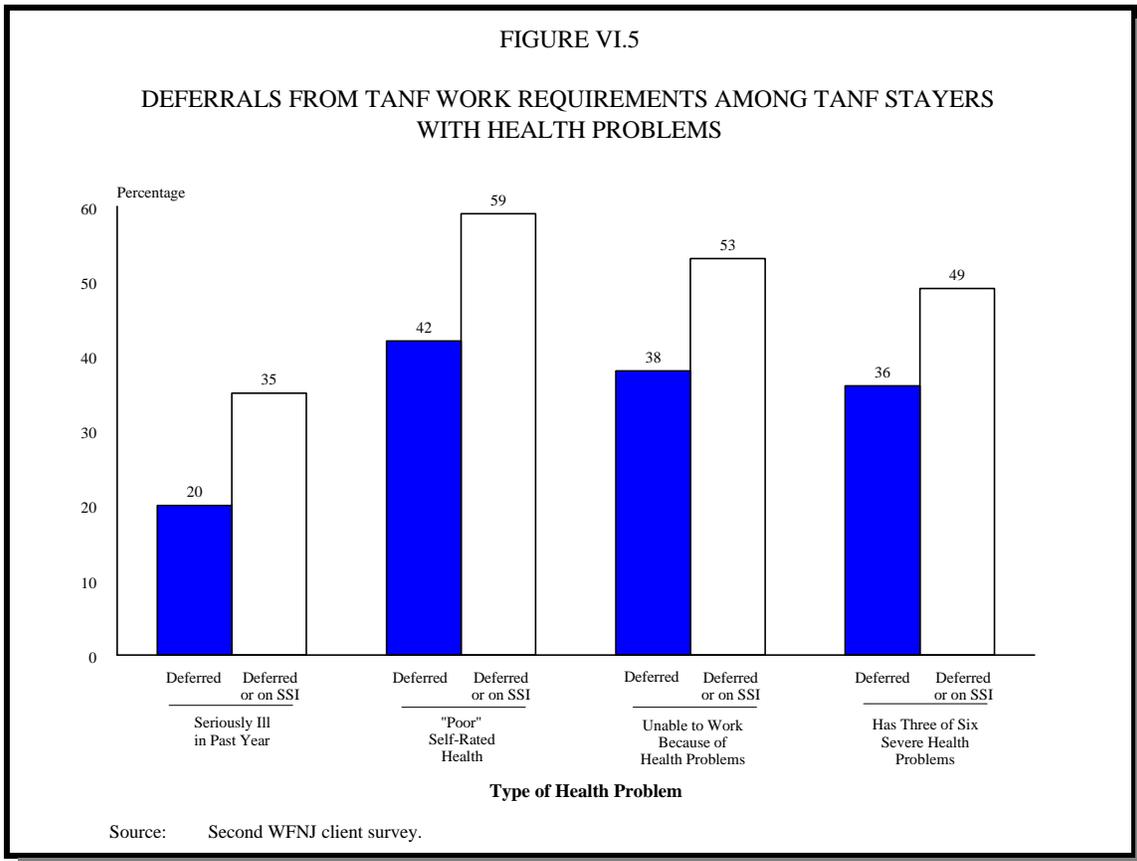
¹³These clients are defined as being on TANF because they still received TANF checks for their children; only their own benefits are excluded from the TANF grant calculation. In addition, as seen in Chapter V, nine percent of those off TANF and not employed were also receiving SSI.

¹⁴For these individuals, we know that their health was poor enough for them to apply for SSI benefits. However, we do not know from our data when they had applied and whether the application decision was still pending or if they were denied.

Many TANF recipients with poor health received deferrals from TANF work requirements.

Following the federal welfare reform legislation, WFNJ imposes work requirements on TANF clients and requires them to participate in a work-related activity to continue to receive their benefits. However, clients who face serious health problems, are pregnant or taking care of a newborn, or are taking care of a household member with a disability can get deferred from program participation requirements. Given the large number of clients who have health problems, we examined how many of them had received a deferral from the work requirements. Our measure of deferral includes sample members who had a deferral in effect between July and December 1999.¹⁵

Overall, about 16 percent of those on TANF at the time of the second survey had received a deferral (not shown). As expected, deferral rates were considerably higher among those who had health problems, particularly among those who had serious health issues (Figure VI.5). For example, 38 percent of those who had reported being unable to work because of a health limitation and about 42 percent of those who had reported having “poor” health had a deferral. Since TANF families in which the casehead is on SSI do not face TANF work requirements, we also examined the fraction of those who either had a deferral from work requirements or were SSI recipients who received TANF only for their



¹⁵Our surveys were conducted between February and June 2000, and most health questions pertain to the time of the interview or the year prior to the interview. Some clients may have received deferrals since that time, while others may have received a temporary deferral that was then lifted.

children. Overall, between 50 and 60 percent of those with serious health problems were exempt from the work requirements because of a deferral or because they were receiving SSI (Figure VI.5).

Among clients receiving TANF at the time of the second survey, those who have never worked since WFNJ entry face the most health problems.

We examined the prevalence of severe health problems for those on TANF by their work and welfare experience. Interestingly, we do not see any major differences in TANF stayers' health problems by whether clients were cyclers or had received TANF continuously since WFNJ entry. The differences in health problems are larger by whether or not clients had ever worked since the time of WFNJ entry.¹⁶ As Figure VI.6 shows, those who had never worked since WFNJ entry had a higher prevalence of each type of health problem than their counterparts with some employment, whether they were cyclers or had continuously received TANF. For instance, between 22 and 26 percent of those who had never worked were likely to report having "poor" health, compared with 6 to 7 percent of those who had ever worked since WFNJ entry.¹⁷

2. What Other Barriers to Employment Do TANF Stayers Face?

Child care and transportation problems are often cited as barriers to work. Clients with young children must find reliable and affordable child care when they start working. Single parents must cope with additional pressures when they or their children are sick. Using public transportation can be difficult if clients have to travel far to work, especially if they have to drop their children off at child care on their way to work. While all single parents with young children face these issues, these pressures can be particularly stressful for welfare recipients who also face other barriers to employment.

Child care and transportation issues make it difficult for TANF stayers to find and keep jobs.

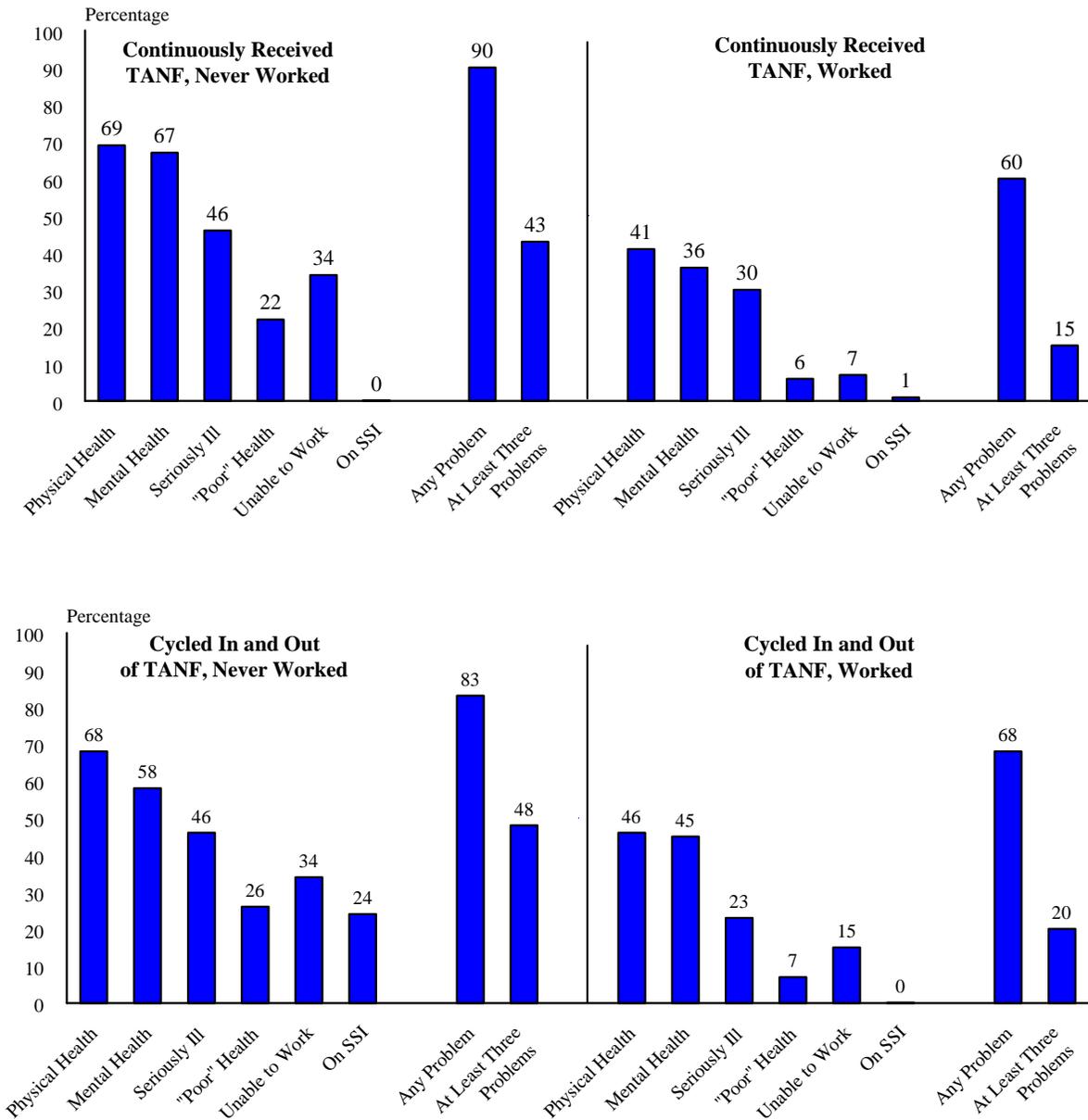
Many WFNJ clients who remained on TANF had young children for whom they were responsible. For instance, 53 percent of these clients had a child under age six living in the household (Table VI.5). Almost one in three had a toddler in their home under age three, and about 13 percent had an infant. Nine percent of those on TANF were living with a spouse or partner at the time of the second survey, and another 35 percent had some other adult in the household to whom they were related. In all, over one in four were in a single-adult household with a young child under age six. There were no large differences between those on and off TANF by whether they had young children in the household. We observe larger

¹⁶These findings probably reflect the fact that those with greater health problems are less likely to have worked since WFNJ entry because of these problems.

¹⁷Most of the SSI recipients are concentrated in the group who cycled in and out of TANF. As discussed earlier, this is because these individuals may have become child-only cases and are determined as not receiving TANF according to the administrative records data. Since they reported getting a TANF check for their children at the time of the survey, and they had long gaps of not receiving TANF in the administrative records data, these clients were classified as cyclers.

FIGURE VI.6

PREVALENCE OF SEVERE HEALTH PROBLEMS AMONG THOSE ON TANF AT THE TIME OF THE SECOND SURVEY, BY WELFARE AND WORK EXPERIENCE SINCE WFNJ ENTRY



Source: Second WFNJ client survey.

Note: Physical and mental health problems pertain to those in the lowest quartile nationally on a standardized health index measures.

TABLE VI.5
HOUSEHOLD COMPOSITION AND CHILD CARE NEEDS
AS BARRIERS TO EMPLOYMENT
(Percentages)

	On TANF	Off TANF
Presence of Young Children		
Has an infant under age 1	13	7
Has a toddler under age 3	32	28
Any child under age 6	53	53
Presence of Other Adult in Household		
Lives with spouse/partner	9	25
Lives with other related adults	35	35
No other adult in household	55	42
Single-Adult Household with Child Under 6	28	21
Other Household Member on SSI	20	15
Transportation		
Has no car	89	63
Has no driver's license	72	44
Sample Size	508	1,099

SOURCE: First and second WFNJ client surveys.

differences in the presence of other adults in the household, with nearly 25 percent of those off TANF living with a spouse or partner, compared with less than 10 percent of those on TANF.

The presence of other household members with health problems can further compound the difficulties clients face during the transition from welfare to work. Among those remaining on TANF, 20 percent of clients who remained on TANF reported having some other household member (either their own child or another household member) who had a disability and was receiving SSI.

Many clients on TANF do not own a car or have a driver's license.¹⁸ While many newly employed TANF recipients may be able to use public transportation to commute to work, having a car or access to a car may make the commute to work and dealing with child care easier. Over 70 percent of those on TANF did not have a driver's license, and almost 90 percent did not own a car or have access to a car. While many clients who are off TANF also do not own cars, as a group they were more likely than those on TANF to have a car (only

¹⁸Having a valid driver's license was shown to be a good predictor of job retention among welfare recipients who found jobs (Rangarajan et al. 1998).

44 of those off TANF do not have a driver's license; and about 63 percent do not have access to a car).¹⁹

3. How Many TANF Stayers Face Multiple Barriers?

We have seen that clients who remain on TANF face a variety of barriers to sustained employment. For instance, a number of clients face educational deficits or have little or no work history. Many clients face health barriers. Many have young children and do not live with another adult who can help with child care responsibilities. While clients may be able to cope with one of these barriers, the prevalence of multiple barriers can make it difficult for them to find and keep jobs (Olson and Pavetti 1996; and Danziger et al. 1999). In this section, we examine the prevalence of five severe barriers to employment: (1) having severe health problems (reporting three or more out of the six severe health problems), (2) having another household member who has a disability and is receiving SSI, (3) not having a high school diploma or GED, (4) having no work experience since WFNJ entry or during the two-year period prior to WFNJ entry, and (5) living in a single-adult household and having a child under age six.²⁰

Multiple barriers to employment are fairly common among those who remain on TANF.

Many TANF stayers had each of the five employment barriers; however, health problems, low education levels, and little work experience were most prevalent (Figure VI.7). More than half of those on TANF did not have a high school diploma or GED. More than one-third of those on TANF had fairly serious health problems. Nearly 90 percent of those on TANF had at least one severe barrier to employment, just over half had at least two of the five barriers, and nearly one-quarter had at least three of the five barriers.

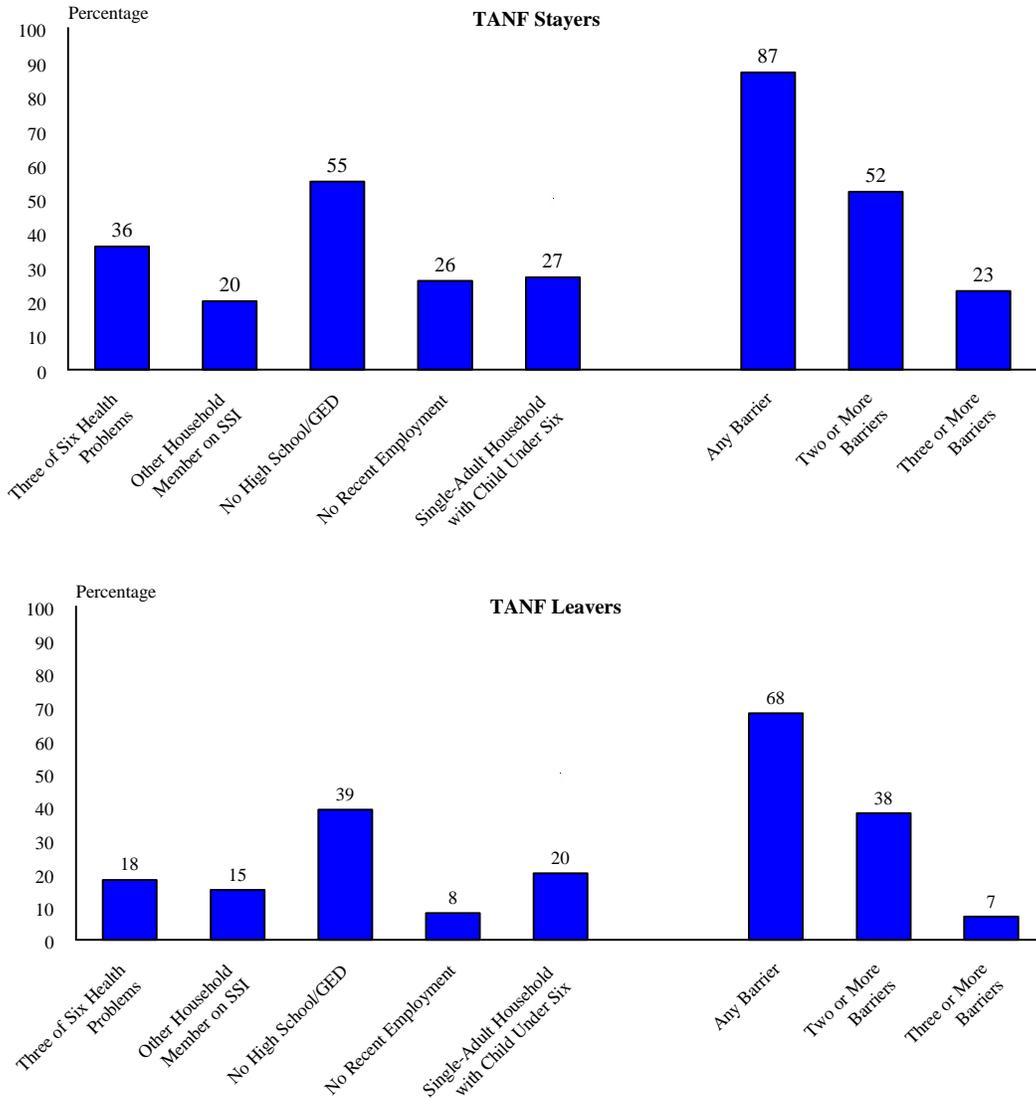
Many of those who were off TANF also faced barriers to employment; however, as a group, those remaining on TANF faced more employment barriers than those who exited TANF. The difference between the two groups was the largest with respect to health problems and work experience (Figure VI.7). Overall, 68 percent of those off TANF had at least one serious barrier to employment, compared with 87 percent of those on TANF. Only 7 percent of those on TANF faced three or more barriers, compared with 23 percent for those who remained on TANF.

¹⁹There were no major differences in most of these barriers by stayers' employment experience and work history since the time of WFNJ entry.

²⁰Danziger et al. 1999 list a more exhaustive set of barriers than are included in this study because their study focused primarily on barriers to employment. For instance, Danziger et al. and Olson and Pavetti have detailed measures in their survey related to mental health problems and workplace skills. We do not have those measures in our survey. Furthermore, our study includes a smaller number of employment barriers, but more severe ones. For instance, Danziger et al. include measures such as whether a person has a car or a valid driver's license, and their health measure is whether a client rates on the lowest quartile of the physical health index.

FIGURE VI.7

PREVALENCE OF EMPLOYMENT BARRIERS,
BY TANF STATUS

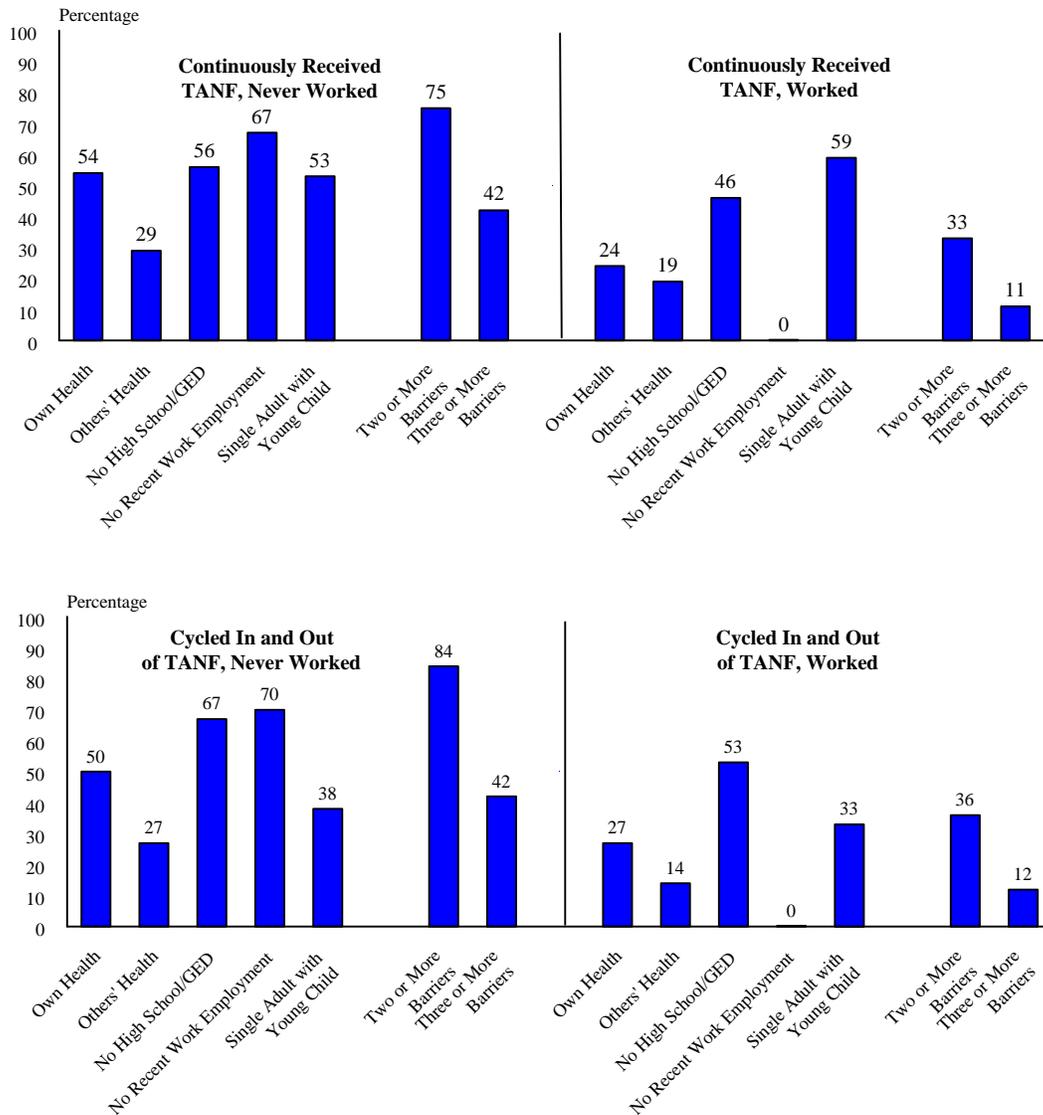


Source: Second WFNJ client survey.

Note: The six health problems are the sample member (1) has poor self-reported health, (2) is unable to work at all because of health, (3) was seriously ill in the past year, (4) ranks in the lowest quartile nationally on a standardized physical health index, (5) ranks in the lowest quartile nationally on a standardized mental health index, and (6) receives SSI.

FIGURE VI.8

PREVALENCE OF EMPLOYMENT BARRIERS,
BY TANF STATUS



Source: Second WFNJ client survey.

Note: Own health problem refers to those who experienced at least three of six severe health problems. The six health problems are the sample member (1) has poor self-reported health, (2) is unable to work at all because of health, (3) was seriously ill in the past year, (4) ranks in the lowest quartile nationally on a standardized physical health index, (5) ranks in the lowest quartile nationally on a standardized mental health index, and (6) receives SSI.

*Among TANF stayers, those who have never worked since WFNJ entry are considerably more likely to have multiple barriers to employment than those who have some work experience.*

Reflecting the large differences in health problems and work experience among those who did and did not work since they entered WFNJ, those who had never worked since program entry were more likely to have multiple employment barriers than those who had worked since WFNJ entry. However, there were no large differences in the prevalence of barriers by whether the person received welfare continuously or had cycled in and out of TANF since WFNJ entry.²¹ As Figure VI.8 shows, between 75 and 84 percent of clients remaining on TANF who had never worked since WFNJ entry faced at least two barriers to employment, compared with just over one-third among those who have worked since WFNJ entry. Similarly, more than 40 percent of those who were on TANF and never worked had experienced at least three or more of the five employment barriers, compared with just over 10 percent of those who had never worked since WFNJ entry.

*TANF clients most frequently report health problems as the main reason they are not working.*

In the survey, we asked clients who had not worked in the past three months to report the main reason they had not worked. The most commonly reported reason was own or other household member's health problem. Almost 30 percent receiving TANF reported health problems, and another 11 percent reported the health problems of another household member. About 16 percent reported they could not find a job or lacked the skills to obtain one, while 10 percent reported that a child care issue (either the cost or wanting to stay at home with the children) prevented them from working.

D. HOW MANY SERIOUS HARDSHIPS DO TANF STAYERS FACE?

To complete the picture of the lives of those remaining on TANF, we briefly summarize the prevalence of serious hardships among these clients.²² We then examine whether there are any differences in the life qualities of those who are on TANF by their work and welfare experiences since WFNJ entry.

We examine the proportion of TANF stayers who have experienced five serious hardships. The hardships are (1) extreme poverty (defined as income below 50 percent of the poverty level), (2) health problems (defined by those who have at least three of the six health problems defined earlier), (3) those who were uninsured but needed medical health during the past year, (4) those who had been homeless or lived in an emergency shelter in the previous year, and (5) those who are food insecure with hunger evident or had used a food bank or soup kitchen in the previous year.

²¹The one difference between cyclers and those who received TANF continuously is that the latter group were more likely to be in a single-adult household with a young child under age six than the cyclers (regardless of whether or not they had ever worked).

²²See Chapter III for a more detailed examination of the life quality of all WFNJ clients.

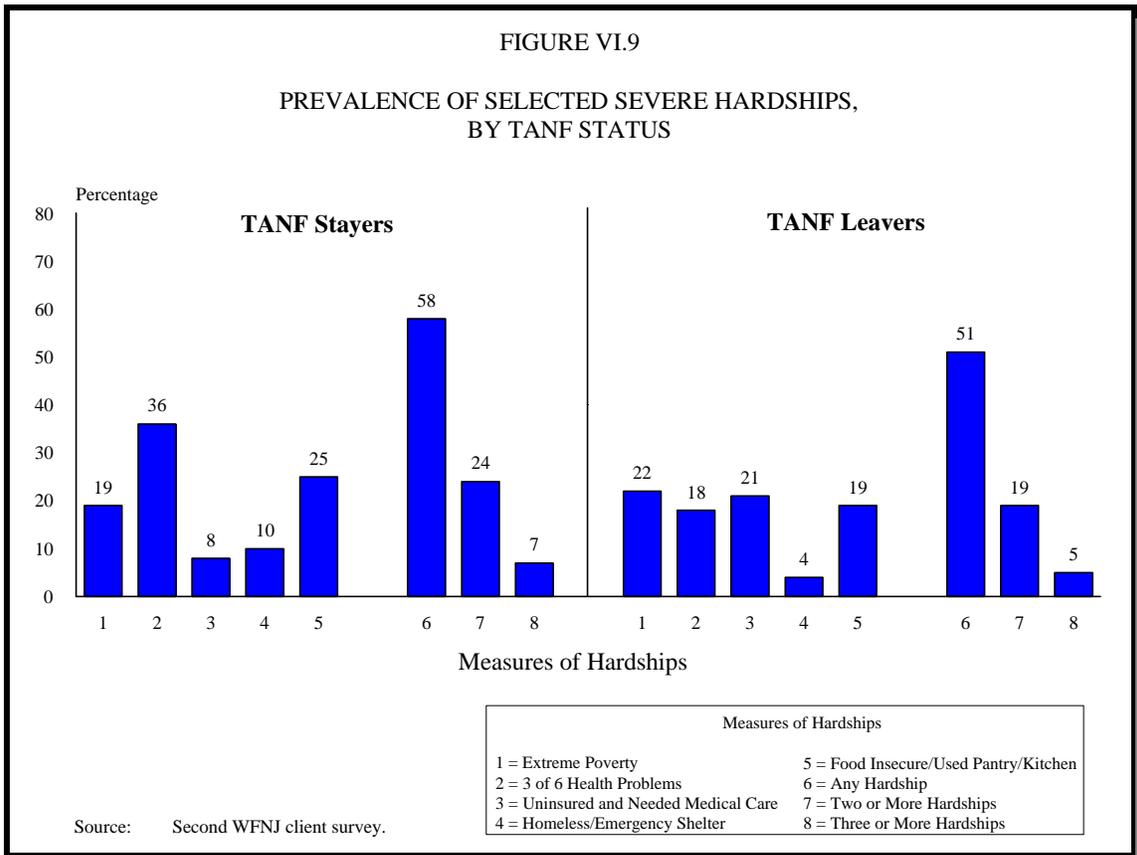
Many of those who remain on TANF experience serious hardships.

Many TANF stayers experienced serious hardships. For example, about one in five of those who remained on TANF had suffered from extreme poverty (Figure VI.9). More than one in three had severe health problems. About one-quarter of those on TANF reported being food insecure or having used a food bank or soup kitchen in the year prior to the interview. Nearly 10 percent of those who remained on TANF had been homeless or lived in an emergency shelter or had been homeless in the year prior to the study.

More than half of those who were receiving TANF at the time of the second survey faced at least one of these five hardships, and almost 25 percent faced two or more hardships (Figure VI.9). As described in Chapter III, many of those off TANF and not working also faced serious hardships.²³

TANF stayers who have never worked since entering WFNJ experience more hardships than those who have worked since program entry.

Among clients who remained on TANF, those who had never worked since WFNJ entry generally faced the most hardships. In addition, those who cycled in and out of TANF were somewhat more likely to have poorer life quality than those who were continuously on

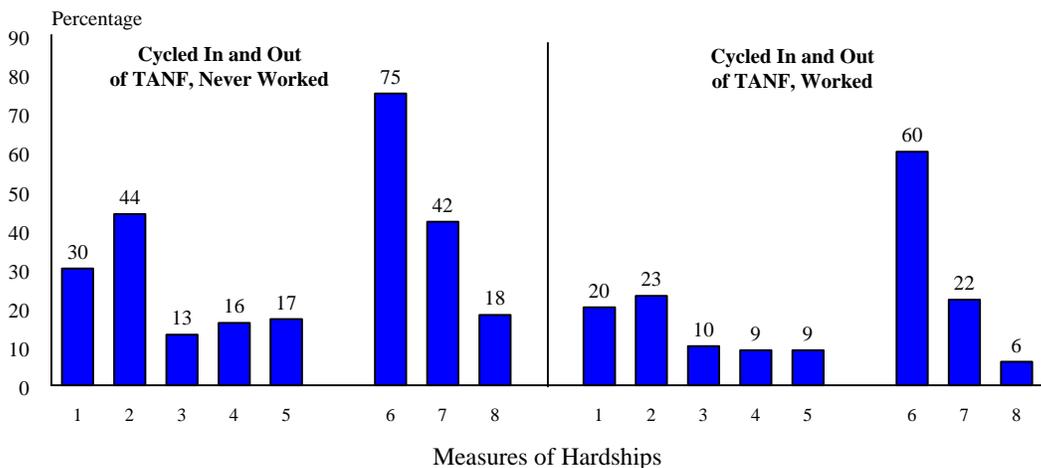
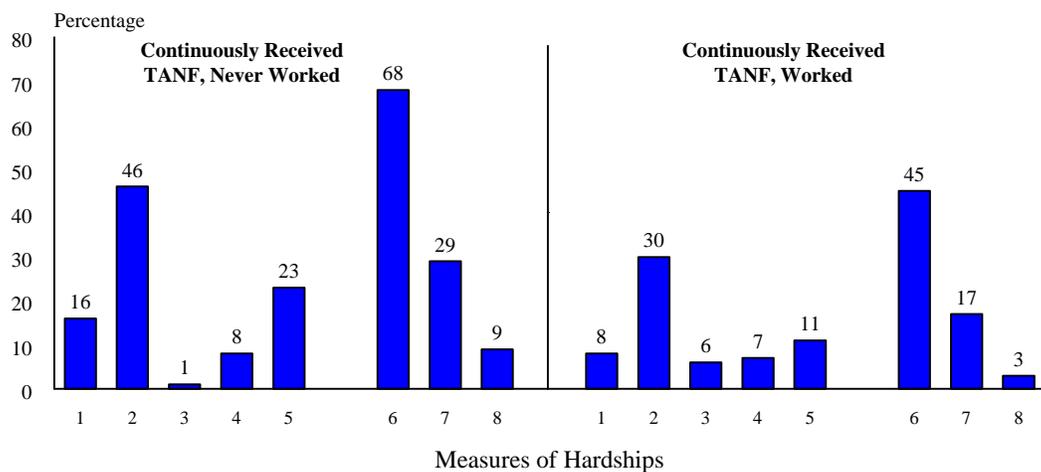


²³For instance, as seen in Chapter III, many of those off TANF and not working were at high risk of being extremely poor.

TANF, although the differences were smaller. On average, between 68 and 75 percent of those who had never worked since WFNJ entry had experienced a serious hardship, compared with 45 to 60 percent of those who had some employment experience since WFNJ entry (Figure VI.10). In addition, 30 to 40 percent of those who were on TANF and never worked faced two or more serious hardships, compared with around 20 percent for those who had ever worked.

FIGURE VI.10

PREVALENCE OF SELECTED SEVERE HARDSHIPS AMONG TANF STAYERS, BY WORK AND WELFARE HISTORY



Measures of Hardships	
1 = Extreme Poverty	5 = Food Insecure/Used Pantry/Kitchen
2 = 3 of 6 Health Problems	6 = Any Hardship
3 = Uninsured and Needed Medical Care	7 = Two or More Hardships
4 = Homeless/Emergency Shelter	8 = Three or More Hardships

Source: Second WFNJ client survey.

VII

CONCLUSIONS

This report is the second in a series that tracks the progress of current and former WFNJ clients and their families. We find WFNJ clients continuing to move toward self-sufficiency by leaving welfare for work. Two and a half years after WFNJ entry, about two-thirds had exited TANF, and about 4 in 10 were both off welfare and working. Income levels increased by about 20 percent over the previous year, and poverty levels have declined. In spite of this progress, challenges remain. Many former clients do not use food stamps, Medicaid, or child care subsidies. Some are not eligible because of higher incomes, but others who are eligible do not participate because of administrative hassles or simply because they do not want these benefits. Lack of knowledge also plays a role for some. About one in four clients have left welfare and are not working; half of them have a stable source of support (SSI, employed spouse or partner, or recent employment). However, the remaining half of this group (representing 12 percent of clients in our study) have no substantial source of support; they get by on very little income, face more hardships than other leavers, and rely heavily on help from friends and relatives to make ends meet. The one-third of clients who remained on TANF 30 months after WFNJ entry were more disadvantaged than those who had left, and faced multiple barriers. Nearly three out of four who remained on TANF reported a serious health problem, one out of five reported being unable to work because of a health problem. Many have low education levels and weak work histories. Many stayers are responsible for young children and do not live with other adults who can help with child care responsibilities.

A. POLICY RECOMMENDATIONS

While WFNJ clients as a group are doing better over time, certain groups are likely to need special attention and could benefit from additional supports.

Many former WFNJ clients are not taking advantage of post-TANF supports. Policies designed to promote awareness of these benefits among clients and to make these benefits easier to access may increase their use.

To facilitate the transition to work, the state provides transitional child care and Medicaid to former welfare recipients who leave welfare for work. Many clients may also qualify for food stamps, child care, and health insurance benefits provided by the state for low-income parents. However, many clients who have left welfare for work are not using all the post-TANF supports available to them. Some do not use the benefits because they do not want them. Others reported not knowing about the benefits or were aware of them but thought they did not qualify. Yet others do not want to deal with the hassles of accessing these benefits.

Because these supports can help smooth the transition from welfare to work, it will be important for programs to ensure that clients know about these benefits and can easily access them. To improve client awareness of these post-TANF supports, agencies may want to inform clients about the availability of these benefits at regular intervals. They could do so as clients enter work-related activities and as clients are close to finding a job. Currently, program staff send letters to clients about their eligibility for post-TANF benefits soon after they exit TANF (when clients will be more likely to focus on their importance). However, since some clients may not read their mail, additional outreach may be necessary. In addition, program staff may be able to create simple budget tables showing the amount of transitional child care benefits for which clients are eligible. Agencies may also want to ensure that any postemployment programs they offer provide information on the availability of transitional benefits.

Because the eligibility and paperwork processes may be complicated for some who have exited TANF, it may be important to try to simplify these processes. In addition, the growing number of former WFNJ clients who lack health insurance suggests that public health insurance programs for low-income families may need to be expanded. The state's FamilyCare program, which was launched in October 2000 (after these data were collected) and provides insurance to low-income working adults, is an important step in addressing this issue.

The high rates of job turnover, especially during the early months after job start, suggest that some newly employed WFNJ clients may benefit from intensive postemployment services during the initial months after getting a job.

Many WFNJ clients find low-paying, entry-level jobs. The low wages that these jobs pay, combined with the high cost of work and other new challenges that clients face as they begin working, can make it difficult for welfare recipients to maintain employment. For instance, welfare recipients who find work must adjust to the demands of the workplace and make reliable child care and transportation arrangements. Some must also contend with health problems, housing problems, or lack of support from family members. These concerns can all compound to make the transition from welfare to work difficult. We found that newly employed WFNJ clients were at highest risk of job loss and a return to TANF during their first few months of employment. Stronger postemployment supports (such as case management for high-risk clients and financial incentives for low earners) during this critical period may help clients cope with these issues. Moreover, because some clients have little prior experience dealing with workplace issues, it may be useful to have pre-placement workshops that place greater emphasis on dealing with workplace stress and getting along with others on the job.

Many long-term TANF recipients face severe, multiple barriers to employment. These clients may benefit from comprehensive assessments and more intensive case management. Some may not be able to maintain employment; they may be better served by SSI or other vocational rehabilitation programs, or they may have to stay on TANF.

Clients who remained on TANF were more disadvantaged than other clients. These clients face a variety of potential barriers to employment (such as low skills, poor health, and child care and transportation issues). Given the variety of challenges facing WFNJ clients who have not yet found jobs, especially in the context of a strong economy where jobs are plentiful, programs may need to focus additional resources on assessing clients' needs. Comprehensive individualized assessments may make it possible for WFNJ staff to help clients who face TANF work requirements and have not yet found employment. Some clients who lack job skills may require short-term training and/or intensive job search assistance. Those with serious health problems may be better served by the SSI program. In fact, NJDHS is currently collaborating with Legal Services of New Jersey to help disabled TANF recipients enroll in the SSI program. About 5 percent of the WFNJ clients we are tracking in our study, and 27 percent of those who reported being unable to work because of a health problem, were no longer receiving TANF and started receiving SSI for themselves. Clients with less serious health conditions may be able to do some kinds of work but may need a supported-work program. In addition, some of these clients have substance abuse or mental health problems and may need treatment as they try to enter the world of work.

Some clients leave TANF without a stable source of financial support and are at high risk of extreme poverty and other poor outcomes. Agencies may want to attempt to identify these clients as (or shortly after) they leave TANF and reassess their needs for social services.

Some WFNJ clients who leave TANF lack a stable source of financial support. These clients get by on very little income and rely heavily on friends and relatives for support. Many face a number of hardships. They are more likely than any other group of WFNJ clients to report that they are barely making it from day to day. These clients have exited welfare and are not part of the client base that agency staff are trying to serve. Because they have left the welfare system, they are likely to be difficult to identify and track; serving them will involve a major commitment on the part of the agency.

To ensure that these clients do not slip through the cracks and end up in extreme poverty, it will be important to understand why they are exiting TANF and how they plan to support themselves. Welfare agency staff may be able to gather some of this information as part of exit interviews if clients inform staff that they are leaving TANF. However, many of these clients are likely to leave TANF without informing welfare staff. In addition, many will not want to talk with agency staff of a program that sanctioned them or one that they left because they did not want to deal with its hassles. TANF agencies may want to consider using TANF funds to have community-based organizations do special outreach for some of

these clients.¹ For instance, these organizations can inform clients of post-TANF support services available through the welfare office, other programs available for low-income people in the state, and support services (such as food pantries) available in the community.

Many clients who leave TANF and have no stable source of support have poor mental health.² Better screening for mental health problems for all TANF recipients may help agency staff identify these clients before they leave the system. In addition, TANF leavers with no stable source of financial support are similar to the long-term TANF stayers in terms of their barriers to employment. Individualized case management with a focus on training may help those with few skills obtain the ones they need to find and keep jobs, and reduce the likelihood that they leave TANF without a job.

B. NEXT STEPS IN THE WFNJ CLIENT STUDY

The next round of surveys with our sample of WFNJ clients is scheduled to begin in early 2001. In addition to clients' earnings, income, household composition, and employment barriers, this round of the survey will focus on child care arrangements by WFNJ clients, child supervision issues, and indicators of child well-being. We will gather information on what current and recent TANF recipients know about time limits and what they are doing to prepare for them. During summer 2001, we will conduct the second round of in-depth, in-person interviews with a subset of clients. We will follow their life stories and try to better understand why some clients have been more successful than others in leaving and staying off welfare. These semistructured interviews allow us to gain a detailed qualitative understanding of clients' lives and the challenges they face as they move off welfare. The findings from the next survey (and insights from the in-depth interviews) will be presented in the third client study report, scheduled for fall 2001.

¹County welfare agencies have contracted with community-based organizations to do outreach to sanctioned clients.

²While many TANF stayers also have poor mental health, they also tend to have poor physical health and are likely to be deferred from TANF participation. However, many in this group of TANF leavers with no steady source of support have poor mental health but do not have the physical health problems of the long-term stayers. Physical health problems are easier to identify and are, therefore, more likely to lead to deferrals or exemptions from participation. This may be why those with poor physical and mental health are staying on TANF, while those with poor mental health but not poor physical health are leaving.

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APPENDIX A

SUPPLEMENTAL TABLES

TABLE A.1

HEALTH PROBLEMS AMONG WFNJ CLIENTS,
BY TANF STATUS AT TIME OF SURVEY

	On TANF					
	Off TANF	All WFNJ Clients	On TANF Continuously, Never Worked	Cycler, Never Worked	On TANF Continuously, Worked	Cycler, Worked
Self-Reported Health Status						
Poor	7	13	22	24	6	7
Fair	21	27	31	31	24	25
Good	31	28	27	22	31	30
Very good	23	16	8	6	22	22
Excellent	19	16	11	17	18	16
Unable to Do Certain Kinds of Work Because of Health						
	16	31	43	42	19	27
Unable to Work at All Because of Health						
	6	20	34	34	7	15
Seriously Ill in the Past Year						
	17	33	46	44	30	23
Sample Size	1,099	508	78	110	115	205

SOURCE: First and Second WFNJ Client Surveys.

TABLE A.2

PHYSICAL AND MENTAL HEALTH RATING OF WFNJ CLIENTS,
BY TANF RECIPIENCY STATUS

	On TANF					
	Off TANF	All WFNJ Clients	On TANF Continuously, Never Worked	Cycler, Never Worked	On TANF Continuously, Worked	Cycler, Worked
Physical Health Index						
Lowest quartile	30	53	69	68	41	46
Second quartile	26	20	101	14	27	23
Third quartile	22	14	14	7	19	16
Highest quartile	24	12	6	11	13	15
(Average score)	(49)	(44)	(40)	(40)	(47)	(47)
Mental Health Index						
Lowest quartile	49	36	67	58	36	45
Second quartile	18	26	8	17	20	22
Third quartile	14	18	10	8	20	15
Highest quartile	19	20	16	17	24	19
(Average score)	(44)	(47)	(41)	(41)	(48)	(46)
Physical Functioning Index						
Lowest quartile	45	22	65	59	30	37
Second quartile	23	22	16	19	26	26
Third quartile/highest quartile	32	56	19	22	44	37
(Average score)						
Proportion Who Report Being "Limited a Lot" in Their Ability to Perform the Following Physical Activities:						
Perform vigorous activities such as running, lifting heavy objects, or participating in strenuous sports	33	17	51	43	17	29
Perform moderate activities such as moving a table, pushing a vacuum cleaner, or bowling	22	9	29	35	16	15
Lifting or carrying a bag of groceries	18	8	26	27	10	14
Climbing several flights of stairs	28	11	40	43	17	21
Climbing one flight of stairs	17	7	18	30	9	13
Bending/kneeling/stooping	21	10	34	33	12	14
Walking more than one mile	25	13	43	33	20	17
Walking several blocks	24	9	42	28	18	18
Walking one block	15	6	21	24	10	10
Bathing or dressing self	18	6	28	21	13	14

TABLE A.2 (continued)

	On TANF					
	Off TANF	All WFNJ Clients	On TANF Continuously, Never Worked	Cycler, Never Worked	On TANF Continuously, Worked	Cycler, Worked
During the Past Four Weeks, Proportion Reporting That:						
Physical health led them to accomplish less than they would like	25	42	53	51	31	38
Physical health limited them in the kinds of things they did	20	36	46	49	27	30
Mental health led them to accomplish less than they would like	30	37	50	50	27	29
Mental health led them to not do work as carefully as usual	22	30	45	35	20	26
Pain interfered with normal work	57	43	25	35	50	51
Not at all	27	31	35	25	34	31
A little/moderately	16	26	41	40	17	18
Quite a bit/extremely						
Proportion Who Report That, During the Past Four Weeks:						
Felt calm and peaceful						
All/most of the time	41	33	22	30	41	34
A good bit/some of the time	38	39	39	34	40	41
A little/none of the time	21	29	39	36	19	26
Had a lot of energy						
All/most of the time	47	43	31	33	50	49
A good bit/ some of the time	35	33	40	28	33	33
A little/none of the time	18	24	29	39	17	18
Felt downhearted and blue						
All/most of the time	16	23	27	32	16	21
A good bit/some of the time	26	31	39	31	28	29
A little/none of the time	58	46	36	37	56	50
Physical health or emotional problem interfered with social activities like visiting friends/relatives						
All/most of the time	15	23	37	28	13	19
A good bit/some of the time	17	24	23	35	21	19
A little/none of the time	68	54	41	37	66	62
Sample Size	1,099	508	78	110	115	205

SOURCE: First and Second WFNJ Client Surveys.

TABLE A.3
PREVALENCE OF CHRONIC HEALTH CONDITIONS,
BY TANF STATUS

	On TANF					
	Off TANF	All WFNJ Clients	On TANF Continuously, Never Worked	Cycler, Never Worked	On TANF Continuously, Worked	Cycler, Worked
Prevalence of						
Asthma	22	28	28	38	26	23
Diabetes	7	11	9	19	6	11
Arthritis	11	17	20	27	12	14
High blood pressure	14	22	29	27	19	18
Heart disease	7	13	12	25	8	10
Chronic lung disease	3	8	10	10	7	5
Cancer	5	8	19	6	8	5
HIV/AIDS	1	2	2	6	0	1
Other chronic condition	11	19	28	22	15	16
Any Chronic Health Problem	37	53	65	62	46	48
Mental/Emotional Disorder	9	14	22	21	8	10
Depression	5	9	12	14	6	6
Other mental health problem	4	6	10	8	3	4
Sample Size	1,099	508	78	110	115	205

SOURCE: First and Second WFNJ Client Surveys.