

REPORT ON THE OHIO CLOSED CASES STUDY

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EXECUTIVE SUMMARY

Note: This report does not necessarily represent the views, analyses, or policies of the Ohio Department of Job and Family Services. The official report on this study will be issued by the Ohio Department of Job and Family Services and may or may not agree with all or part of this report.

In August 1996 Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), making dramatic alterations to the United States welfare system. This act introduced new time constraints and work requirements for its recipients through the adoption of the TANF (Temporary Assistance to Needy Families) block grant.

In conjunction with the national reform, Ohio introduced its new TANF program, Ohio Works First (OWF), on October 1, 1997. The core message of OWF reads:

“Ohio has fundamentally changed its welfare system to help people become self-sufficient citizens and take personal responsibility for their own lives and futures. The new system provides temporary services to get people employed and help them stay employed.”

Administered at the county level, the OWF program focuses on economic self-sufficiency for its recipients by emphasizing employment, training, and education. The new approach has apparently been very successful in reducing the number of welfare cases. We also need to understand how the former participants fared after leaving assistance, their hardships, and—perhaps most importantly—how their labor force outcomes evolved in terms of hours worked, wage earned, and the rate at which they held jobs.

The Ohio Closed Cases survey was designed to collect information about the experiences of welfare recipients who stopped receiving benefits for at least one month between October 1997 and March 1999. These individuals are often labeled “leavers.” The present study only requires that recipients be off welfare for one month. The recent Legislative Outcome Study required respondents to be off welfare for one year—a more narrowly defined group of leavers. In comparing or contrasting results from these two studies, one should keep this design difference in mind.

The Closed Cases project was commissioned by the Ohio Department of Human Services (now the Ohio Department of Job and Family Services—ODJFS). The Center for Human Resource Research (CHRR) at the Ohio State University is the prime contractor in charge of designing, implementing and reporting on the study. The Center on Urban Poverty & Social Change at Case Western Reserve University provided expertise and analysis of the administrative data and did institutional interviewing in Cuyahoga and Ashtabula counties. Cleveland State University performed some of the face-to-face interviewing in Cuyahoga and Ashtabula Counties. CHRR did the remaining face-to-face interviewing and the Center for Survey Research at the Ohio State University handled the telephone interviewing. Interviews took place between November 1999 and July 2000. This report—written by CHRR—does not necessarily reflect the views, analyses, or policies of the Ohio Department of Job and Family Services.

While the analysis of administrative data was statewide, the survey sites were Allen, Ashtabula, Clark, Meigs, Noble, Scioto, Vinton, and Washington counties, and the cities of Euclid, Cleveland, Columbus, and Parma.

Key Findings

Key findings from the project include:

Recipient and Case Characteristics

- About forty percent of the persons in our sample who left welfare remained off welfare for two and one-half years. Another forty percent were off welfare two and one-half years after leaving, but had returned to welfare at some time in that thirty-month interval. Leaving welfare is similar to young labor market entrants who typically have several shorter jobs before finding a good match. The difference between young entrants and these welfare leavers is that—before finding a good long-term match—these searchers end up back on welfare during the gaps between jobs. However, the success of those who left OWF to date is encouraging.
- Statewide, case closures have been mostly white (53%) and African-American (43%), with other ethnic categories representing a significantly smaller proportion. For the sites we studied, a greater proportion of closed cases was African-American, reflecting the ethnic composition of our study sites.
- Fewer than half of adults with closed cases have a high school degree or GED. Females tended to have high school degrees more often than males.
- The administrative reasons for closure differ substantially from the survey responses.
- The vast majority of closed case individuals were not married (82%). Marital status also varied significantly by ethnic group.

Employment and Earnings

- Employment rates for welfare leavers in all counties averaged 54% during the exit quarter, based upon earnings matches to Unemployment Insurance (UI) data. This probably understates the true employment rate.
- In the survey data, employment rates were fairly stable until about eight months before closure when they began to rise. Employment rates for leavers continued to rise, leveling off at about 65%. Based on the survey data, the rise in employment rates for the two years surrounding closure was sharper than what was revealed in the UI match data. We believe the survey data are more accurate.
- Hours worked per week for those who were employed were remarkably stable with little variation before versus after closure.
- Wage growth was fairly steady throughout the period before and after closure. For every year of experience, the wage rate grows a little over 8%, whereas an additional year of education increases the wage by a little over 5%. Wages are lower outside Franklin and Cuyahoga counties, but there was no significant wage differential

associated with Appalachia other than the effect associated with not having a large metro area in the county.

- Higher earnings make it more likely that an OWF recipient will become independent of cash benefits. While this is true on average, of the 40% of the sample that left OWF and never returned, about 20% of them (or one-fifth of that 40%) reported that they had never held a job and had earnings reported to the UI system under one thousand dollars. For some, leaving welfare has nothing to do with finding a job.
- Based on an examination of UI match data for survey respondents versus non-respondents, we feel there is little non-response bias in the survey. We were concerned that non-respondents would be significantly worse off than respondents, but we believe (after making normal survey weighting adjustments) that this is not the case and that survey respondents are representative of non-respondents.

Recipient Knowledge about Welfare Reform

- About half the respondents were unaware that they are eligible for one-time emergency assistance.
- About 70% of respondents knew their children are eligible for Medicaid and about half knew they could still get Medicaid.
- Over 60% knew they could receive child care benefits after cash assistance stops.
- Over 60% knew they could receive food stamps after cash assistance stops.
- Almost 85% knew about time limits and 70% of these correctly identified the time limit as 36 months.

Child Care and Support

- About half the survey respondents reported they did not have difficulty finding child care, although this rate was higher for those off OWF at the time of survey.
- For those off OWF, affordability was the biggest child care problem, but for those on OWF at the time of survey, transportation was the biggest problem.
- For those needing child care, grandparents, friends, and relatives were the most frequently used child care arrangements with day care centers close behind.
- Child support payments were received irregularly.

Health Benefits

- Most jobs did not make health insurance available; even when they did, about 40% of respondents did not take the medical coverage. The reasons they did not take coverage were, in declining order: the cost of the coverage, respondents were not on the job long enough to qualify, they were covered by Medicaid, and they were covered by other insurance. However, when a respondent left welfare with a job from which they received medical insurance, that respondent was significantly more likely to stay off welfare.

Hardships

- Most respondents have fallen behind on utility bills, but this appears to be unrelated to whether they were on welfare at the time.
- People off welfare were more likely to encounter medical needs they could not pay for.
- About half the respondents reported an inability to purchase food, but this appeared to be unrelated to whether they were on welfare at the time of the survey.
- Most respondents reported having more money than when they were on welfare. Over half of the respondents felt they could stay off welfare.

1. INTRODUCTION

This report presents findings from a study of welfare leavers in the State of Ohio. The study has two major parts—a study of administrative data for welfare leavers and a survey of welfare leavers in twelve sites around Ohio. Findings from a series of group interviews with welfare staff workers in the ten counties containing the twelve study sites (Cuyahoga County had three sites, Cleveland, Euclid, and Parma) will be reported later. Our focus is on persons who left Ohio Works First (OWF) in the months from October 1997 through March 1999. We caution the reader that while the results from administrative data are for all of Ohio, our survey data were drawn from pre-selected sites and hence are not a random sample of Ohio welfare leavers. The survey data are, however, a random sample from the study sites.

The administrative data used for this report include case attribute data based upon the HR3734 data set and earnings data from a match to unemployment insurance data. The latter earnings match reveals earnings from employment covered by unemployment insurance. However, the earnings match does not show hours worked and only reports earnings by quarter. Respondents working jobs not covered by unemployment insurance in the State of Ohio will not have reported earnings for those jobs.

The survey results are based on interviews with former welfare recipients. The survey data were combined with administrative data to study return to welfare (recidivism). The combined survey/administrative data are available as a public use file from the Center for Human Resource Research at Ohio State University.

Finally, this study represents a collaboration of three Ohio universities; the Ohio Department of Job and Family Services; and the county departments of human services in Allen, Ashtabula, Clark, Cuyahoga, Franklin, Meigs, Noble, Scioto, Vinton, and Washington counties. The cooperation of all involved was crucial to this study and we are most grateful. The Center for Human Resource Research at the Ohio State University was the lead organization and subcontracted with Case Western Reserve University and Cleveland State University. The School of Public Policy and Management at Ohio State did most of the design and interview work for the qualitative interviews.

On a personal level, many people contributed to this project and this report. In the Center on Urban Poverty and Social Change at Case Western Reserve, the effort was headed by Claudia Coulton with Neil Bania assembling most of the administrative files for analysis and Sue Pearlmuter handling the qualitative interviews in Cuyahoga and Ashtabula counties and writing up those parts of the report. Charles Adams in the School of Public Policy and Management headed up the overall effort with qualitative interviews and, with Miriam Wilson, handled the qualitative interviews in the rest of the study sites. Bill Morgan at Cleveland State University organized the face-to-face interviewing early on in Cuyahoga County. At CHRR, the project was managed through the summer of 2000 by Traci Mach, now at SUNY Albany. She performed admirably in keeping the process running smoothly. Jill Dannemiller succeeded her as project manager and brought the project to a successful conclusion as well as organized much of the writing effort, and publication of the public use CD. Jill was always there from beginning to end and single-handedly filled in the cracks and supported both the efforts at CHRR and served as the research liaison for ODJFS as well.

During the research phase Haley Hamilton, Laurice Grant, Nicole Creamer, and Sabrina Haurin performed admirably. Cheryl Segrist deserves special note in this regard. She served as my research assistant and application programmer during the writing phase. Her care and fastidiousness were remarkable. Alisu Schoua-Glusberg organized the face-to-face interviewing effort and the training of the interviewers. Mike Barr at CHRR organized the survey data files and tracked the field effort. Paul Lavrakas at the Center for Survey Research oversaw the telephone interviewing. While ODJFS will report separately, the advice and guidance of Jackie Martin (the ODJFS project manager), Helen Anne Sweeney, Lou Tomlin-King, Mike Donohue, Terry Braun, Neva Terry, and Kevin Giangola brought a much-needed perspective into what was important and what was not. I thankfully acknowledge their contributions.

This report does not necessarily represent the views, analyses, or policies of the Ohio Department of Job and Family Services or any of its staff or employees, current or past.

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2. DESCRIPTIVE FINDINGS

A. OWF Respondent Profiles at Closure

Using statewide data from the Ohio Department of Jobs and Family Services (ODJFS), this section summarizes the monthly results of the Demographics of OWF Closed Assistance Groups reports from October 1997 through March 1999. From this data, our report provides a profile of individuals and assistance groups at the time of closure. The profile covers such factors as pregnancy status, age, ethnicity, gender, marital status, earned income status, educational attainment, and reasons for case closure.

1. Number of Case Closures

From October 1997 to March 1999 there were 220,690 case closures for OWF assistance groups. Over 85% of these assistance groups included at least one eligible adult while the other 15% were child-only cases. The number of monthly case closures averaged approximately 10,462 for adult assistance groups and 1,799 for child-only assistance groups. These closures represent 610,605 total individuals across the 18-month period.

Monthly figures show a gradual decline in the number of case closures over the 18-month period. However, the size of the average assistance group remained relatively constant at 2.97 persons per assistance group. Numbers for child-only assistance groups also reveal relative stability at 1.6 persons per assistance group. Figures 1 and 2 illustrate trends in statewide case closures; the geographic distribution of cases can be seen in Figure 3.

Figure 1. Adult AG Case Closures

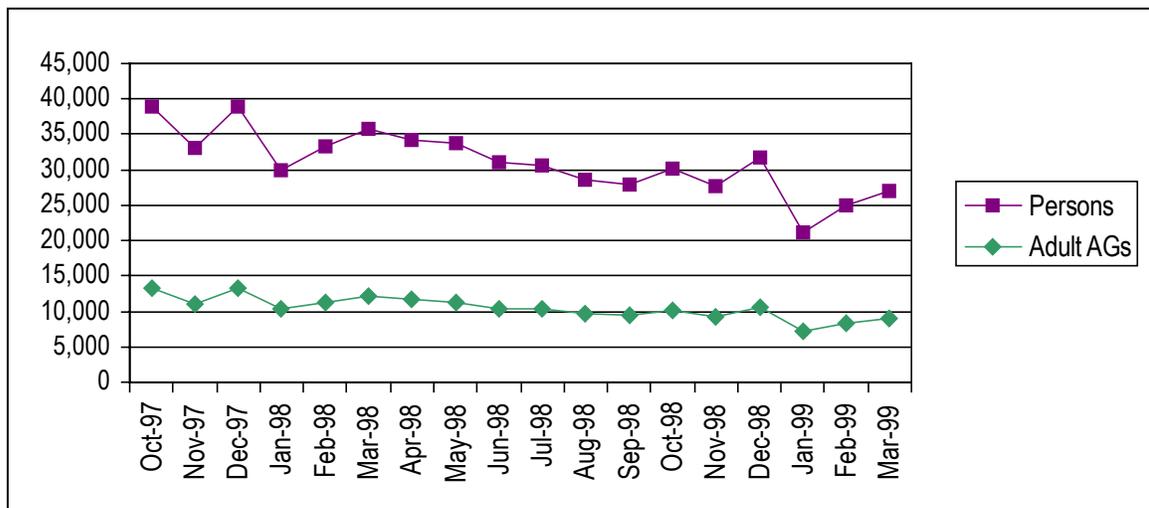


Figure 2. Child-Only AG Case Closures

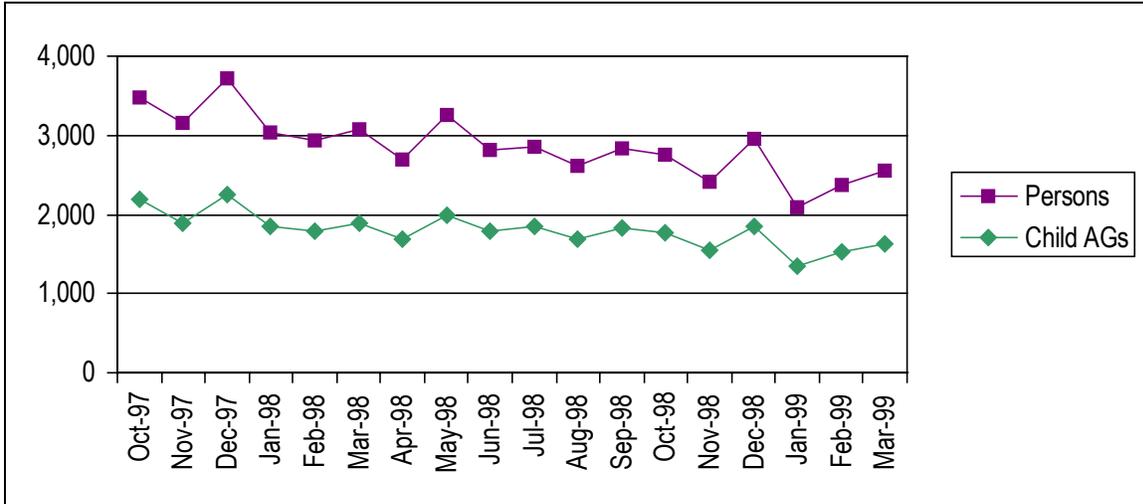
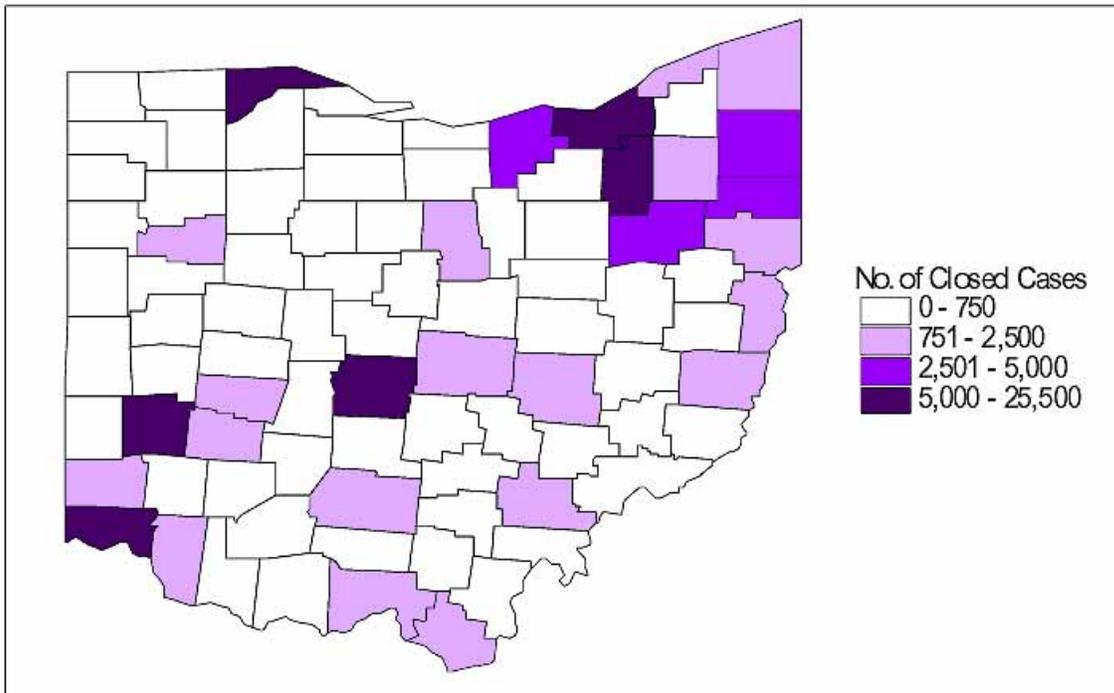


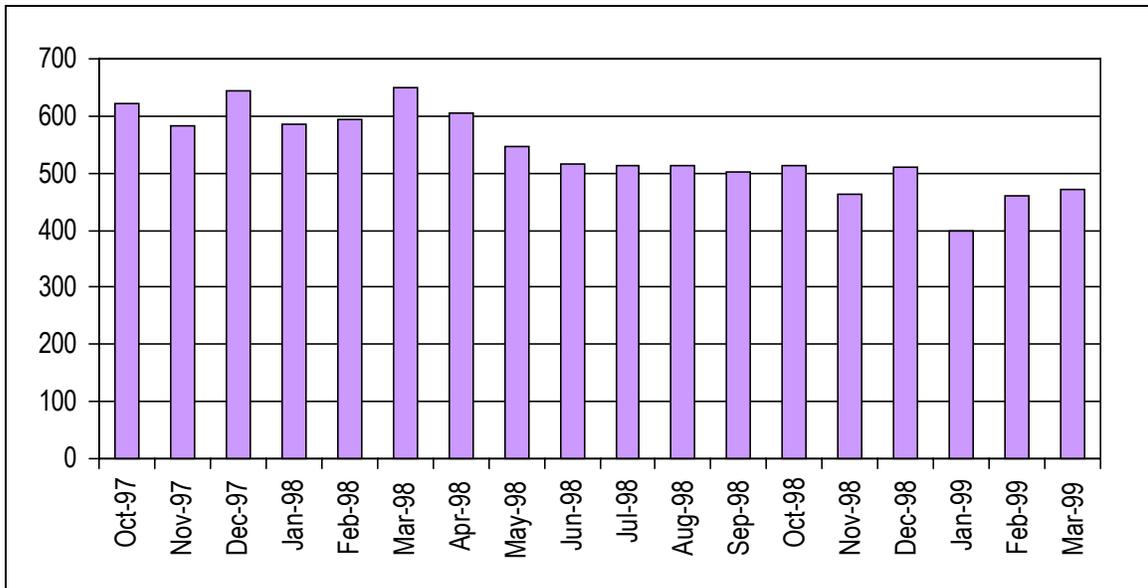
Figure 3. Number of Cases by County



2. Pregnancy Status

Similar to the monthly decline in the number of case closures over the 18-month period, there was also a monthly decline in the number of recipients who were pregnant at the time of closure. Both total monthly closures and closures involving assistance groups with a pregnant individual declined at an average rate of 2.2% per month. On average, pregnant cases represented 5.1% of all monthly closures. Figure 4 illustrates trends in closures involving pregnant recipients.

Figure 4. Pregnant Cases by Month

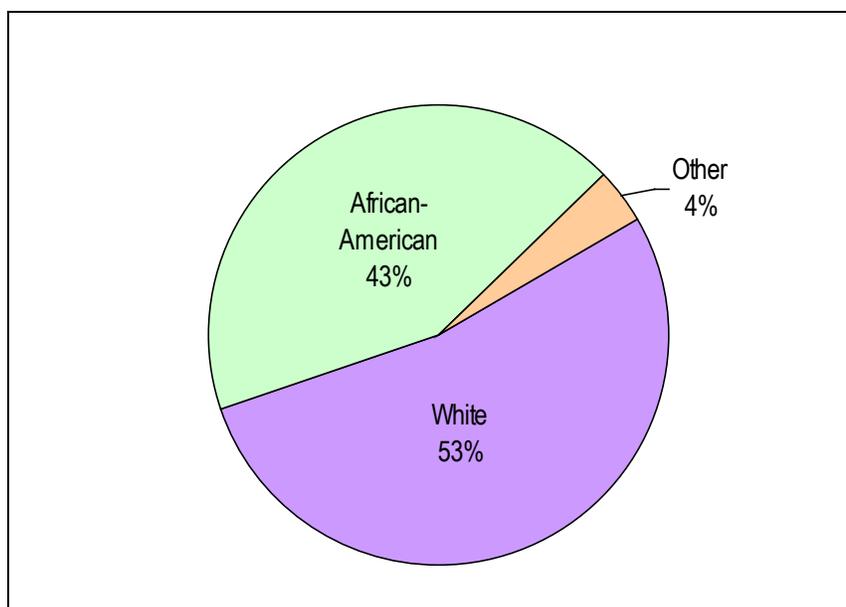


3. Age, Ethnicity, and Gender

The proportion of whites, African-Americans, and other ethnic groups varied across the 18-month period. During October and November 1997, a higher proportion of case closures involved white individuals rather than African-Americans or individuals of other ethnic groups. The proportions were approximately 58% white, 38% African-American, and 4% of other ethnic groups. One year later, rates for whites and African-Americans had converged while the rate for other ethnic groups had remained constant at approximately 4% of case closures. Over the 18-month period, white recipients represented 53% of total case closures, followed by African-Americans at 43% and individuals of other ethnic groups at 4%.¹

Although the sex distribution of closed cases remained constant across the 18-month period, the ratio of females to males was approximately 2 to 1. Females accounted for 64% of closed cases while males accounted for only about 36%. Monthly figures also remained constant by age group, with persons under 18 years of age making up the largest proportion of people in closed cases at 62%. Further breakdown by age group showed that 23% of individuals in closed cases were ages 6–12. Figures 5, 6, and 7 illustrate ethnicity and age trends.

Figure 5. Ethnic Composition of Case Closures



¹ The reader should bear in mind that in this section of the report we describe the state-wide set of closed cases. In the parts that follow we focus on the twelve study sites. These sites contain Cleveland and Columbus, both of which contain many African-American case closures. While a majority of closed cases in the state is White, in our study sites the majority is African-American.

Figure 6. Comparison of White and African-American Case Closures by Month

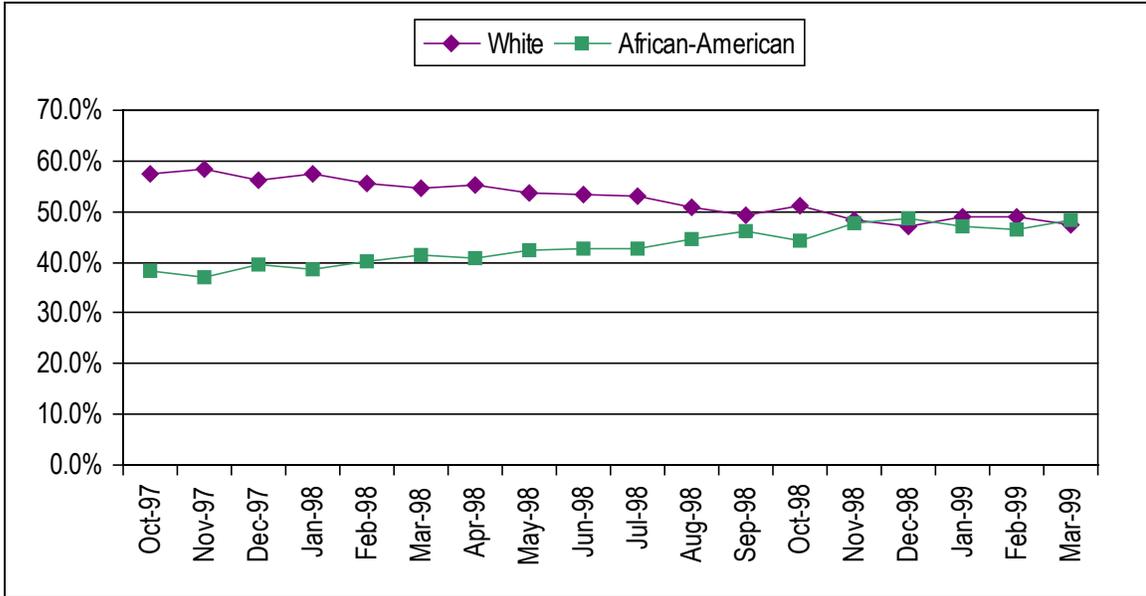
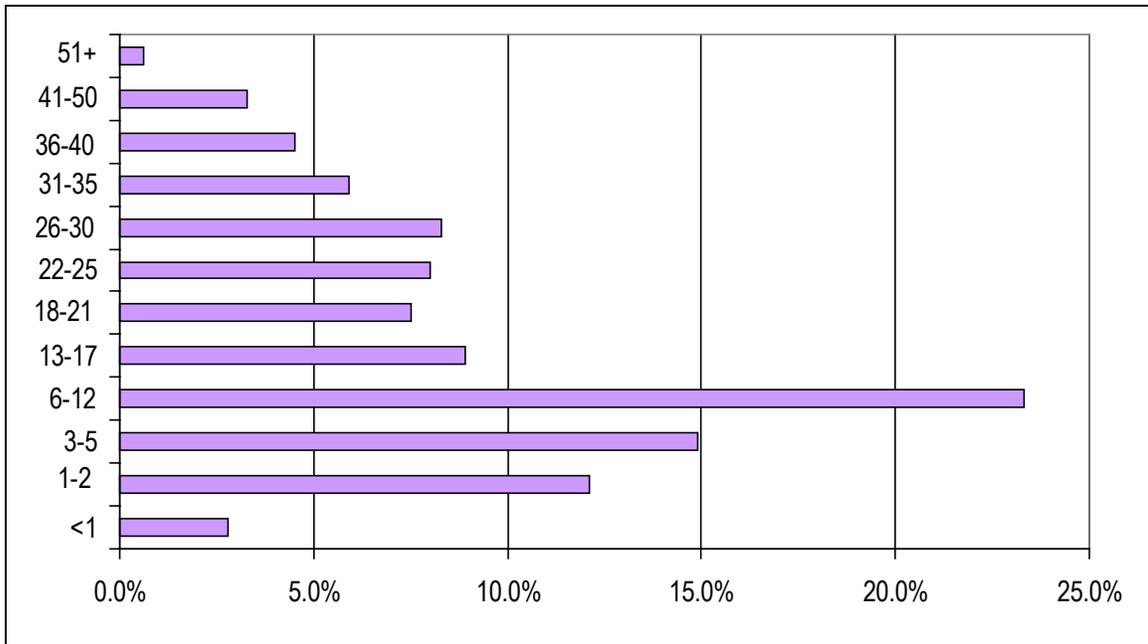


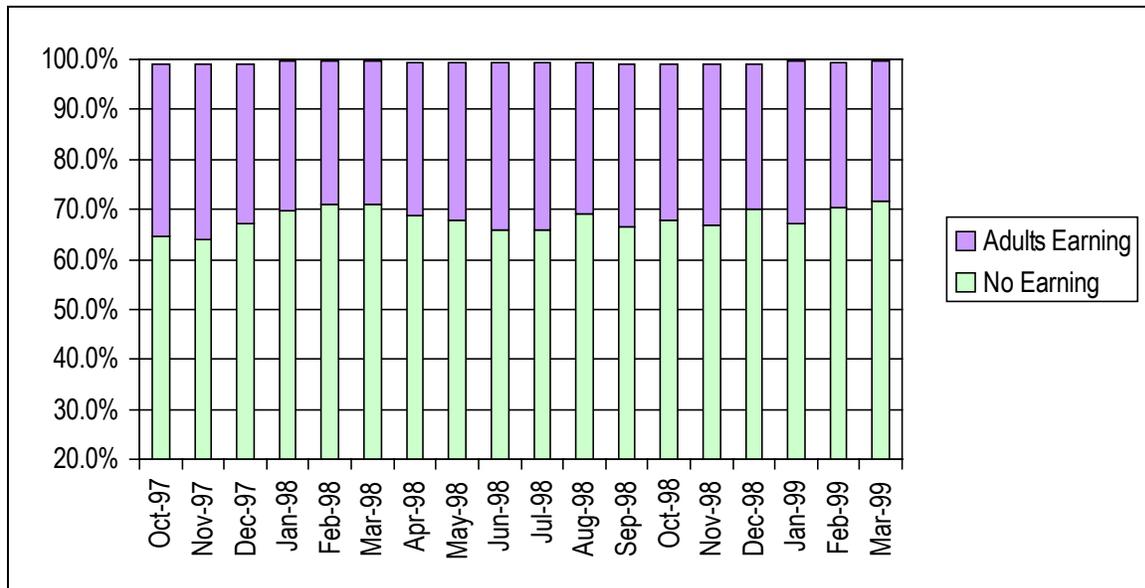
Figure 7. Age Distribution for All Individuals



4. Earned Income

Based on data from case records, the majority (over 68%) of closed assistance groups had no earnings during the month that their case closed. Of the assistance groups with earnings, the vast majority were adult-only cases rather than cases involving adults with children. On average, only about 1% of closed assistance groups with earnings included children, whether they were children-only or adult with children. There appears to be some seasonal variation in earnings, with the lowest rates of earnings occurring during the months of February and March. Income trends are illustrated in Figure 8.

Figure 8. Earned Income Status for Closed AGs

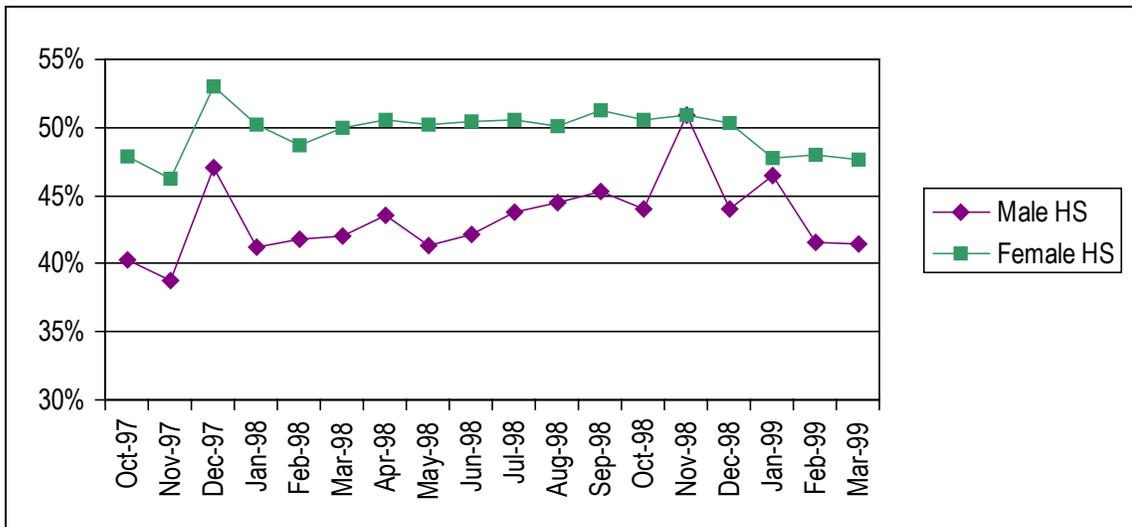


These income data, coming from case records, may be more subject to mis-reporting than the earnings data coming from matched employer reports and therefore even more inaccurate than the survey data. These latter earnings data will be discussed more fully below in the section on recipient outcomes after closure. Based on the earnings match data, we believe the case data understate employment among closed cases. We cannot recommend using the case-level data on employment.

5. Educational Attainment

There is a fairly substantial gap between the level of education for male versus female eligible recipients who left welfare, with the women being more likely to hold a high school diploma or GED. On average, 50% of females and 43% of males had either a high school diploma or GED. In addition, the proportion of males in closed assistance groups with high school diplomas varied more from month to month than the proportion of females. Figure 9 illustrates trends in the educational attainment of closed cases by gender. These data do not reflect the educational attainment of minors in closed assistance groups.

Figure 9. Educational Attainment by Gender



6. Marital Status

While the proportion of married and separated persons among closed cases remained relatively stable from month to month, the proportions according to the case data of single, divorced, and widowed persons varied greatly by month. The proportion of married persons remained near 18% in each month while the proportion of separated persons remained near 10%. Overall, 82% of adults who experienced closure were either single, divorced, widowed, or separated.

Among ethnic groups, African-Americans were least likely to be married—only 7% of adult African-Americans whose cases closed during the 18-month period were married. Southeast-Asians were the most likely to be married at 32%. The proportions married for other groups are 27% of whites, 24% of other Asians, 18% of Hispanics, and 10% of American Indians or Alaskan Natives. Figures 10 and 11 illustrate trends in marital status. We are not convinced these data are accurate.

Figure 10. Marital Status by Month (Single vs. Married)

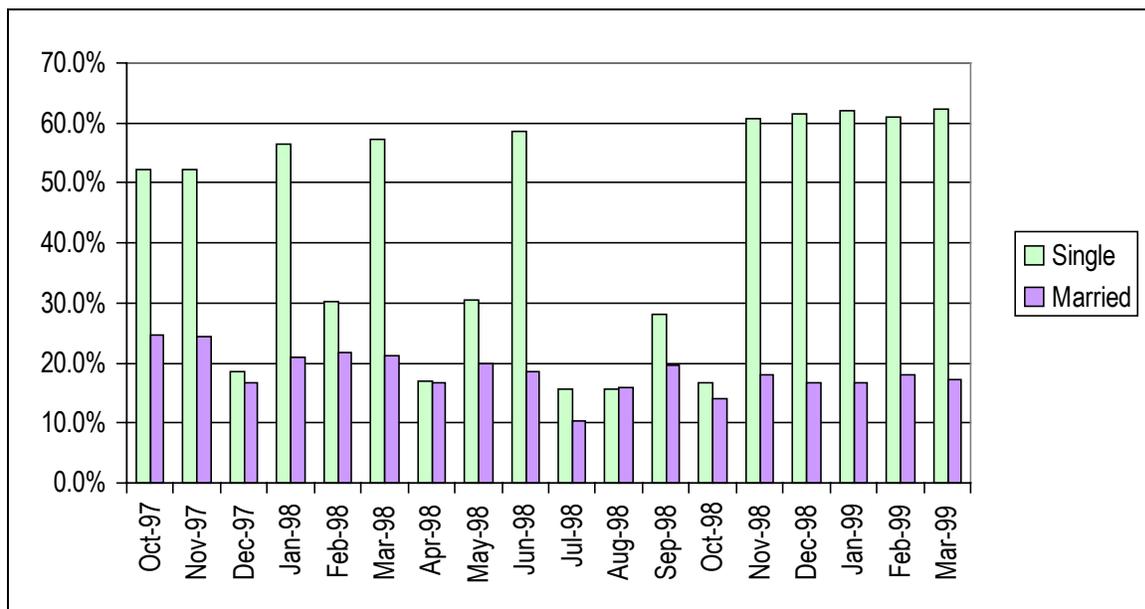
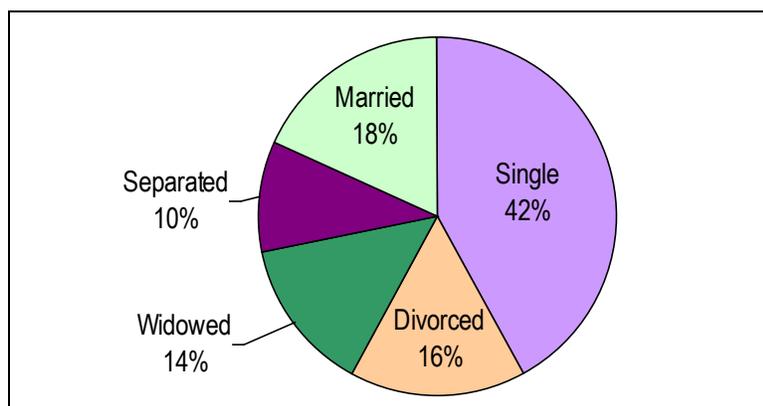


Figure 11. Marital Status of All Case Closures



B. Reasons for OWF Case Closure

We must start by cautioning that in a fundamental sense cases do not close when the recipient leaves cash (OWF) assistance. The case information remains available in the local office as the recipient may receive food stamps, Medicaid, or even return to OWF. We will use what appears to be common usage, however, in referring to “closed cases.” The three most frequent reasons for case closure based upon administrative data were failing to comply with program procedures (31.8%), exceeding income limits (23.6%), and failing work requirements (22.3%). Other reasons were much less frequent and included not having eligible children and closure at the recipient’s request.

During the first six months (October 1997 through March 1998) of the period examined, there were notable differences in the proportions of closed cases resulting from the three main reasons cited above—namely, failing to comply with program procedures, exceeding income limits, and failing work requirements. However, after March 1998, the differences in the proportions were greatly reduced and they become more stable with each responsible for between 25 and 30% of closures. Reasons for closure from the administrative data are illustrated in Figure 12. Figure 13 shows how the frequencies for the top three reasons for closure have changed over time. The fraction of cases failing work requirements has increased and the fraction failing procedures has decreased so that by early 1999 these two reasons accounted for almost the same number of closures, along with the recipient exceeding income limits.

Figure 12. Administrative Reasons for Case Closure

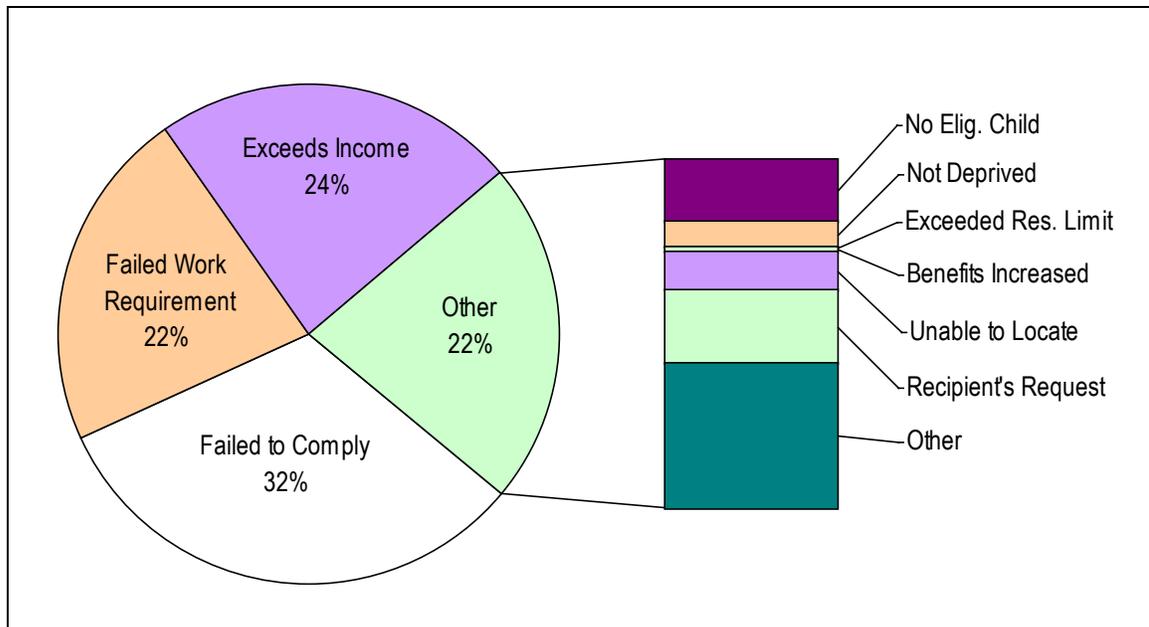
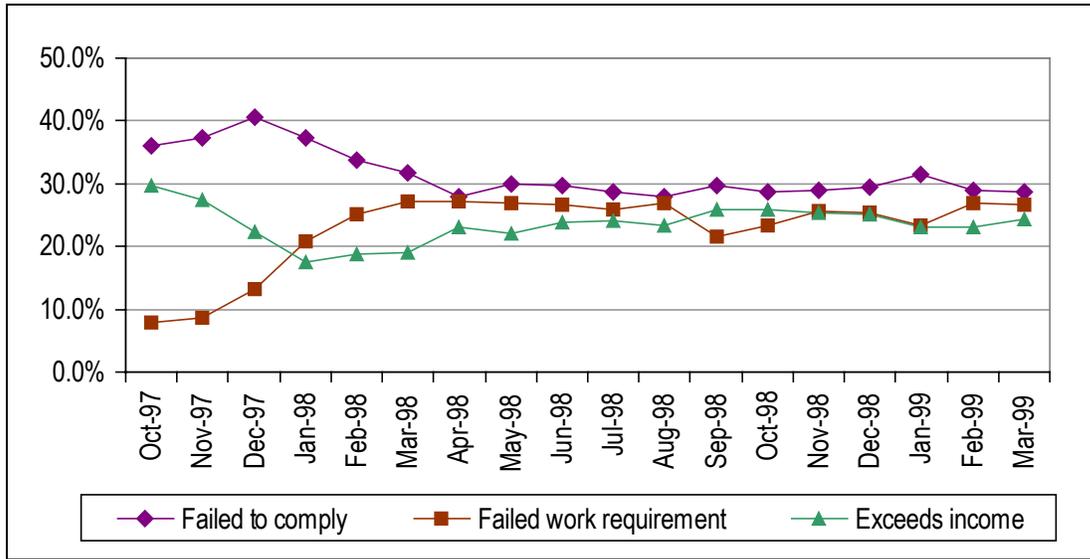
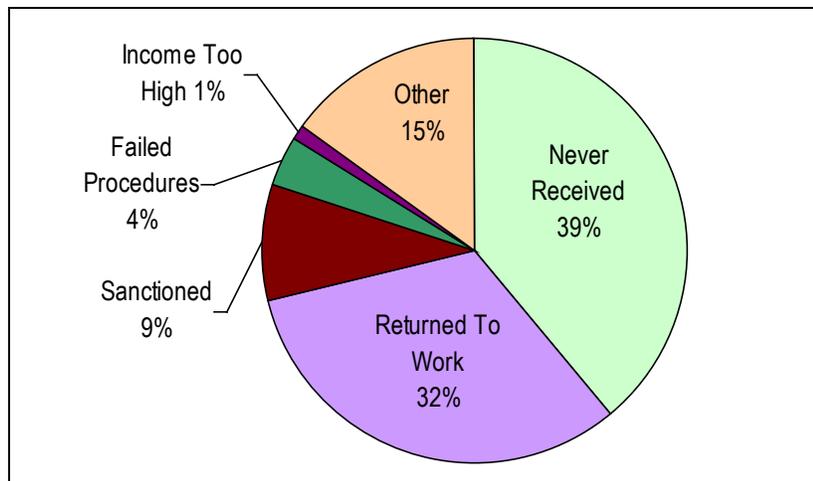


Figure 13. Administrative Reason for Case Closure: Trends (Top Three Reasons)



The recipient survey also collected reason for closure. We provided a set of reasons respondents could relate to more easily than the official, administrative codes, and in Figure 14 we show this breakdown on reasons for closure from the recipients’ perspective.

Figure 14. Recipients’ Reasons for Closure



Over half of the administrative reasons for closure are for failing work requirements or failing procedures. Survey respondents by and large did not see it that way. They frequently deny they were on welfare, and when they do acknowledge being on welfare they mostly say they left because they returned to work. Fewer than 10% say they were sanctioned.

Respondents who found good-paying jobs that enabled them to leave welfare may have simply stopped interacting with the welfare case managers or welfare office, deciding they

had left welfare by finding a job. In some of the county interviews, workers suggested that when recipients found jobs the demands of being on the job made it difficult for them to keep appointments or appear at required meetings. Whatever the reason, there is a substantial difference in what the administrative and survey data say about reason for closure.

Survey respondents often answer questions in ways they believe will meet with the approval of the interviewer. This may explain why so many denied receiving welfare. This high rate of denial on welfare receipt is not due to child-only cases.

C. OWF Recipient Outcomes, Earnings, and Other Areas of Interest

Our discussion of respondent outcomes begins with measures based upon labor market activity. The section on survey data earnings also describes hours worked and wages in some detail; the administrative data do not have sufficient detail to examine these areas. We then move on to related topics, such as recidivism, education and training, and experiences on the job. From there we discuss topics related to household characteristics including child care, marital history, fertility, and health.

1. *Data on Earnings from Survey Data on the OWF Sample*

The data on earnings, hours, and employment that were based on the survey data were collected in event history form, first collecting the names of all employers held and their start and stop dates.² Next, for each employer we conducted an interview-within-an-interview, collecting details about each job, periods not working between the first and last dates worked at the employer, the rate of pay, hours worked, benefits, promotions, and interactions with others in the work place. Because of the substantial detail on employment that we collect and the fact that we can date when these jobs started and ended, we can construct a more detailed profile for respondent employment relative to the date of closure. We then aggregate the monthly data across all employers to generate a monthly series on total hours and earnings from employment. Based upon quarterly UI match data (discussed in the next section), we show earnings and employment for the four quarters before the date of closure, for the date of closure, and for four quarters after the quarter of closure. Here we are able to date employment events with more precision, so we present similar trajectories for the twenty months before the month of closure, the month of closure, and twenty-four months after the month of closure. This provides the reader with a more detailed perspective, with better data on how the employment evolves over time for those payees whose cases close.

We will start by discussing employment rates, then hours per week for those who are employed, average rate of pay per hour, monthly earnings, promotions, and then conclude this section with an examination of the distribution of family income in 1999 for cases that closed in 1997 and 1998. The results in this section are based upon 1025 OWF cases that were not child-only and had close dates between October 1997 and March 1999 based upon the Welfare to Work file. In some of the subsequent sections we include those cases that were child-only, and when we do, we will note that in the text.

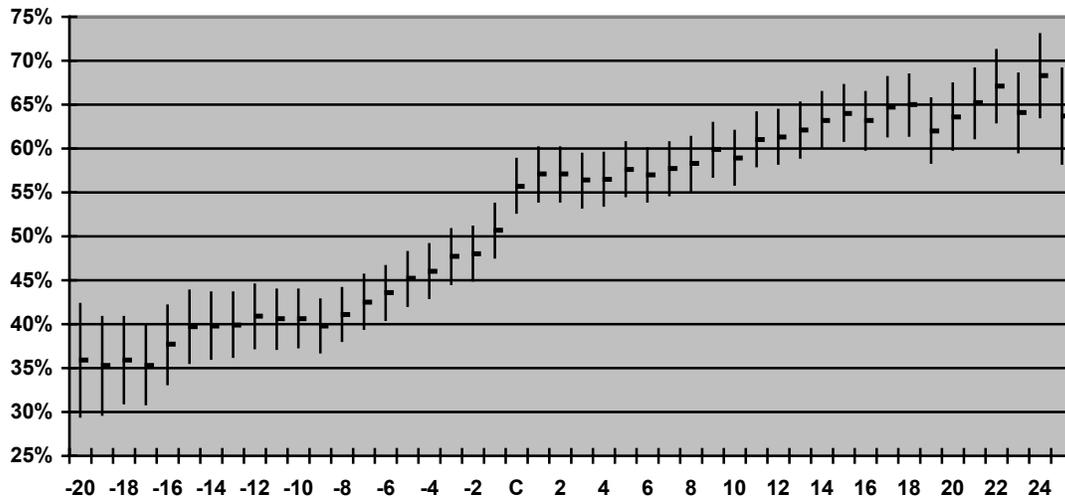
Employment Rates

In this section we report on the employment of the survey respondents from January 1997 through the date of survey. Following our practice elsewhere in the report, we graph the employment rate trajectory relative to the date of first closure. A respondent is counted as employed if they held any job during a month. The questionnaire queries the respondent for information on all jobs held from January 1997 on, and so the number of months before and after closure for which data are available differs depending upon the date of closure and date of interview. With the number of survey responses available differing by months before and

² When a respondent reports some number of weeks not working during a spell of employment, we reduce, pro rata, the reported number of hours per week to reflect time for weeks not working. In months when the respondent either started or finished a job we assume they worked for half the month.

after closure, the precision with which we estimate employment rates (and hours and wages) differs. Our estimates of the employment rate of respondents are most precise for between nine months before and a year after closure but retain reasonable precision and stability between twenty months before and twenty-five months after closure. Figure 15 graphs the estimated employment rates for each month showing a band that we are at least 95% confident—based upon sampling variability—contains the true, average, employment rate.³

Figure 15. Percent of Respondents Working before and after Closure



Note: This graph shows the percentage of respondents reporting work each month. Results are weighted, and 95% confidence limits are shown.

The overall pattern is quite clear. The employment rate increases slowly but steadily until about seven months before closure, when it grows more rapidly. The employment rate levels off around 65% about a year and a half after closure. The pattern here is qualitatively similar to what we see in the administrative data (discussed in the next section). Those data show a higher employment rate in the early months, which is consistent with what we know⁴ about recall error in event history surveys of employment: respondents often fail to report shorter jobs for a reference period that is a year or more in the past. The employment rate for the survey data for later months is higher, possibly because survey respondents are reporting on jobs that are not included in the Unemployment Insurance program. Jobs not covered by UI would include, for example, independent contracting activity such as cleaning houses or unreported employment. Percentage-wise, the increase in average employment rates is larger

³ This reference to a 95% confidence interval is similar to the familiar statement about the statistical reliability of opinion polling numbers. As with polling data, systematic non-response, coverage error, and other non-sampling error considerations can broaden these intervals. However, in the present case, there are also finite sample-size adjustments that would narrow the bands. These complications are beyond the scope of this report. We use the interval from twenty months before to twenty-five months after closure as it provides good, stable estimates without questionable outliers for the means of employment rates, hours, wages, earnings, and promotion rates.

⁴ We did a cognitive recall experiment on the National Longitudinal Surveys of Labor Market Experience in 1994 to determine how well respondents could remember past jobs.

than the increase for either average hours per week or the average earnings per hour among those with jobs over this interval of time.

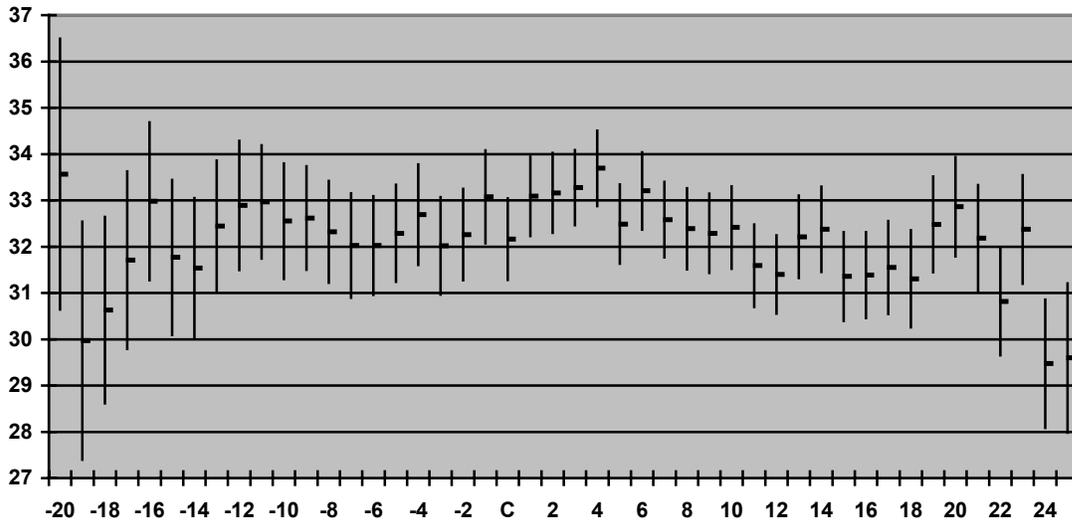
Hours Worked

Looking at respondents who are working, average hours worked per week is remarkably stable over time as seen in Figure 16. Hours are lower before closure, but average around 32–33 hours for most months. At the two ends of the data series hours are measured less precisely due to small sample sizes. Thirty-five hours per week is usually considered full-time, statistically, so the high average for hours per week among the working suggests a fair amount of full-time work among those who work. Figure 17 shows the distribution of hours per week among those working fifteen months before closure (an early measure of hours), three months before closure (showing hours corresponding to when employment starts to move up sharply leading into closure), and fifteen months after closure (a measure of late, post-closure hours). Over the thirty-month span for hours in Figure 17 we see the distribution of hours per week changes because the fraction of persons working less than full time falls roughly 6%, and the fraction of persons working full time (35-40 hours) increases as much. The fraction working over 40 hours per week stays roughly constant at around 6%. On average, hours worked is close to full-time, and these are persons with children for whom expanded hours bring child-care complications. The high level of hours per week for persons working indicates that increases in hours will likely not be the source of substantial earnings growth in the future for these persons. More likely, any earnings growth beyond three years after closure will be driven by growth in wages or employment rates.

The stability in average hours worked per week underlines the importance of the trend in employment rates, discussed above. The driving force behind the aggregate success of welfare leavers is not hours, nor, as we will see below, wage growth. *Rather, it is primarily the rising attachment to the labor market as measured by employment rates that drives the large earnings gains among those leaving welfare.*

From a family perspective, of course, intact unions between adults provide more flexibility in increasing hours worked within the family. However, we cannot provide the sort of detailed inter-temporal profile for hours worked by the spouse or partner, as that would have required interviewing both persons.

Figure 16. Average Hours Worked per Week by Working Respondents



Note: This graph shows the average hours worked per week by respondents reporting work each month, from 20 months before closure to 25 months after closure. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months for jobs lasting two or more months. Results are weighted, and 95% confidence limits are shown.

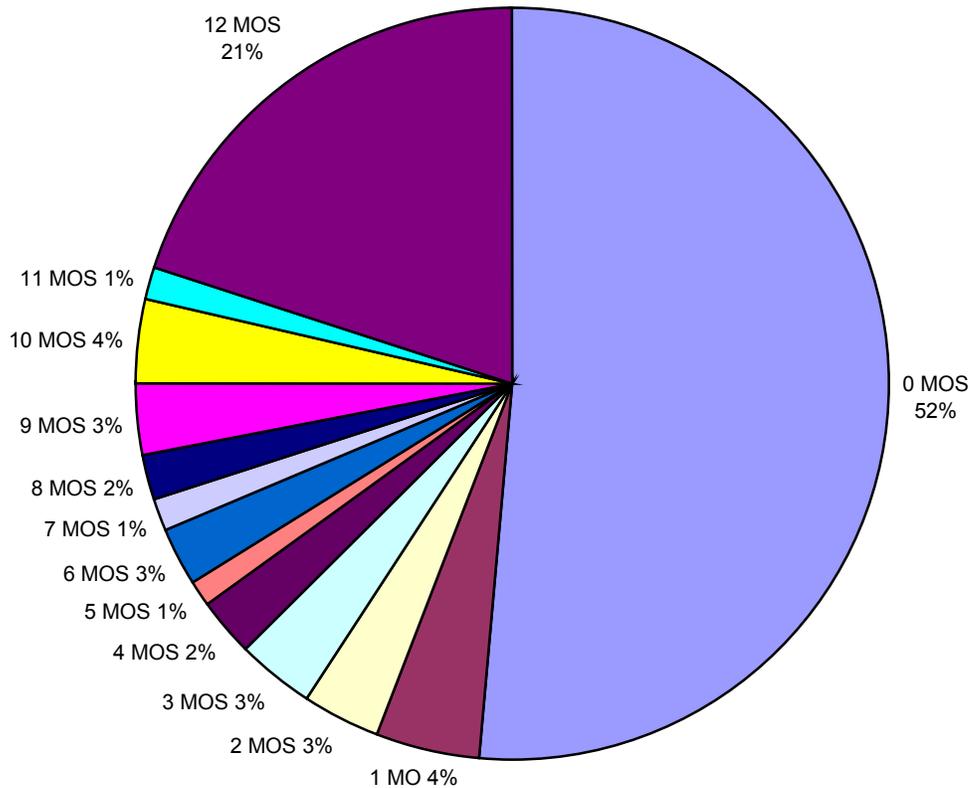
Figure 17. Average Hours Worked before and after Case Closure



Note: This graph shows the average hours worked per week by respondents reporting work each month, for three months surrounding the month of closure. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months. Results are weighted.

The tables above describe average hours worked in the study sites. But another salient measure of labor force attachment is the fraction of months worked full-time. We examine this by looking at the first twelve months after closure and measuring the number of months the respondent averaged 35 or more hours per week of work during the month.

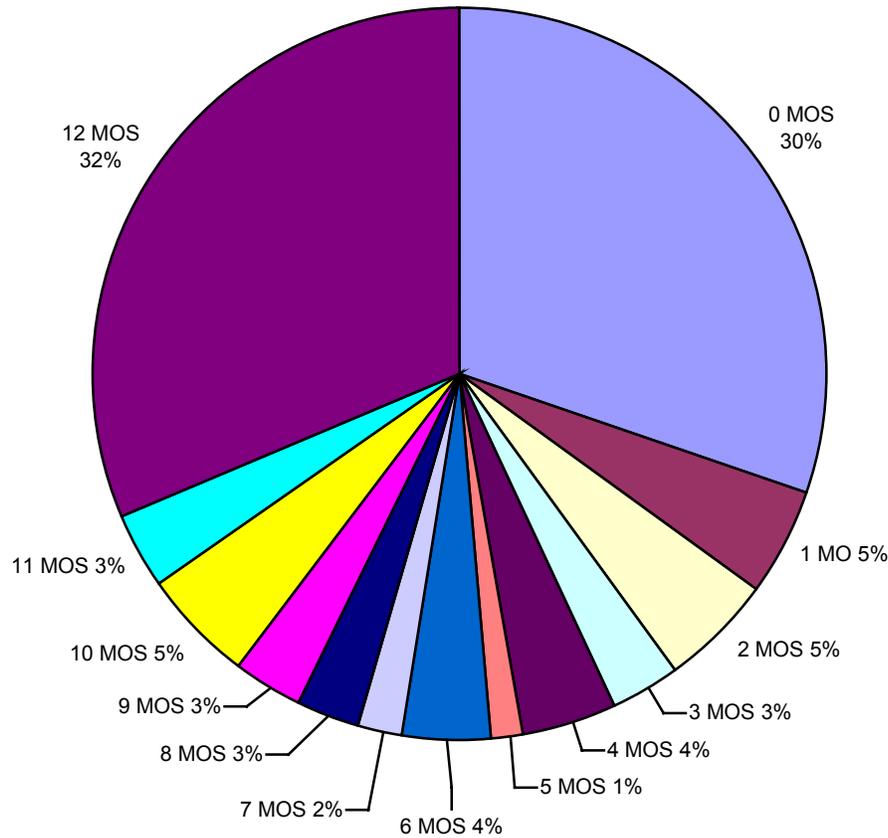
Figure 18. Total Number of Months Working 35 or More Hours Per Week



Note: This graph shows the number of months respondents worked 35 or more hours per week in the first 12 months after closure. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months for jobs. Results are weighted.

We use 35 hours for this benchmark, as this is an accepted threshold for full-time work. In Figure 18 we see that about 21% of the leavers worked full-time for the first twelve months following closure. Another 11% worked full-time for between seven and eleven of those first twelve months. Over half did not meet the full-time standard in any of the first twelve months after closure. In Figure 19 (next page) we provide a similar breakdown for working either part-time or full-time. Our standard for part-time is 20 hours per week or more. We see 32% of the persons in the study sites met the part-time-or-better standard in all twelve months following closure, and another 16% of the persons met the standard within seven to eleven months. About 30% did not meet the part-time-or-better standard in any of the twelve months following closure. Also, about 27% of the persons in the study had no hours worked for all months.

Figure 19. Total Number of Months Working 20 or More Hours Per Week



Note: This graph shows the number of months respondents worked 20 or more hours per week in the first 12 months after closure. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months. Results are weighted. Note that 27.3% (weighted) report no hours worked for all 12 months after closure.

Our estimate of the fraction of first closures that return to OWF again is about 50% in the first twelve months. Frequent recidivism could be expected for the quarter of persons who do not work at all following closure.

To a first approximation, over 20% of the leavers in the study perform exceptionally well in terms of work effort, working full-time for eleven or twelve of the months following closure. Another quarter of the leavers does poorly, not working at all in the first twelve months. The rest of the population of leavers is somewhere in between.

Wage Rates

Figure 20 shows how the average wage for welfare leavers evolves relative to the date of closure. The underlying trend in hourly wages computed for those who are working has an upward trend. Figure 20 understates wage growth among welfare leavers. This is because, as we saw above, as each month passes, more and more welfare leavers are working. As

more former recipients move into employment, the average wage may be affected by the increased number of low-wage persons working.

The literature on earnings points to experience as the prime driver of wage growth.⁵ The works-first strategy emphasizes getting welfare recipients into jobs as the first priority, ahead of additional education and training. For this reason we examine the relative importance of education versus experience in explaining wage rates in the welfare population.

We start by looking at the wage rate at the date of closure⁶; details are in Appendix I. An additional year of education raises the wage by about five percent, whereas another year of labor market experience increases the wage rate by just over eight percent. This is a substantial effect for experience. Encouraging work while on welfare thus appears to be a sound strategy that over time will generate wage rates that lead to a successful transition from welfare.

We also checked whether stability with an employer, as opposed to changing employers, generated higher wage growth and found that, to the contrary, respondents who had changed jobs did at least as well in terms of wage growth. This implies that on average, job changing is linked to moves to better pay, benefits or working conditions rather than job changing introducing instability that impairs the person's ability to earn.

Wage disregards that encourage employment may be quite helpful if, as the survey data suggest the closures we see here result primarily from employment and not sanctions. The finding here that the return to experience is large—larger than the return to education—provides a second reason to encourage work while receiving benefits.

Figure 21 shows the distribution of hourly rates of pay fifteen months before closure, three months before closure, and fifteen months after. The early wage distribution shows heaping around the minimum and about 12% of the wages are below the minimum, possibly including wait-staff jobs where the respondent may not have included earnings from tips. We have seen the hours distribution changed only modestly for these three benchmark dates, but the change in the wage distribution is larger. As we move from the early wage distribution to the distribution immediately prior to closure, there is a reduction in the fraction receiving minimum or sub-minimum wages and a net movement into the \$7–\$11 per hour range.

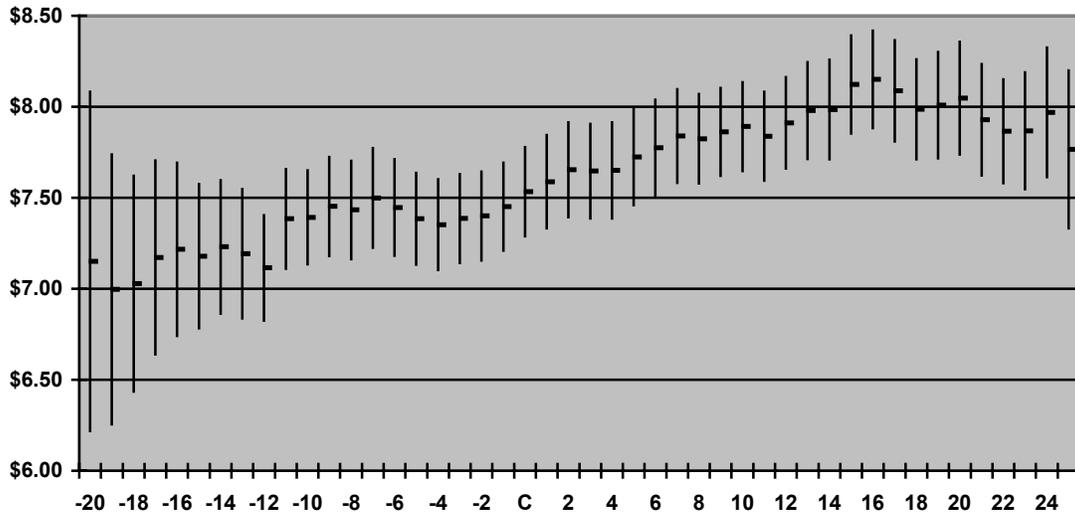
Looking at the wage distribution fifteen months after closure, especially relative to the distribution two and one-half years earlier, we see a substantial reduction in the fraction of jobs paying under \$7 per hour with important increases in the fraction of workers earning over \$8 per hour. This shift in the wage distribution comes despite the strong in-flow of recipients into employment. If former recipients can be kept engaged in the labor force, over

⁵ Education is the other major determinant of rates of pay. We also consider the effects of years of education in this section and elsewhere in this report.

⁶ If the respondent did not report a wage in the month of closure, we took the wage rate either the month after or the month before closure.

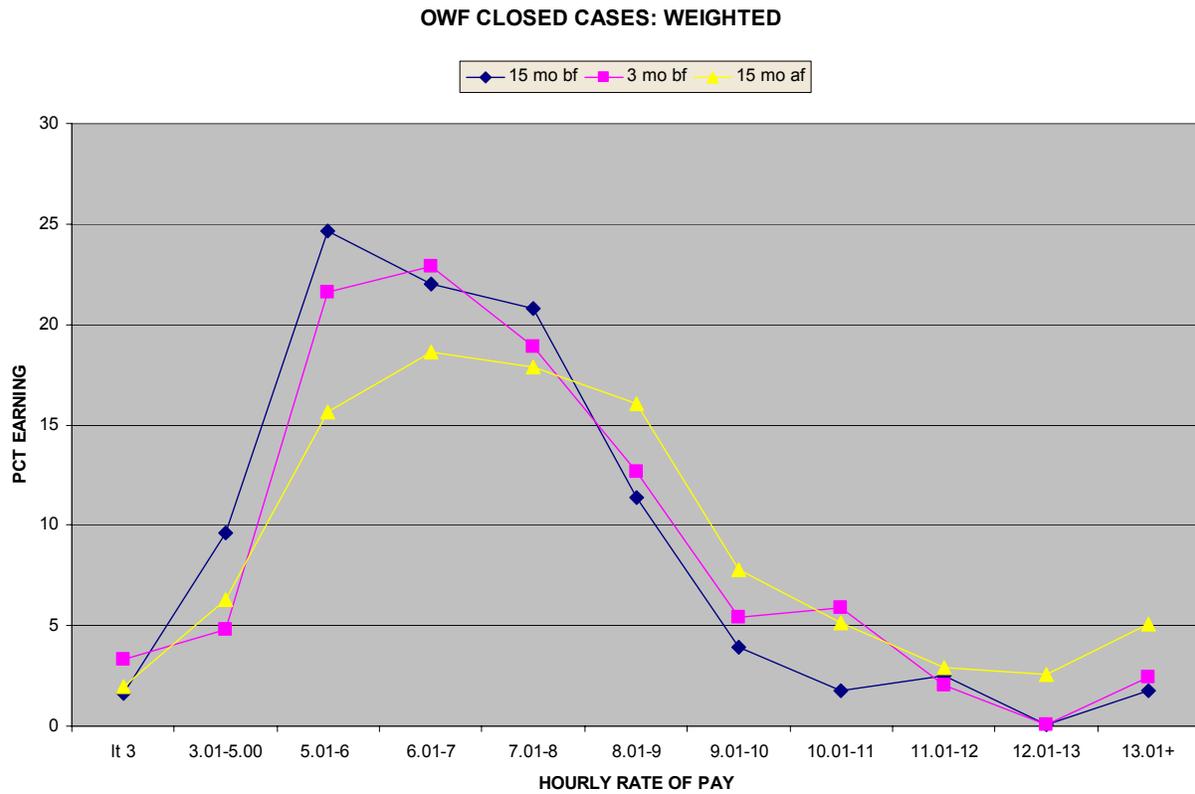
three or four years earnings growth due to experience will be a strong force enhancing a successful transition from dependency.

Figure 20. Average Hourly Rate of Pay for Working Respondents



Note: This graph shows the average wage for respondents reporting work in a month, from 20 months before closure to 25 months after closure. Results are weighted, and 95% confidence limits are shown.

Figure 21. Hourly Rate of Pay before and after Closure

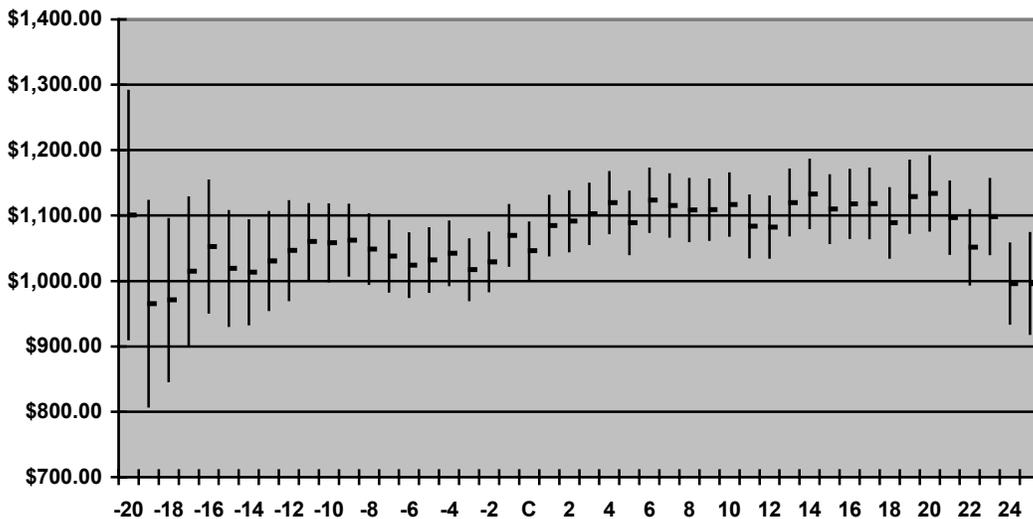


Note: This graph shows the average hourly wage for respondents working in the indicated month. Results are weighted.

Earnings

Figure 22 shows the evolution of monthly earnings, for those respondents with earnings in that month, relative to the date of closure. Early on, average earnings cluster in the \$950–\$1,050 per month range, moving up an average of one hundred dollars near the date of closure. Average earnings, among those working in the month, continue to move upward to around \$1,100 per month a year after closure. Overall, among welfare leavers as a whole, earnings from employment more than doubles. This doubling is generated by about an 85% increase in the employment rate and a roughly 15% increase in monthly earnings among those with jobs. Most of this earnings increase comes in the months leading up to closure and the months after closure. As discussed above for wage rates, the strong flow of former recipients into employment tends to reduce the apparent increase in earnings for former recipients. The results on wage growth foreshadow more favorable labor market outcomes in the long run for welfare leavers than Figure 22 shows.

Figure 22. Average Monthly Earnings of Working Respondents



Note: This graph shows the average earnings per month for those respondents working in the indicated month. Earnings are corrected for within-job gaps, and set at 50% of reported values in start and end months.

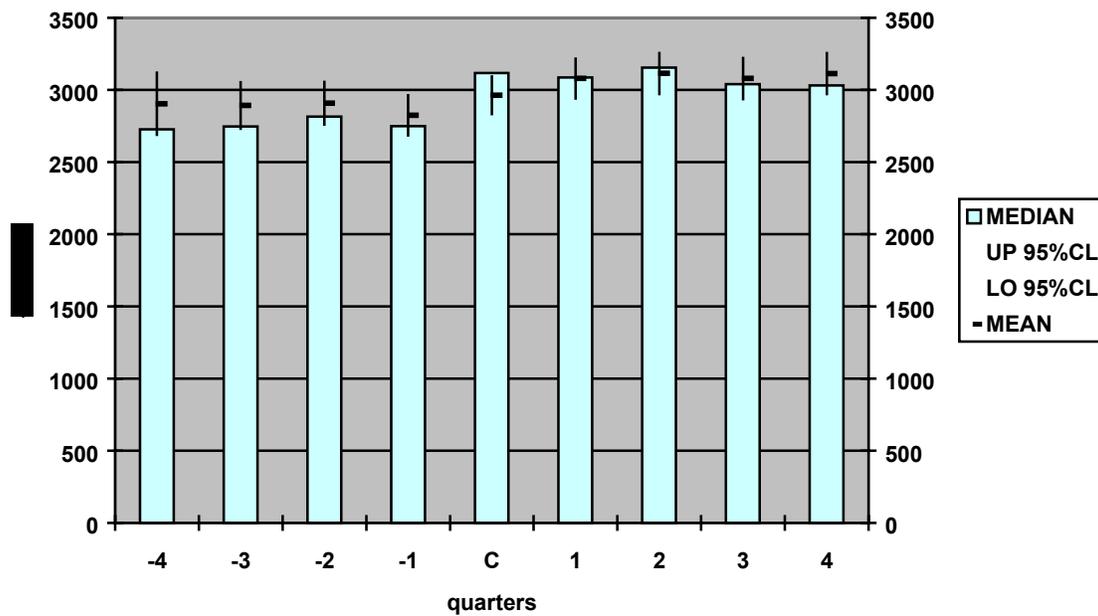
The results from the survey data have a similar pattern to the administrative data in terms of the trajectory of earnings over time. We caution the reader that the UI matched earnings data⁷ report median earnings; because the distribution of earnings is skewed to the right,⁸ median earnings are virtually always lower than mean earnings. When we use the survey data to generate median earnings by fiscal year quarter, as is done with the UI match data, we observe higher earnings from the survey data than from the UI match. Figure 23 shows, for the survey data, mean and median earnings by quarter relative to closure. This is an important difference because most of what can be learned about the earnings of welfare

⁷ We will discuss the UI match data in more detail below.

⁸ This is an empirical regularity in all studies of income distribution.

leavers will, perform, come from the UI match data, as survey data are much harder to collect. As noted above, not all earnings are covered by UI reporting, and some earnings that should be reported may not be reported.

Figure 23. Earnings per Quarter before and after Closure



Note: This graph shows earnings for all respondents working at least one month during a given quarter. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months for jobs lasting two or more months. Results are weighted.

We believe that the UI match data understate earnings and that the degree to which UI data understate earnings varies by whether the respondent is receiving or not receiving OWF payments. UI match data understate earnings to a greater degree for persons receiving OWF. We describe the data on which we base this conclusion in Appendix F, as the detail can be difficult. We refer the interested reader to that appendix.

The upward trend in average earnings from the UI match data is exaggerated by this differential rate of underreporting by reciprocity status. We used the survey responses on employment to generate earnings defined in a manner similar to the UI match data, that is, total earnings in a calendar quarter for anyone with any earnings in at least one month. The spread between the UI match data and the survey data may reflect work in uncovered employment, self-employment, or other employment that did not generate reporting of the sort encountered in conventional employer/employee relationships. If so, one might conclude that employment that does not generate UI earnings reports is more prevalent while the respondents are on welfare and becomes less prevalent over time. This view is consistent with former recipients establishing themselves in better-paying jobs that generate benefits—the sort of employment that is more likely to generate routine UI earnings reports.

Conversely, it is possible that welfare recipients strategically choose employment of the sort that does not generate wage matches.

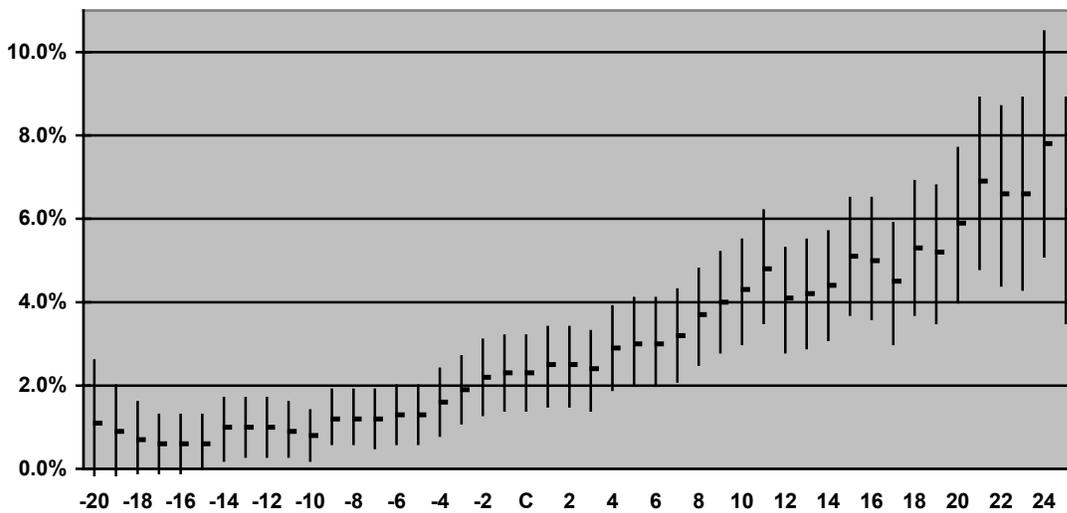
The survey also collected data on yearly earnings in 1999. This is a second measure on respondent earnings. The employment history questions generate a job-by-job description of the start and end dates of jobs, hours worked, wages, and periods not working. We combined these data to generate our monthly data on earnings. For 1999 we simply asked the respondent his or her total labor earnings for that year. This style of question is cognitively more difficult when respondents have held many jobs, which is frequently the case in this sample, as it requires the respondent to do addition in their heads. Respondents who file income tax returns may be able to answer this question with fewer difficulties in the spring of the year. The two measures of income correlate well with one another. When the respondent is asked to report their income for 1999, they report 90% of the earnings constructed based on their reports on employment history. If one accepted the monthly constructed data overstated income (by 10%) one would still be left with income data that are higher than the UI match data. The concordance between the two, independent, survey-based measures of income and the under-reporting tendencies for the UI match data are, we believe, reasons to prefer the survey measures of labor income when both are available. As welfare leavers establish careers and make successful transitions to self-sufficiency, the UI match data will become a progressively more accurate measure of labor income. However, the biases in UI match data should be borne in mind.

Returning to the monthly earnings data, we see the growth in earnings is primarily due to higher employment rates and, secondarily, increasing wage rates. Hours worked among those with jobs explains very little of the earnings growth. Looking forward, we suspect that—especially for those persons leaving welfare and staying off—growth in wage rates will become a relatively more important factor in driving earnings growth.

Promotions

Figure 24 shows the profile of persons who had ever been promoted on their current job by month relative to first closure. There is a sharp difference before and after closure, with the after-closure jobs exhibiting higher rates of promotion. While one may speculate why we see this pattern, it certainly shows a measure of success in the labor market in a dimension beyond earnings. Welfare leavers enjoy more success in the labor market as measured by promotion than they did as recipients. We must bear in mind the higher employment rates after closure and hence a greater possibility of promotion for the simple reason they are more likely to have held a job for a longer period of time.

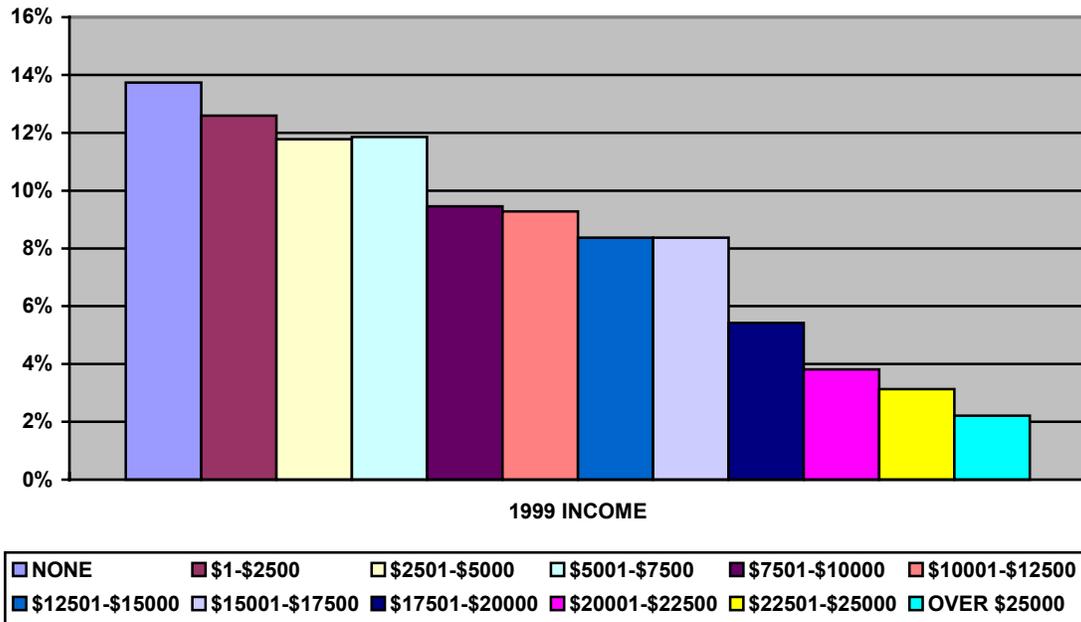
Figure 24. Percent of Working Respondents Been Promoted on Current Job



Total Income

Finally, in Figure 25 we show the distribution of family income during 1999, including earnings of the spouse or partner and miscellaneous sources of income (such as educational benefits, SSI, and other benefits except for food stamps and OWF). Above we saw that about 27% of closures did not work at all in any of the twelve months following closure. Among those persons with cases that first closed in 1997 or 1998, roughly the same percentage had total family incomes under \$2500 during 1999. Reflecting what we have seen above in terms of variation in hours worked and rates of pay, there is a broad distribution of family incomes in 1999 for the 1997 and 1998 first closures. About 2% have family incomes over \$25,000, and the median family income of all these cases is between \$2501 and \$5000. However, among family units that do not fall in the roughly 28% with few or no labor market earnings—which are probably dominated by those who have returned to welfare—median family income is between \$10,000 and \$12,500. About 40% of the persons covered by the study have total incomes over \$10,000 per year. The total income pattern repeats what we saw with hours worked: about a quarter of the population doing very well, considering they recently left welfare, and another quarter seemingly not doing well at all. It is important to remember that these data do not include income from OWF or food stamps received by those leavers who return to welfare.

Figure 25. 1999 Income from Earnings and Other Source



Note: This graph shows 1999 income from earnings and from other sources, for respondents whose cases closed before 1999. Hours worked are corrected for within-job gaps; hours are at 50% in start and end months for jobs lasting two or more months. Results are weighted.

2. Data on Earnings from Statewide Administrative Data

In this section, we discuss recipient outcomes after closure, focusing on labor market activity. There are two, complementary, sources of data that we use in this study. First, there are the earnings data based on matching to the unemployment insurance (UI) reporting system. The advantage of these data is that they are reported on a uniform basis for all jobs covered by UI for all closed cases. These data extend back several years, providing detail on historical earnings in the covered sector. However, these data do not include uncovered employment and are subject to reporting error. Examples of uncovered employment are domestic service and self-employment.⁹ There are some large outliers in the data and we report median earnings, as this measure is more robust to measurement error.¹⁰ Secondly, we have earnings data from the survey of closed case payees as discussed in the previous section. The coverage of these data is limited to persons we could locate and interview. We collect employment data since January 1, 1997, and these data do contain recall error—usually the omission of short job holdings a year or more in the past. The survey data were checked for outliers during the interview with the interviewer being instructed to double-check responses that were unexpectedly large or small. While response error is still present, we found that large outlier values were not a problem in these data. In addition, we collected information on hours and wages during the survey for all jobs held by the respondent; this supports a detailed examination over time of how hourly earnings and hours worked varied over the period since January 1, 1997, through the date of the interview. The coverage of the survey data on earnings was not limited to employment covered by UI data matching; hence we suspect they will be more comprehensive within a year of the survey date.

We believe the survey data are more accurate. However, UI match data are cheaper and faster to collect and can be a useful tool so long as their bias is recognized and taken into account.

We examined the survey earnings data in the previous section; here we will examine the earnings data from the UI database for persons in closed cases. Overall, when we look at quarterly earnings from both sources of data we observe similar patterns. The findings below

⁹ The UI data are the responsibility of the employer to report. The reporting threshold for domestic service employment is cash payments of \$1000 per quarter or more. For agricultural employers the threshold is \$20,000 in payments to workers per quarter. In addition, some categories of work are reportedly prone to being classified as independent contracting. Examples are truck drivers, taxi drivers, construction workers, health care workers, and even persons working for contract labor firms or temp agencies that classify the workers, correctly or not, as independent contractors. Reporting errors are most frequently corrected when a worker files for UI benefits and the worker's status becomes an issue for determining eligibility. Note that UI data are reported through a completely different channel than wage and salary reports to the Internal Revenue Service. In interpreting the earnings data from the UI match data, the reader should bear in mind that these institutional factors may be relevant in judging the accuracy of the data. In Appendix F we compare earnings data from the survey; those data could be cross-checked against the UI match data on a respondent-by-respondent basis to ascertain the relative accuracy and reliability of the two sources of data. However, such an investigation is beyond the scope of this project. Such a study would be very valuable in calibrating reported earnings data generated by a regular program of earnings matches.

¹⁰ The reporting form includes fields for dollars and cents. We suspect that optical scanning equipment and/or lapses in filling out these forms result in the decimal point being misplaced. Only reporting the dollar part of earnings may improve data quality.

summarize the employment participation activities of 133,315 of the persons who were age 18 and over at the time of first closure and were the recipient of record for the closed case. Because the data in this section are statewide, they will not match closely with the survey data that come from ten counties.

From the quarterly earnings and employment rates we can compute the income earned by welfare recipients in the two years surrounding the time they left welfare. Statewide, four quarters after recipients left welfare their labor market earnings had increased, on average, by \$604 or 118% over the last full quarter they were on welfare. The employment rate increased by 17% (from 47% employed to 55% employed) over this roughly five-quarter period, while median earnings for those who were working more than doubled. Figure 26 shows the earnings profile per worker as well as per recipient who left welfare. The first four points are all pre-closure quarters, followed by the fifth point, which gives earnings in the quarter the case closed (a mixture of earnings immediately before and after closure), and then four points showing earnings in the four quarters after closure. Figure 27 shows earnings per worker and per recipient (includes non-working recipients) for welfare leavers expressed as a percentage of earnings in the quarter immediately before the quarter of closure.

Figure 26. Earnings by Quarter of Closure and Four Quarters before and after—UI Match Data

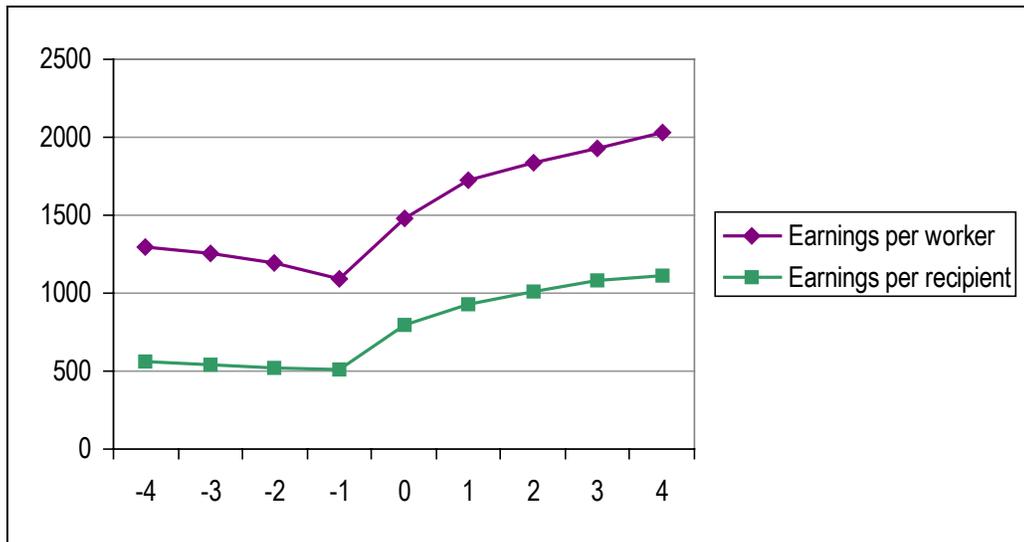
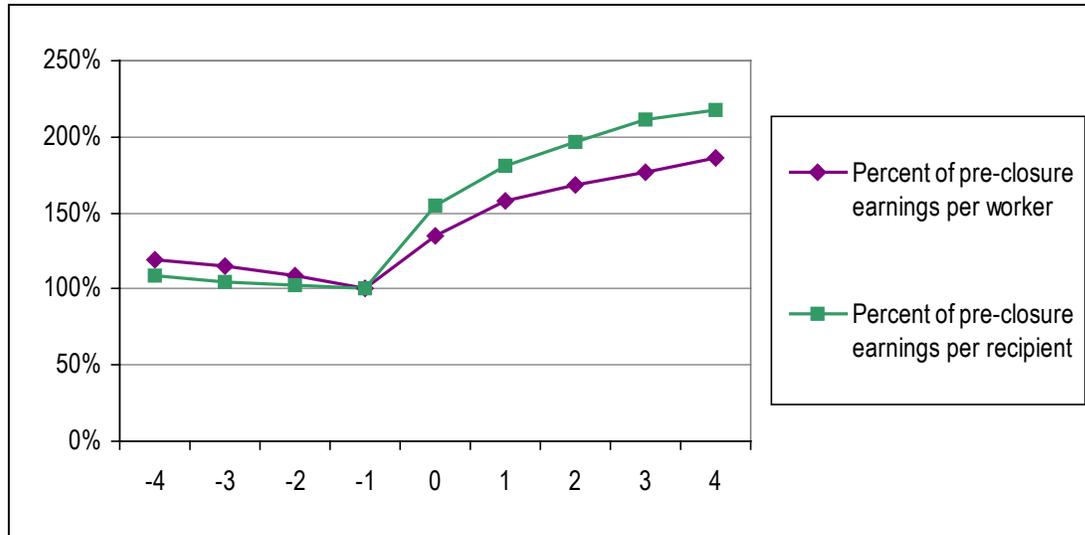


Figure 27 shows that earnings, especially earnings per recipient, grow steeply after closure, with the higher earnings per worker reinforced by growth in employment rates.

Figure 27. Earnings Growth as a Percent of Pre-Closure Earnings—UI Match Data



The average OWF payment received at the month of first closure was about \$315, so as a group the welfare leavers gained more income in labor earnings than they lost in OWF payments. We estimate that eighteen months after leaving welfare, almost 40% of the leavers will have returned to OWF at some time and for varying numbers of months. These two facts paint a simple, yet important picture based on about a year and a half of data: about half the welfare leavers appear to fare better and seem on their way to near self-sufficiency, while the rest are still struggling, their outcome after leaving welfare still in doubt.

This picture of aggregate earnings from administrative data can be filled out with a more detailed examination of earnings from recipients age 18 and older from OWF cases closed October 1997 through March 1999. The data here focus on:

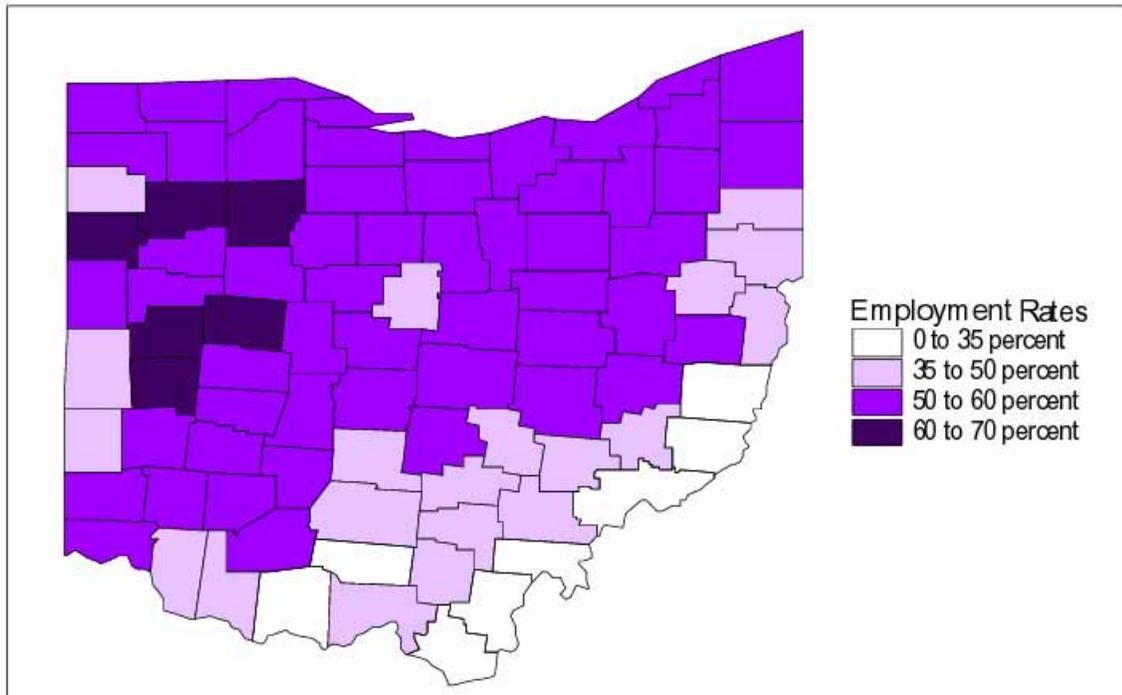
- Employment rates by county
- Employment rates by age cohort (18, 19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50 and over)
- Median earnings by county
- Median earnings by age cohort (same as above)

The earnings data were computed among those persons who were employed during a given quarter as obtained from the OBES UI wage record match. Because some of the matched data generate implausibly large values for some persons, we report median earnings, which are more robust to outliers. The objective of this summary was to describe the quarterly employment trends for OWF case closures in all 88 counties and by nine age groups.

Employment Rates by County for Welfare Leavers

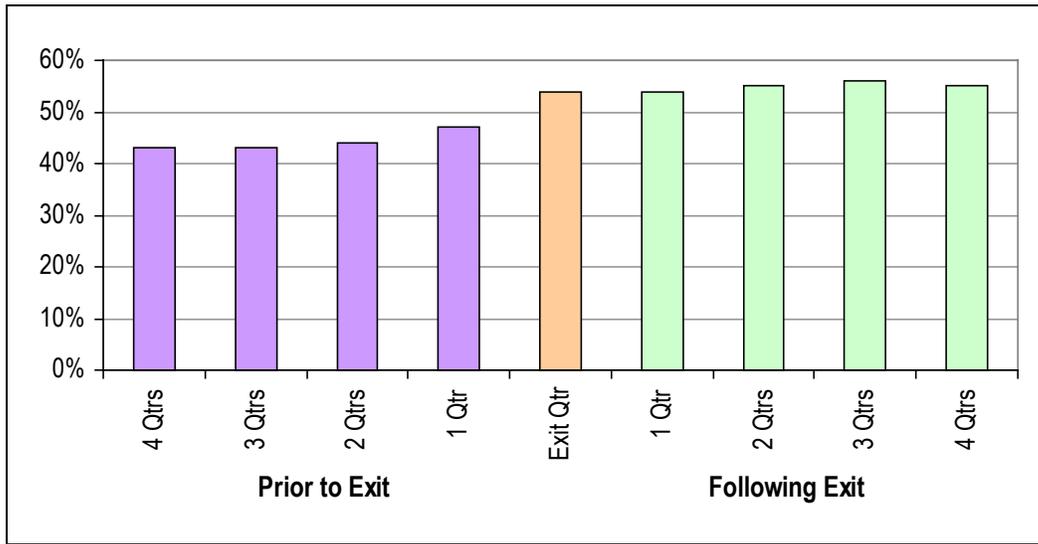
Employment rates averaged 54% for all welfare leavers age 18 and over in all Ohio counties during the quarter of case closure (see Figure 28). Nine counties (Adams, Athens, Belmont, Gallia, Lawrence, Meigs, Monroe, Pike, and Washington) had rates below 40%, with Lawrence (24%) and Washington (28%) being the lowest among the 88 counties. Six counties (Hancock, Logan, Miami, Putnam, Shelby, and Van Wert) had employment rates above 60%, with Shelby having the highest rate at 70%.

Figure 28. County Employment Rates during Exit Quarter—UI Match Data



On average, employment rates ranged between 43 and 47% for the 12 months prior to case closure. Over half (54%) of the persons 18 years and older were employed during the exit quarter. For all counties, employment rates increased by 10.4% in the 12 months prior to exit, but only increased by 1.1% in the 12 months following the exit quarter (see Figure 29). The 12-month change in employment rates ranged from 1% to a high of 19% (Ashtabula County) for the period prior to exit and ranged from a decline of 16% to a high of 13% (Adams County) for the period following an exit.

**Figure 29. Quarterly Employment Rates for All Persons
18 Years and Older—UI Match Data**



Employment Rates by Age Group

In terms of employment rates by age group, 20- to 29-year-old welfare leavers were more likely to be employed upon exit compared to other age groups. Rates fell notably with increasing age, with only 29% of persons age 50 and over being employed at time of exit (see Figure 30). Increases in employment rates during the 12 months prior to exit ranged from 5% (19 year olds) to 14% (18 year olds). As mentioned earlier, employment rates for the 12 months following exit were significantly lower, with the 18- and 19-year-olds experiencing the only substantial increases at 7% (see Figure 31).

Figure 30. Employment Rates by Age Group during Exit Quarter—UI Match Data

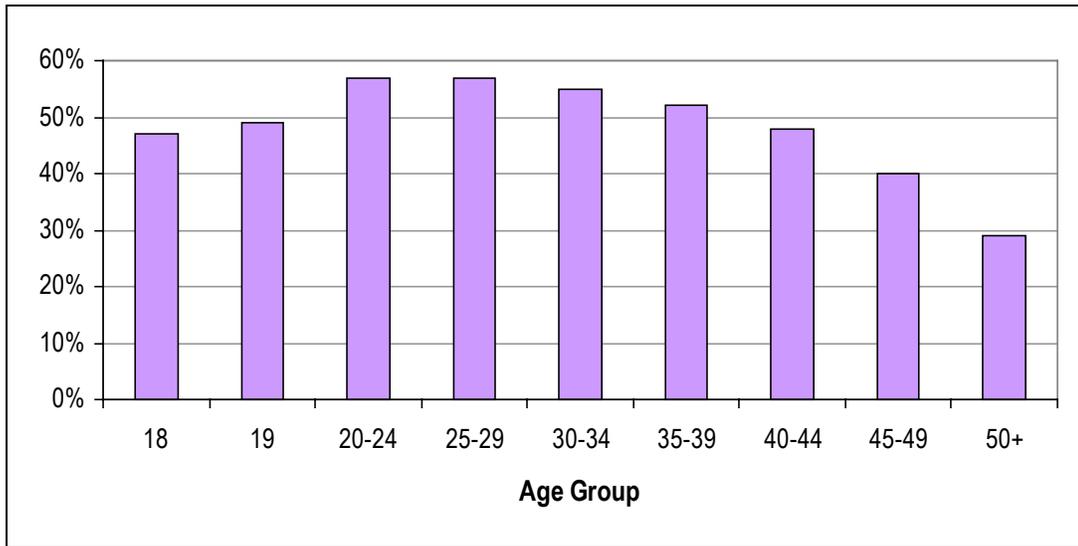
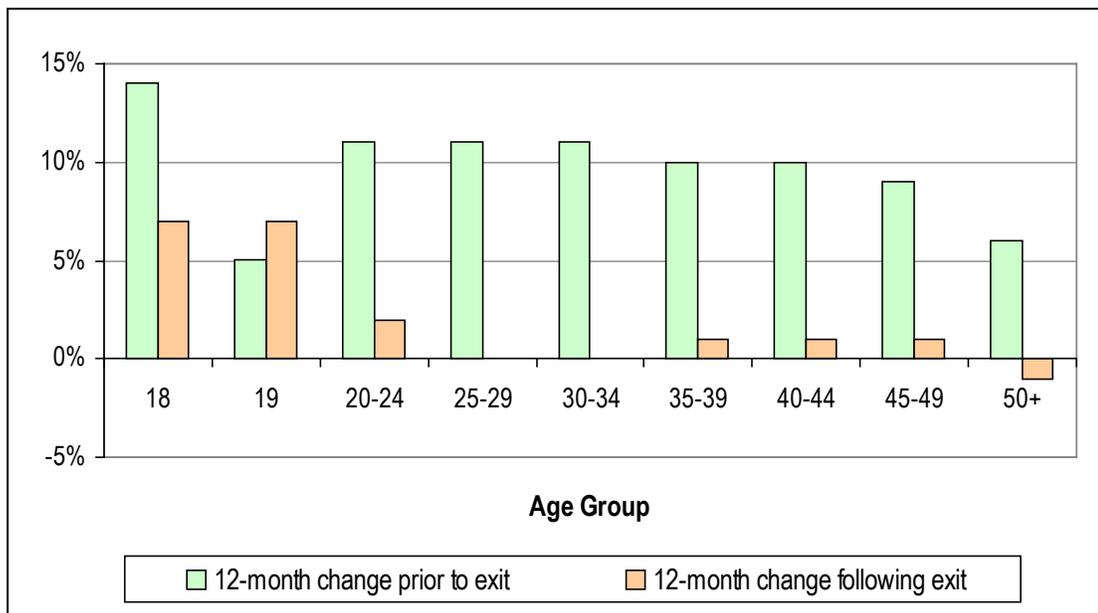


Figure 31. Employment Rate Trends by Age Group—UI Match Data



Median Earnings by County for Welfare Leavers

Upon exit, median earnings for all counties were \$1,476 per person pre quarter (see Figure 32). Earnings during the exit quarter ranged from a low of \$758 (Van Wert County) to a high of \$2,268 (Delaware County). Overall, median earnings for all counties increased by \$182 per person for the 12 months prior to exit and by \$562 per person for the 12 months following an exit (see Figure 33). For individual counties, the change in median earnings for the 12 months prior to exit ranged from a decrease of \$970 (Holmes County) to an increase of \$576 (Cuyahoga County) and increased from \$111 (Clinton County) to \$1,575 (Holmes County) per person during the 12 months following an exit.

Figure 32. Median Earnings by Quarter—UI Match Data

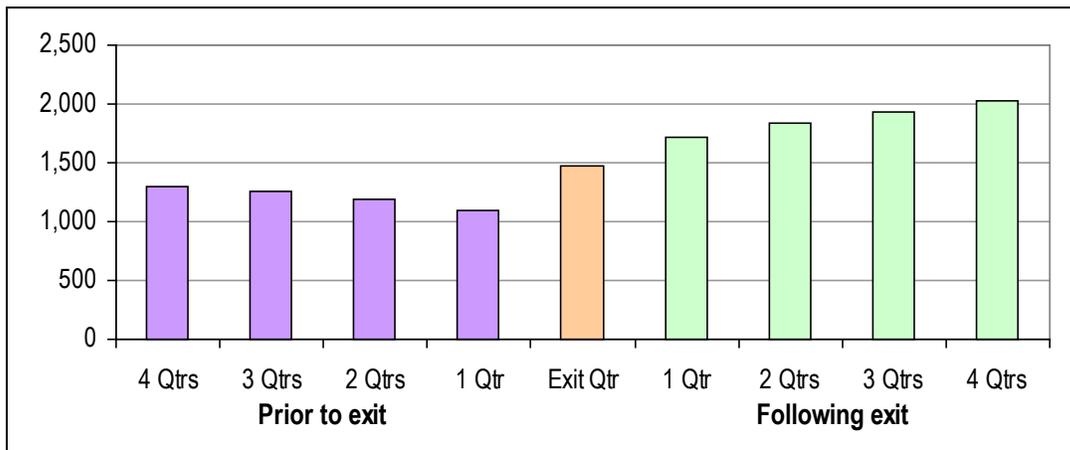
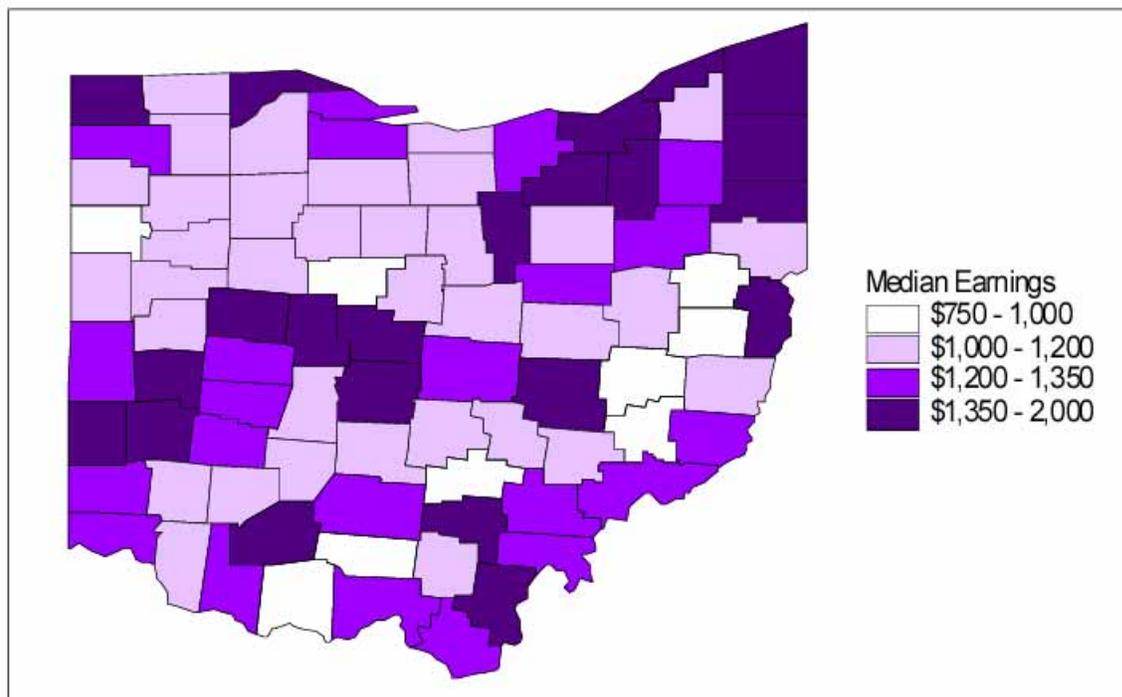


Figure 33. Median Earnings at Closure by County—UI Match Data



Median Earnings by Age Group

While employment rates at exit declined with age, median earnings levels increased in each quarter examined (see Figure 34). The minimum median earnings level was \$743 for 18-year-olds and the maximum was \$1,821 for those age 50 and older. Median earnings increased for all age groups by less than \$200 in the 12 months prior to exit but significantly more during the 12 months following an exit. The older age groups, 45 years and older, had the largest increases at approximately \$800 per person (see Figure 35).

Figure 34. Median Earnings at Closure by Age Cohort—UI Match Data

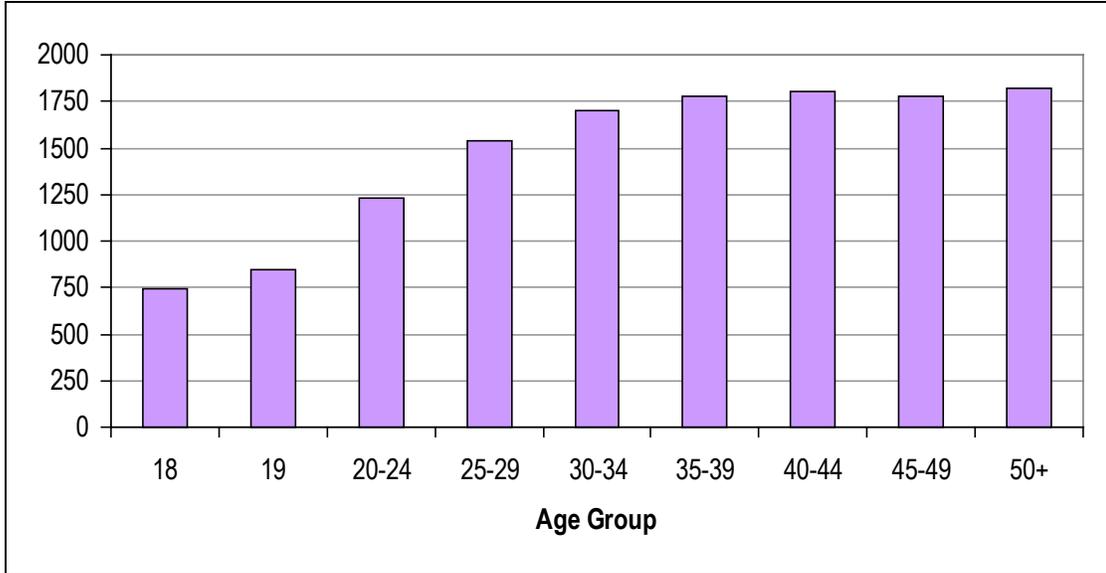
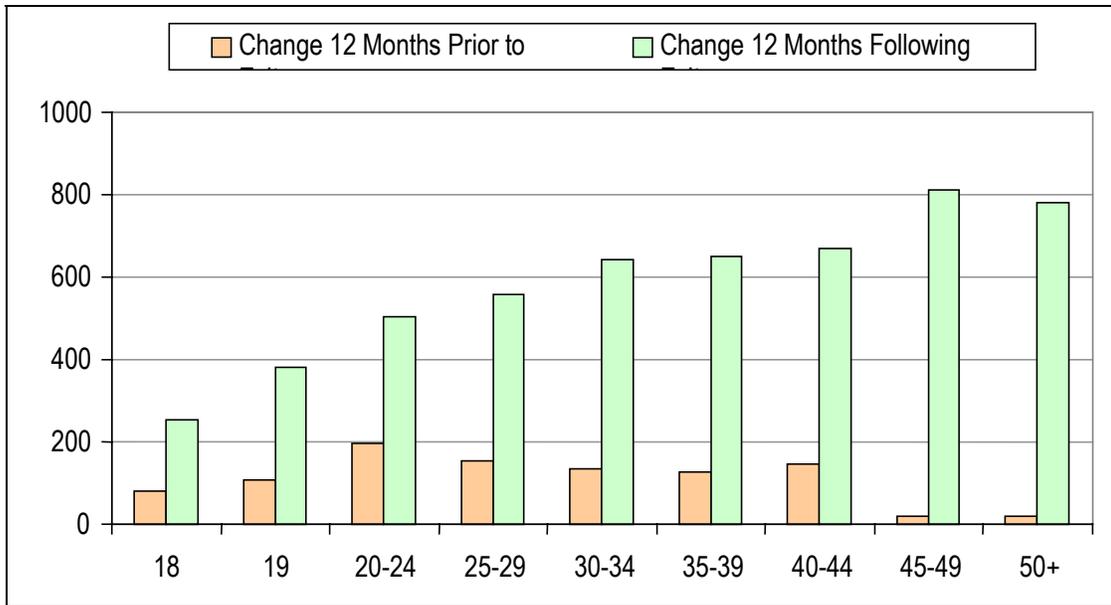


Figure 35. Change in Median Earnings by Age Group—UI Match Data



3. *Recidivism*

As described above, after our respondents left welfare between October 1997 and March 1999, we conducted a follow-up interview in the period from November 1999 through July 2000. However, because we had administrative data detailing their receipt of OWF welfare payments, we can track their welfare participation through June of 2000. This means we can track some welfare leavers for as long as 32 months after leaving welfare. Unfortunately, this means we cannot look at the behavior of persons nearing the end of their time limits for receiving welfare – 36 months in Ohio.

Despite this limitation, there are data sufficient to assess the ability of welfare leavers to establish their independence from the welfare system. We do this by estimating an integrated model that generates estimates on two measures of recidivism. We look at the determinants of who leaves OWF and remains off OWF and also who is on OWF at various numbers of months after the first closure. We describe the model in more detail in Appendix J.

The explanatory variables used in the estimation are as follows:

Ethnicity: Whether the respondent is African-American, or in some other non-Caucasian category. The existing coding system at ODJFS does not distinguish between race and ethnicity, so persons who are coded as Hispanic, which is an ethnicity not a race, are not subdivided between White and other categories.

Sex: Whether the respondent is male or not.

Education: We started by using a categorical breakdown for highest grade completed of 0-9th grade, 10th or 11th, high school graduation, and some college. Given the sample, the range of variation in education is limited.

Appalachia: This is an indicator the respondent left welfare in one of the Ohio counties in the south-eastern part of the state that lie in the Appalachian mountains. In this study the Appalachian counties were Meigs, Noble, Scioto, Vinton and Washington.

Site Size: Sites were classified into three categories: “large” if they contained a major metropolitan area, which in this study meant either Cleveland or Columbus, “medium” if the county contained a medium-sized city (Allen, Clark, Scioto or Washington in this study), or “small” if the county was rural, containing only small towns (Ashtabula, Meigs, Noble and Vinton in this study).

Age: The age of the respondent when they left welfare was broken into five categories: 20 to 25, 26-30, 31-35, 36-40, and 41 and over. A finer gradation in age at the low end was explored, but did not generate a significant difference.

Earnings: We used two earnings variables. The first was average monthly earnings during the nine months prior to leaving welfare.¹¹ The second earnings-related variable is the average monthly earnings for in the months of closure and for two months after leaving OWF. There was some question whether the effect of earnings on recidivism was non-linear. More specifically, we wanted to determine whether there was a threshold effect with earnings below the threshold foreshadowing an eventual return to welfare with higher earnings leading to success. We broke down monthly earnings on leaving welfare into five categories: zero to \$400 per month, \$401 to \$800 per month, \$801 to \$1200, \$1201 to \$1600 and over \$1600 per month. The effect was roughly linear. See the graphs of fitted values below.

Marital Status: After exploring different ways of categorizing this variable, we chose a division of marital status into three categories: never married, married, and other. Finer gradations were not supported statistically. The majority of the sample was never married at the date of closure. We explored the use of an indicator for never-married but cohabiting, but this effect was not significantly different from that for never-married. We also used variables indicating whether the respondent became married after closure or whether they divorced, separated or were widowed.

Children: The whole point of the original AFDC program was to support families with dependent children. If women are to support their families by working, they need a way to care for their children while they are at work. Consequently, we suspected having more children, and children for whom it was harder to find child care, would increase the likelihood of recidivism. Because the state is very active in licensing and promoting child care and has programs in place to provide child care for women leaving welfare, we broke down the number of children into categories (the number of children under 6, the number between 6 and 14, and the number over 14) corresponding to age categories where different modalities of child care hold. We also examine the number of children born after the date of closure as we suspect additional births are likely associated with recidivism.

Insurance: We examine this issue by looking at health insurance benefits offered by all employers held at the date of closure. The examination was to see if the respondent had an employer that offered health insurance as a worker benefit and, if so, whether the worker took advantage of that benefit.

In addition to the model for remaining off welfare, we also estimated a model for the probability the former welfare recipient would be off welfare at various numbers of months after leaving welfare. To estimate this latter model we considered all months following the month of first closure, estimating the probability the respondent would be off welfare in that month. Like the survival model, we estimated a series of time effects along with the effects of the individual's characteristics. In the first month after leaving welfare, both models estimate the same thing: the probability the person has lapsed into renewed welfare

¹¹ We chose nine months as we could recover this variable from the survey data. The UI match data are not as reliable a source of data on earnings for people on welfare. This is discussed in Appendix F. The survey section on employment is described above.

reciprocity. After that first month the models differ in that the survival-only looks at persons returning to welfare in the second month given they stayed off welfare in the first month. The second model looks at all welfare leavers and determines whether they are on welfare in the second (and subsequent) months,¹² whether or not they were on or off OWF in the month (or months) between closure and that particular month.

Perhaps the best way to summarize the results is to graph the estimated values for the probability of being off welfare for the two recidivism models over thirty months. In Figure 36 we show the estimated model *without* accounting for the characteristics of the respondents. This displays the character of the raw data.¹³ In the first few months after leaving welfare the bottom line shows the fraction of persons able to stay off welfare falls sharply and then tapers off. Fewer than half of the persons leaving welfare remained off welfare continuously for two and one-half years.

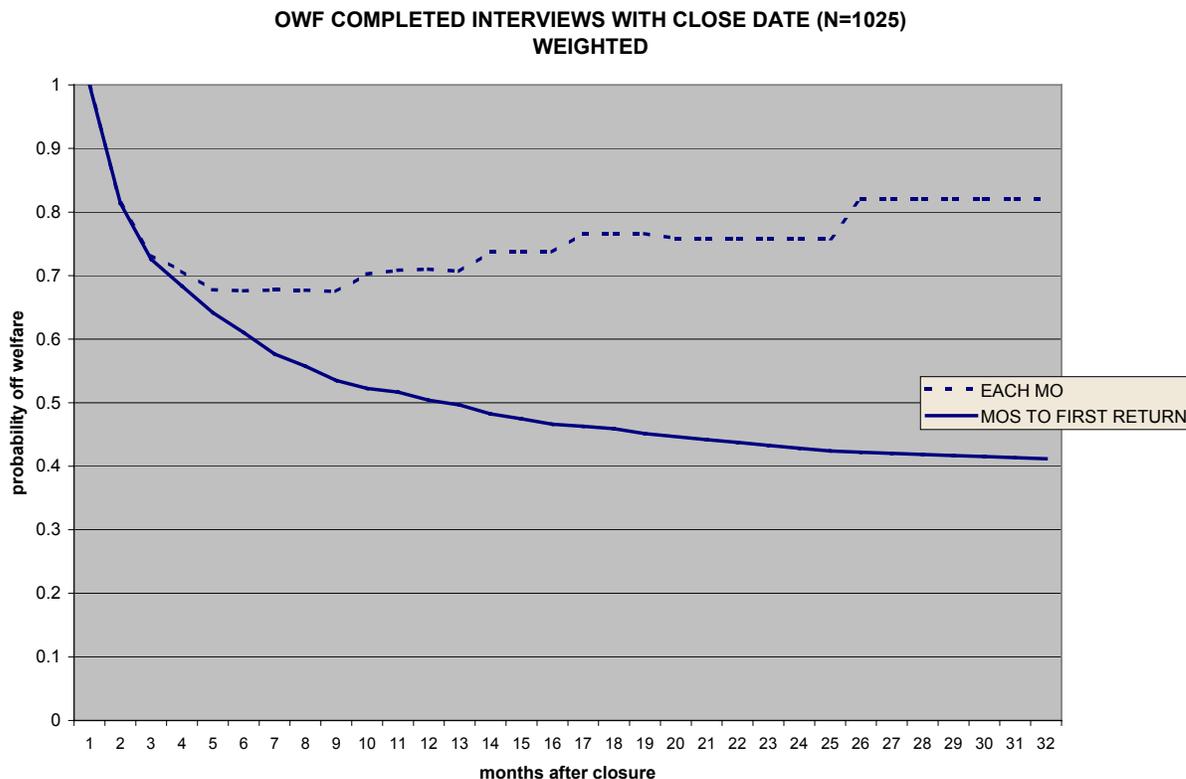
However, the top line shows that while welfare leavers more often cannot stay off welfare continuously after first leaving, they are able, after varying spells on and off welfare, to establish careers that are able to keep them off welfare most of the time. The top line shows that two and one-half years after leaving welfare, over 80% are off welfare, a little more than half of whom are people who left welfare and have yet to return.

On the other hand, the data project that two and one-half years after the first closure a little over 40% of the leavers will have remained off OWF continuously.

¹² Since all persons had to leave welfare by definition, they had to spend at least one month off welfare. After that they are “eligible” to return to welfare. We require the person to be off welfare for one month as the welfare system uses the month as a natural unit of time.

¹³ The data are weighted to represent the projected experience of all OWF closed cases in the twelve sites studied here.

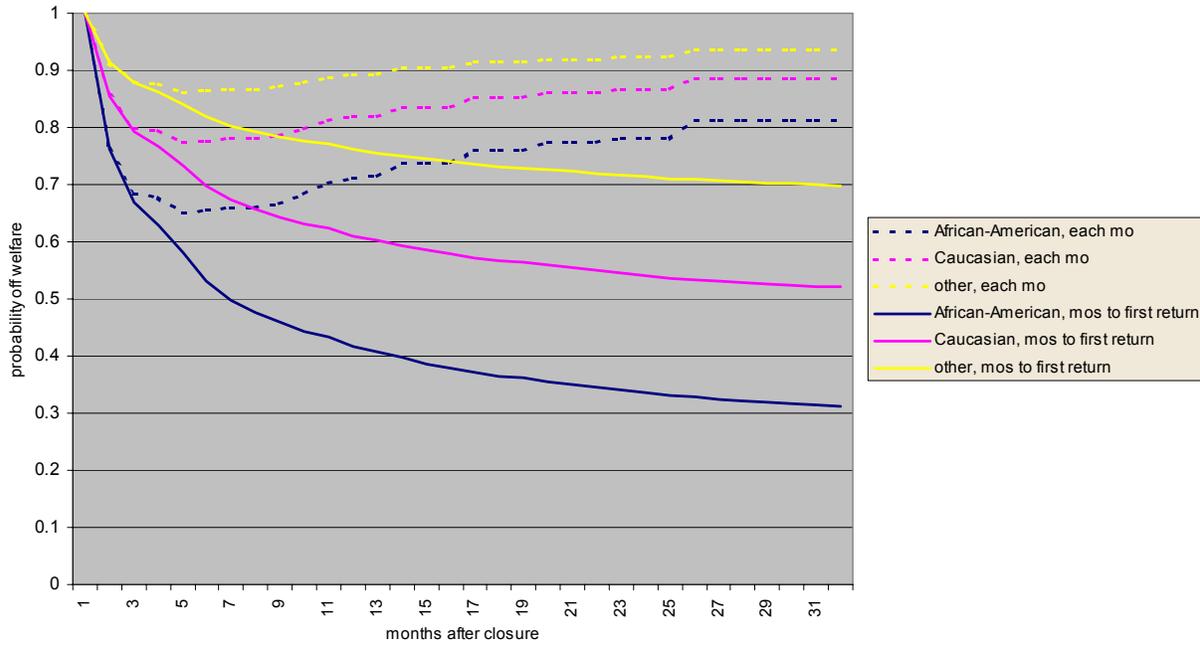
**Figure 36. Probability of OWF Respondents Being Off Cash Assistance:
a) in Each Month since Closure and
b) for Monthly Durations since Closure**



In the following figures we explore the effect of the individual characteristics on recidivism. The coefficients of the statistical model are presented in Appendix J along with significance test statistics. Appendix C shows the distribution of the characteristics of welfare leavers by county in this study. Instead of discussing coefficients, we show graphically how changing the characteristics of a respondent, changing one variable at a time, changes the probability that respondent will remain off welfare for varying numbers of months. We also show how changing these same characteristics changes the probability the respondent will be off welfare some in various months after they first left OWF. For comparability, we repeat the analysis for respondents with the same characteristics except we change that attribute whose effect we are showing in the graph. While not appearing in the title, the baseline characteristic for welfare recipients presumed the person was not eligible for health insurance.

Figure 37.

**FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10**
by ethnic group



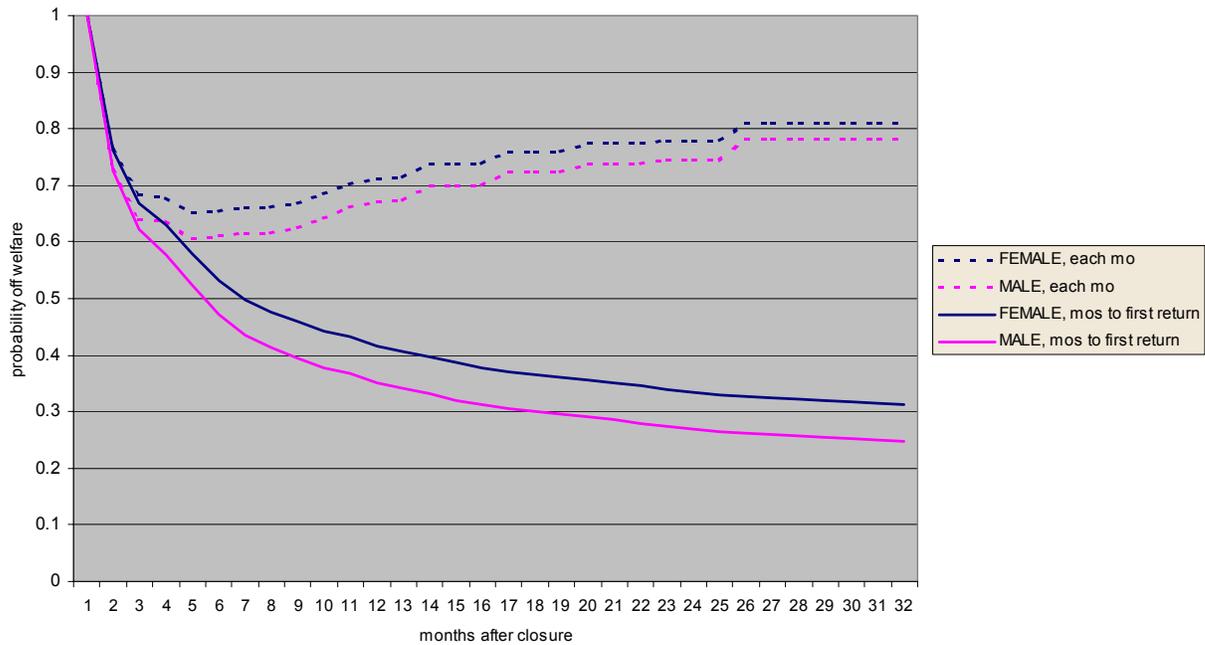
The effect of ethnicity on the probability of making a transition to independence, after controlling for other characteristics of the person, is large (see Figure 37) and significant.¹⁴ Our baseline respondent is a African-American female with a high school degree, is never married, left welfare at age 28 and took a job averaging \$1000/month, and had two children, aged two and ten. Changing the ethnicity of this benchmark person to non-African-American increases the probability the person will remain off welfare by over twenty percentage points. The probability the person is off welfare two years after first leaving welfare will be higher by about ten percentage points. These are very large differences, and they are *after* controlling for earnings and other demographic characteristics. We caution the reader that in some counties there are few, if any, African-American welfare leavers. However, the model can generate “success” probabilities for a much wider set of characteristics than we present here.

¹⁴ The statistical significance of the estimated effects is shown in Appendix J.

The role of gender, in contrast, is minor. Males do worse than females, but the difference is numerically small and statistically insignificant (see Figure 38). The number of males in the sample is, as expected, small. Because the number of males in the sample is small, gender will not be a major factor in explaining the overall variation in the probability of success.

Figure 38.

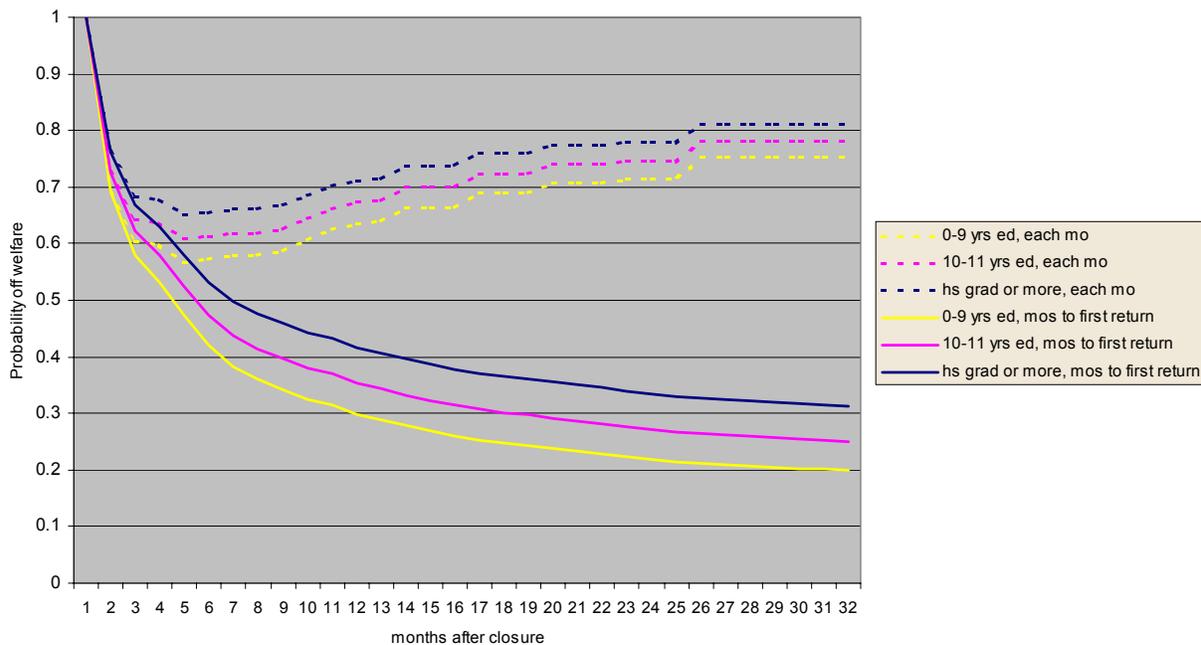
**AFRICAN-AMERICAN HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AFTER CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10**
by gender



Education has a moderate effect, and the pattern in Figure 39 is quite interesting. We originally broke education down into four groups by highest grade completed: dropouts with nine or fewer years of education, dropouts with ten or eleven years education, persons with a high school diploma or GED degree and no more, and finally persons with some education beyond the high school degree. What we see is that, as expected, people who did not complete high school do worse than others. However, we found that the effects of having a high school degree and having some education beyond high school were so close together they were indistinguishable and their effects were not statistically different. Consequently we pooled persons with a highest grade completed beyond high school with persons having a high school degree. The implication of this is that, controlling for other factors including the wage, education beyond high school *per se* is not an important factor in predicting welfare success.

Figure 39.

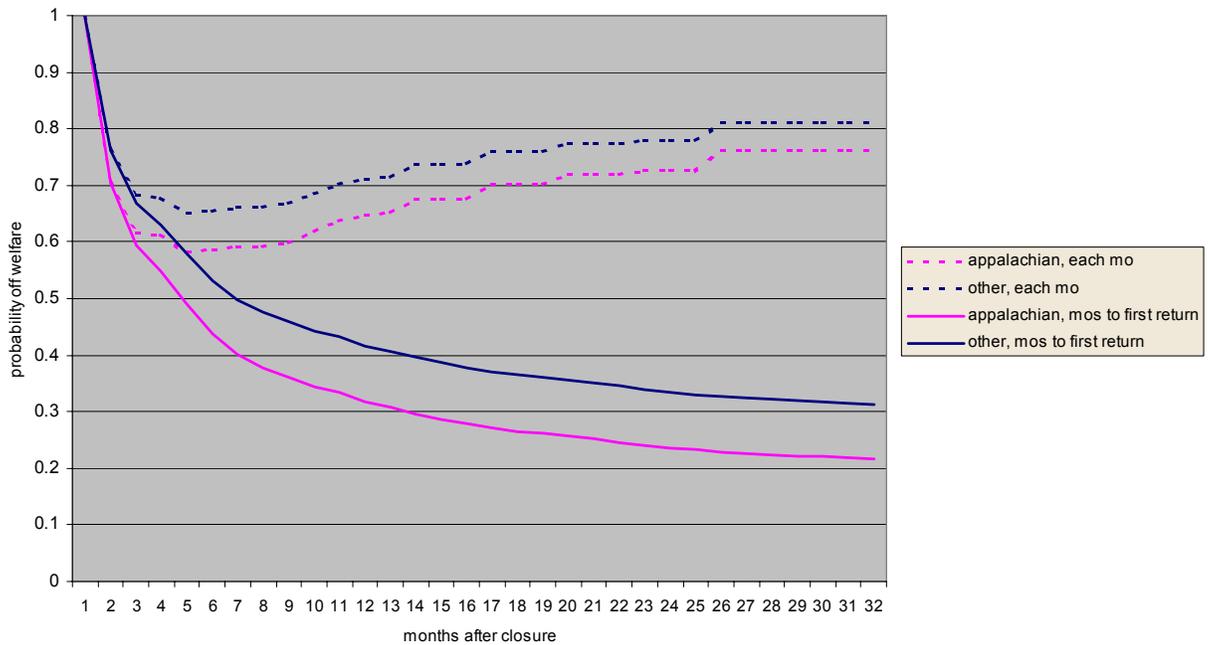
**AFRICAN AMERICAN FEMALE, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10
by education category**



Location effects are mixed. While successful transitions off welfare are less likely in the Appalachian region, the effect, shown in Figure 40, is small, although statistically significant. In Figure 41 we see the larger effect is the size of the county. Medium sized counties that are not entirely rural but are not part of a major metropolitan area are most conducive to successful transitions with the rural counties having a small and insignificant advantage over the counties with major metropolitan areas.

Figure 40.

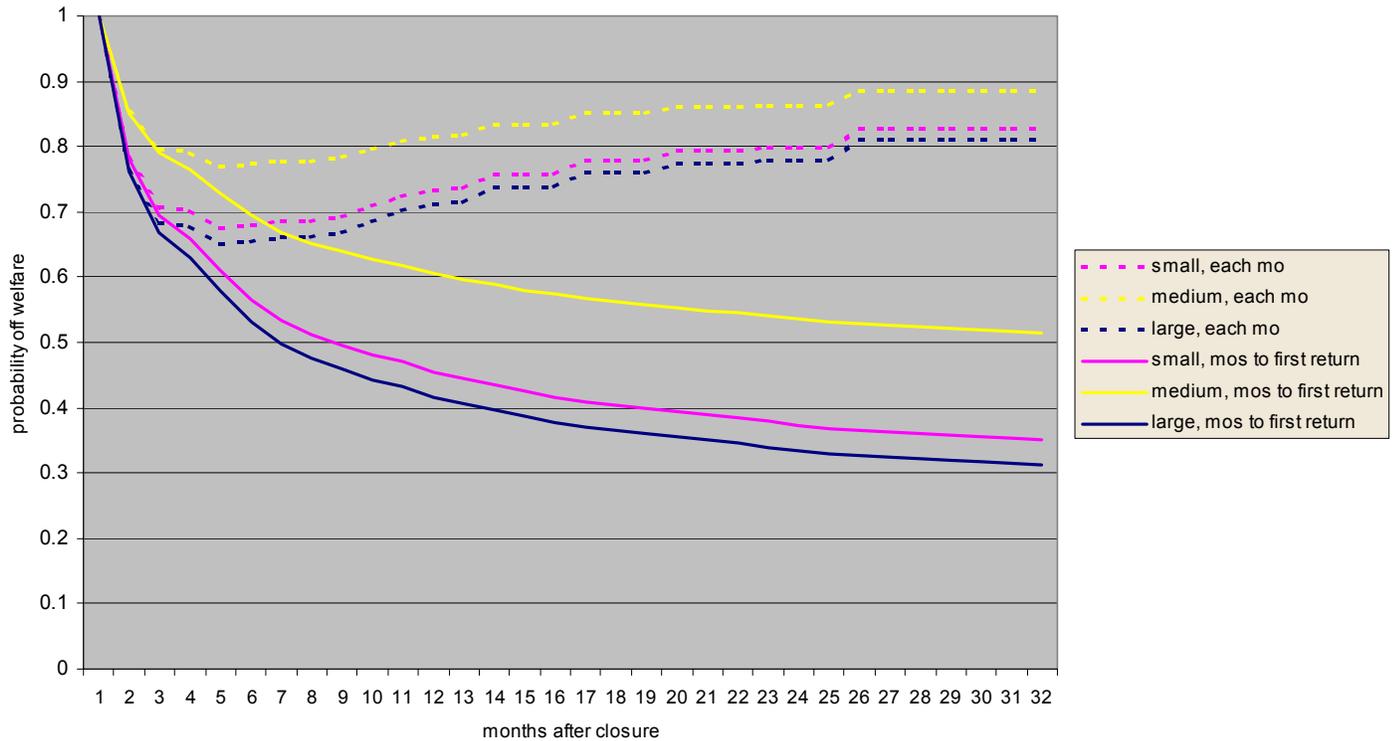
AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10
by appalachian or non-appalachian county of closure



Interestingly, the effect of being in a small county is almost identical to the effect from being in large sites (here Cleveland, Euclid, Parma or Columbus¹⁵).

Figure 41.

**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28
EARNING \$1000/MO AFTER CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10
by size category of county of closure**



¹⁵ The study design chose Columbus as a comparison to Cleveland. Because the design also included Parma and Euclid, we had a large number of cases drawn from Cuyahoga County. While one naturally thinks of Franklin as a comparison to Cuyahoga, the required design excluded cases in Franklin County but outside of Columbus.

Age effects are significant and not quite monotonic. That is, the youngest welfare leavers do the worst, followed by those 26-30. However, persons 36-40 do slightly worse than those 31-35. People over 40 were most likely to make a successful transition. See Figure 42. Young mothers are at a significant disadvantage relative to older mothers in attaining independence. As with all the breakdowns for demographic characteristics, Appendix C provides demographic summary information for our twelve sites.

Figure 42.

**AFRICAN-AMERICAN FEMALE HS GRAD, FROM A LARGE COUNTY
EARNING \$1000/MO AFTER CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10**
by age category of respondent

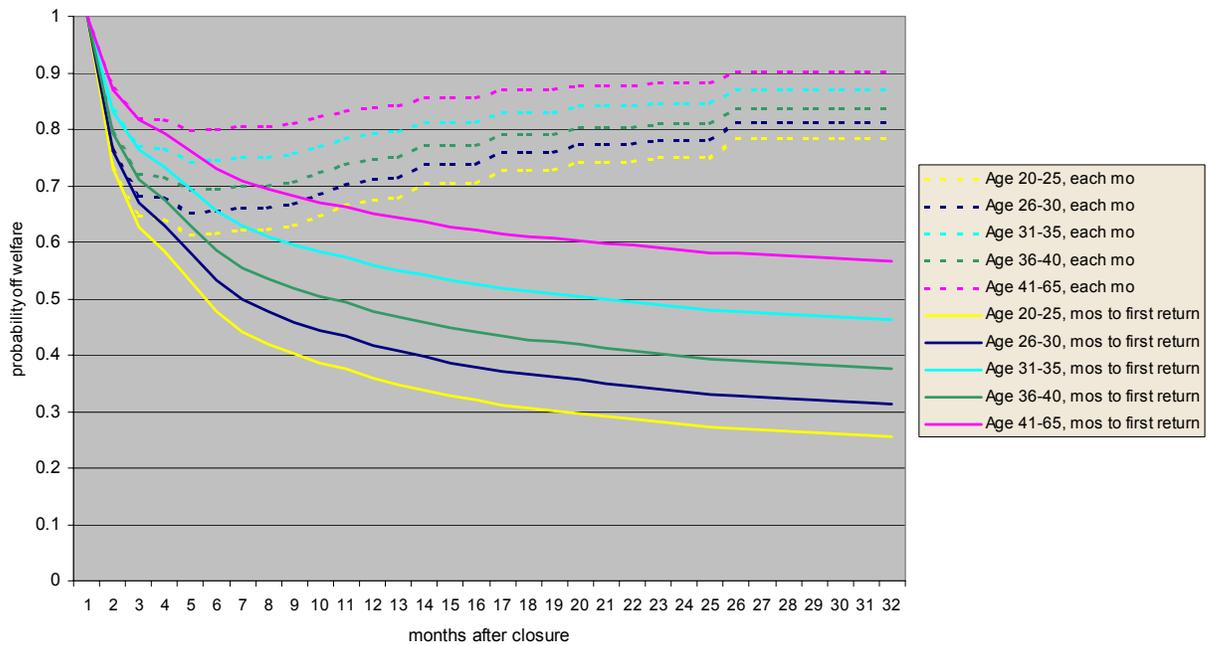
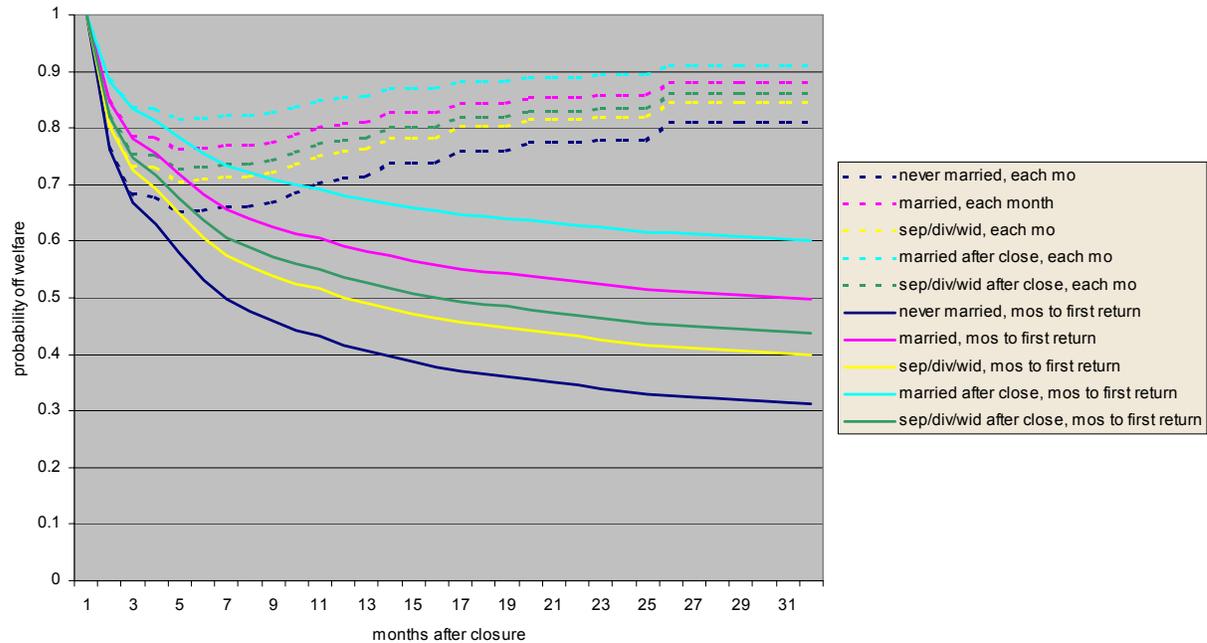


Figure 43.

**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AFTER CLOSURE AND \$400/MO BEFORE CLOSURE
WITH A CHILD AGE 2 AND A CHILD AGE 10**
by marital status from closure to interview



Marital status effects (see Figure 43 above) are moderate with married respondents doing the best followed by persons who are separated, divorced, widowed or formerly married and cohabiting. The never-married persons do worst. We combined persons who are never married and not cohabiting with the never married and cohabiting persons as the effects of these two latter characteristics could not be distinguished statistically.

Recently, the popular press has contained proposals to encourage marriage as a way of making transitions from welfare more successful. Becoming married enhances the prospects of a successful transition. The difference between being never married and getting married after leaving welfare is a differential in the probability of remaining off welfare about equal to what is produced from the former recipient earning about \$800 per month more- a substantial impact. However, as many sociologists have pointed out, the pool of marriageable males is not deep. Many men have criminal records or histories of substance problems. While these characteristics do not make them ineligible for marriage, these problems exacerbate the he natural disparities in the sex ratio which differential mortality creates.¹⁶ It is clear that women receiving OWF who marry men with good earnings prospects will likely remain off OWF, but the policy that makes this happen needs explication.

¹⁶ Male babies outnumber female babies, but age-specific mortality rates are higher for males than females at virtually every age. Wars, accidents, and violent deaths only exacerbate this demographic fact.

Having more children retards the transition to independence, although children under six, surprisingly, have less of an effect than do children six to fourteen. The number of children over fourteen does not have an effect that attains statistical significance, while the number of children under six and six to fourteen do.

Figure 44.

**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH NO CHILDREN AGE 6-14 AND NO CHILDREN OVER AGE 14**
by number of children age 0-5 at closure

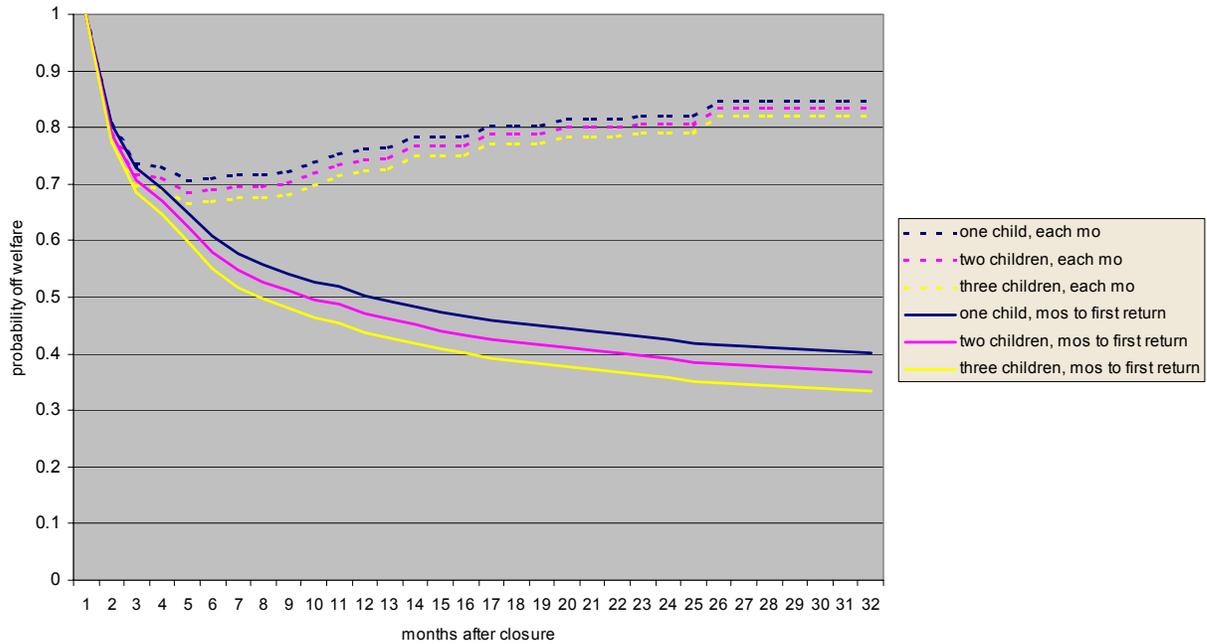
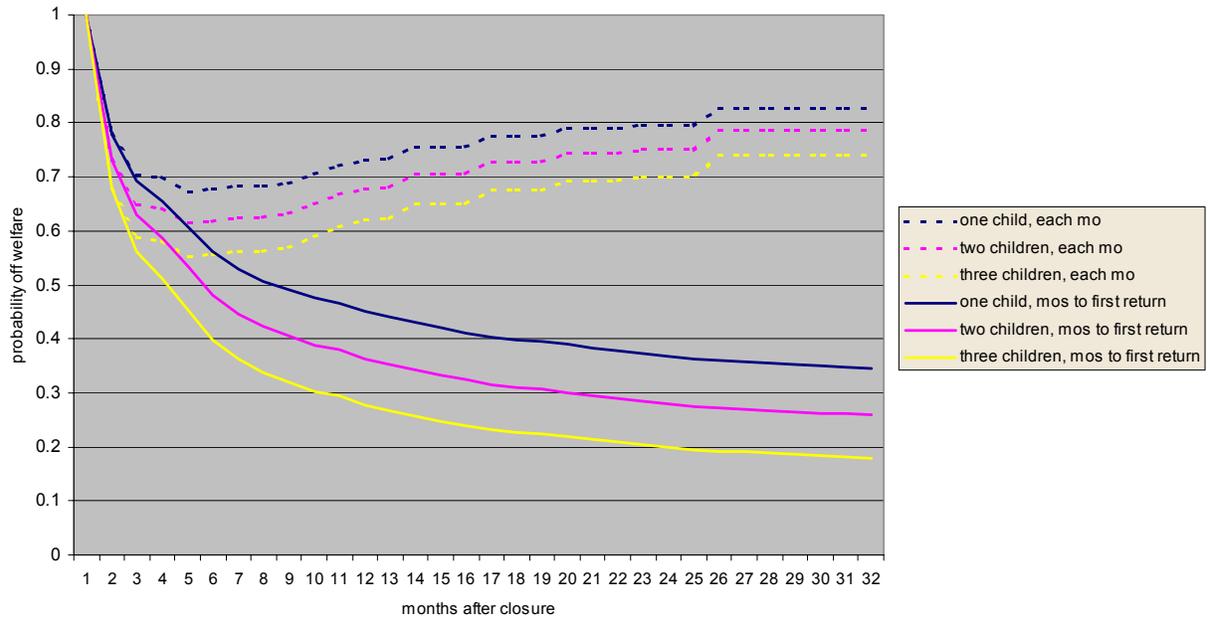


Figure 45.

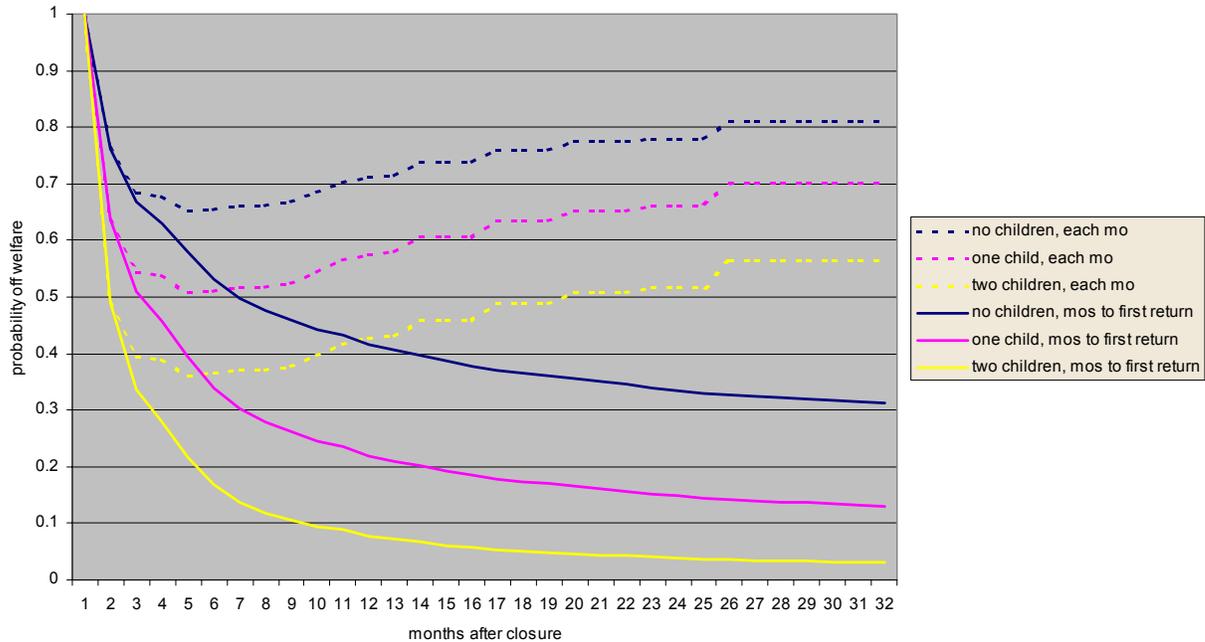
**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH NO CHILDREN AGE 0-5 AND NO CHILDREN OVER AGE 14**
by number of children age 6-14 at closure



Respondents who have children after the date of first closure show substantially higher rates of recidivism. The direction of causation is unclear; it could be women have children because they had to return to welfare, or vice versa, but either way the association between the two events is quite strong, as we see in Figure 46. Counties have the option of not counting the time a woman has a child under age one towards the 36 month limit, however the federal 60 month limit is not affected by such a county-level waiver. Such a policy would provide an incentive for recipients with employment problems to have a child during such a period of problematic employment. This might not change the number of children a women has over her reproductive career, just the timing. There is a lot of mobility in the sample, so at some point it may be wise to check whether variation in county welfare implementation rules is associated with mobility of welfare recipients. We do not have sufficient information to determine whether any of these OWF returners had received waivers for having another child. It is also true that having a new-born would make work very difficult, forcing women without other sources of support back onto OWF. The indicator for the number of children who were born since closure has an effect about as large as the race/ethnicity effects, and its statistical significance is the largest of all the variables for individual characteristics.

Figure 46.

**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AFTER CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10
by number of children born after closure**



Labor market outcomes are important. We broke down the amount of monthly earnings on leaving welfare into five categories to check for thresholds. We found none. While not entirely linear, moving among the income categories had a monotonic and fairly smooth effect in Figure 47. What was surprising was the strength of health insurance on the job. If one of the jobs¹⁷ offered health insurance but the respondent did not take it, that did not increase the probability of success. Having a job that offered health insurance which the respondent subscribed to increased the probability of success. To calibrate this effect, having a job that provided health insurance increased the probability of success about as much as moving from the \$801-\$1200 cell for monthly earnings to earning between \$1201 and \$1600 per month (see Figure 48).¹⁸

¹⁷ Respondents often held more than one job.

¹⁸ The reader can calibrate the effects of the variables relative to one another by either looking at how they change their respective probabilities of success (measured on the left axis) or looking at the coefficients in Appendix J.

Figure 47.

AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10
by earnings category, based on average over month of closure and 2 months after

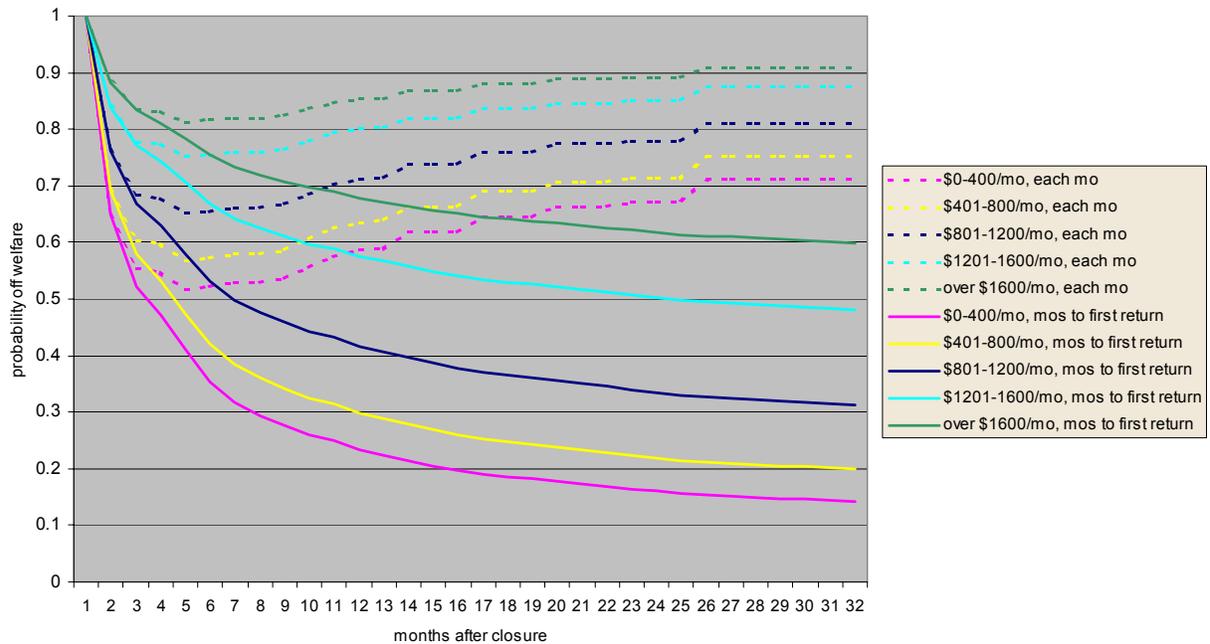


Figure 47 shows that persons earning \$1200 per month do reasonably well when it comes to staying off welfare. This translates into a full-time job paying \$7 per hour. Jobs paying that much are not rare, but the key is *full-time*.¹⁹

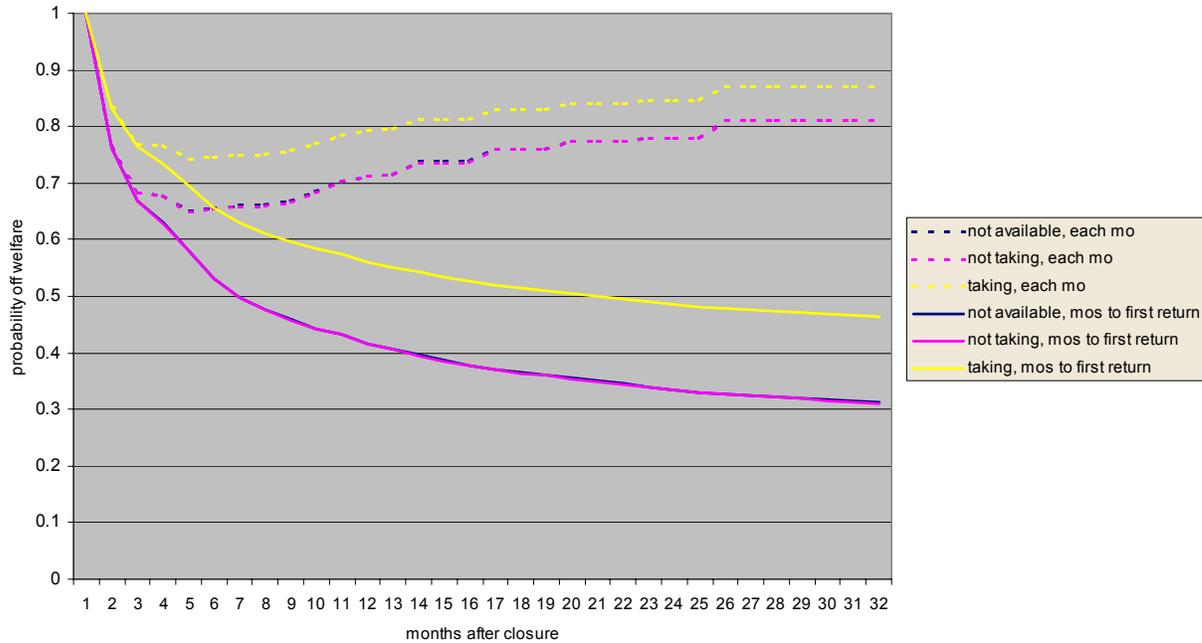
We see evidence that many welfare leavers return to welfare and then again move off cash assistance. A full-time job that pays eight or nine dollars an hour and provides health care benefits offers the recipient a reasonable probability of staying off welfare. What we may see here is welfare leavers taking jobs that either lead to this compensation package, or provide the work background needed to find such a job. There is not a straight-line path from welfare to independence for everyone, although many make that transition in one step, but a more complex process of disengaging from welfare and finding the sort of job that serves as a foundation for achieving independence from welfare.

Note that persons with no, or low paying jobs can stay off welfare. In fact, about one-quarter of the people who never return to welfare also never report holding any job from the date of closure through the date of survey. In some cases staying off welfare has nothing to do with employment.

¹⁹ Recall the discussion above that shows the fraction of time leavers worked full time after leaving OWF.

Figure 48.

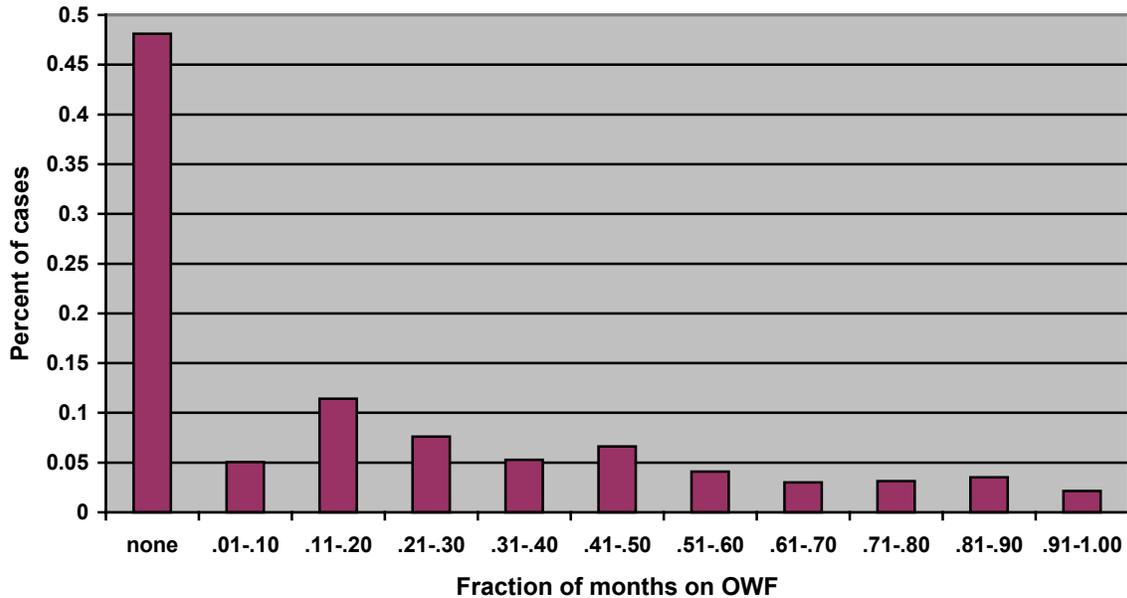
**AFRICAN-AMERICAN FEMALE HS GRAD, AGE 28, FROM A LARGE COUNTY
EARNING \$1000/MO AT CLOSURE AND \$400/MO BEFORE CLOSURE
NEVER MARRIED, WITH A CHILD AGE 2 AND A CHILD AGE 10**
by health insurance from employer at closure



Starting with Figure 36 we have seen a substantial difference between the probability a welfare leaver is off OWF two and one-half years after first leaving and the probability a welfare leaver exits OWF and never returns. We end this section by showing the pattern for the fraction of time a leaver is on OWF between when they first exit OWF and June 2000.

Figure 49 gives the distribution of leavers who are on welfare for various fractions of the time after exiting OWF cash benefits. As we see, the pattern is a familiar one in that there is a great deal of dispersion in the extent to which leavers succeed in staying off OWF cash. As when we looked at the number of weeks worked full-time, there is an even spread with a few people on welfare almost continuously (that is, between 91% and 100% of the time) after first leaving OWF and a few people who are almost always off OWF cash assistance (that is, on welfare 1% to 10% of the time). Apart from the people who leave OWF and never return, the sample is distributed fairly evenly between these two extremes.

Figure 49.



As we look at the leavers, one of the more unexpected patterns in the data is people who leave OWF and never return to OWF yet *never* hold a job after closure. This happens in about 10% of our 1025 cases described in detail here. These people are disproportionately married, or become married after closure, and over forty years old. *This means that for roughly 25% of the cases showing the most successful transitions from OWF the explanation for this transition has nothing to do with the person finding or keeping a job.*

We conclude with a cautionary note. The first people to leave welfare under OWF may well be the best-prepared for the transition. As the best candidates for success leave the pool of potential welfare leavers, harder cases may remain behind.

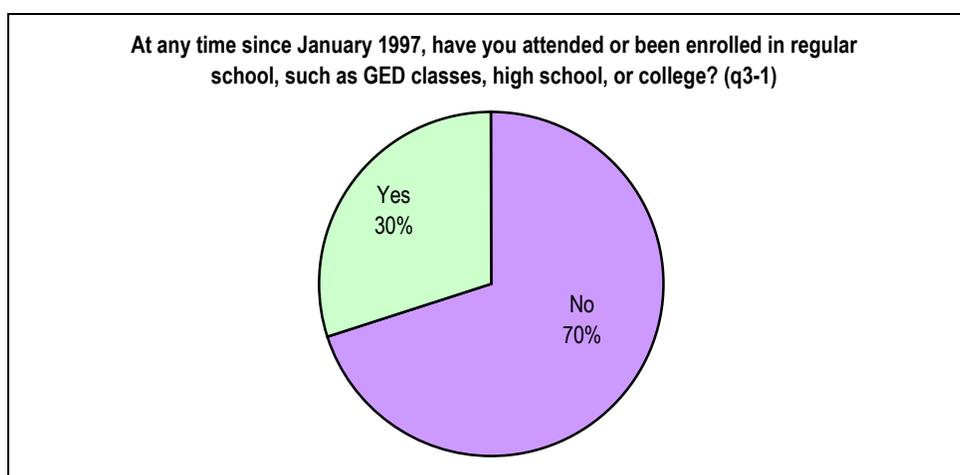
4. Education and Training

Education – OWF Sample Excluding Child-Only Cases

Individuals with higher educational attainment earn more in the labor market for their additional skills. Therefore, it is natural to consider how additional schooling will affect earnings and the chance that a former welfare recipient will remain off welfare. Using survey data, consider the relationship between education and the 1025 OWF respondent's welfare status at the survey date.

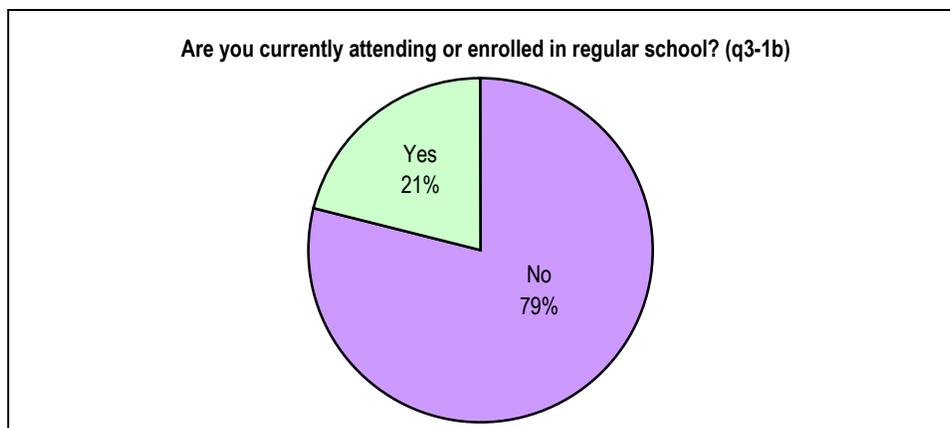
As Figure 50 indicates, 316 of the OWF respondents (30%) indicated that they have been enrolled in school or GED courses since January 1997.

Figure 50. Percent of Respondents Enrolled since 1997



Of the 316 respondents who reported course enrollment since January 1997, 67 or 21% were enrolled at the time of the survey (see Figure 51). This represents about 7% of the original 1,025 respondents enrolled in school or GED courses at the time of the survey.

Figure 51. Percent of Respondents Currently Enrolled

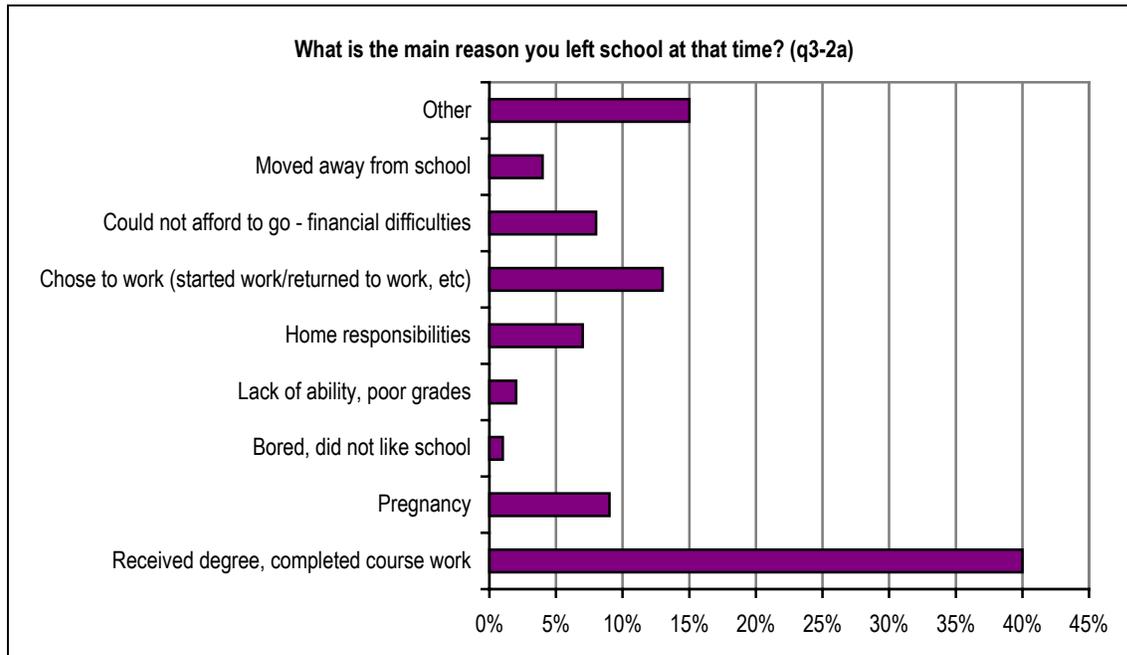


Note: Percentages reflect responses from 316 OWF respondents. Asked only of respondents who have attended or been enrolled in a regular school since January 1997.

Those who stayed off OWF were more likely to be enrolled at that time. This may seem peculiar since being in school requires financial resources and time. The additional money and time needed to attend school might lead one to believe that individuals would remain on OWF while enrolled in school in order to supplement their income and reduce the financial burden caused by temporarily receiving less than their potential earnings. On the other hand, these individuals may have received other benefits because of their enrollment. It should be noted that the OWF-returners and non-returners appear different in the level of schooling in which they are currently enrolled and their reasons for leaving school.

There are 249 respondents who were enrolled in school since January 1997 but were no longer enrolled by the time of the interview. Figure 52 shows their responses when asked why they were no longer enrolled in school. The largest response categories were “completed course work/received degree,” “chose to work,” “pregnancy,” “home responsibilities,” and “financial constraints.”

Figure 52. Main Reason Respondents Left School



Note: Percentages reflect responses from 249 OWF respondents. Asked only of respondents who were not currently attending or enrolled in a regular school but have attended school since January 1997.

Almost eight percent of the respondents no longer enrolled reported that financial difficulties were the main reason for leaving school. That response was indicated much more frequently for the group who did not return to OWF who may not have relied on funds from OWF to offset the cost of the education that they pursued.

Training – OWF Sample Excluding Child-Only Cases

Employers offer employees on-the-job training either formally or informally in order to improve the job skills of their workers and increase productivity and output. Government programs, including OWF, offer their clientele training programs so that they might gain the

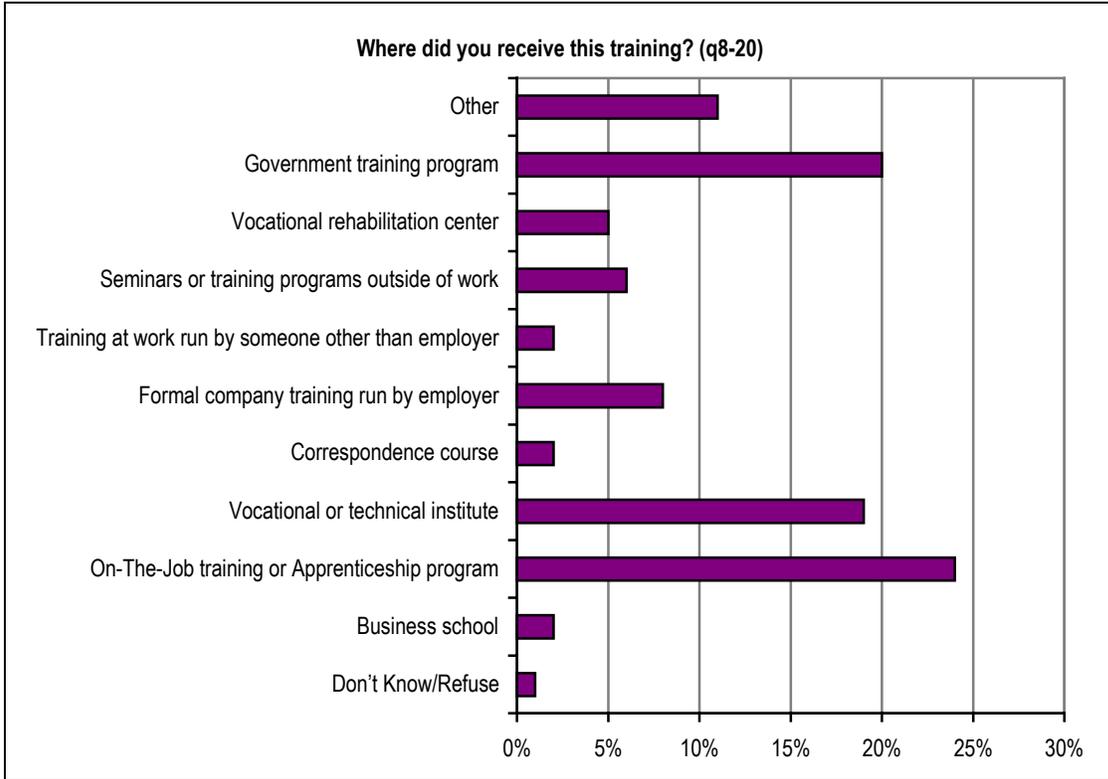
skills necessary to become employable and self-sufficient. In either case, if the training programs accomplish their goal, participants should become less reliant on social welfare programs and more successful in the labor market.

Thirty-four percent of the closed cases survey respondents indicated that they received on-the-job training or attended a training program since January 1997 (see Figure 53). The three main sources of training are on-the-job training, vocational or technical institutes, and government sponsored training programs, which account for two-thirds of the training received (see Figure 54). The three categories above each make up about 15% of the reported training locations. Employers and government agencies funded about three-fourths of the training programs (see Figure 55).

Figure 53. Percent of Respondents Attending Job Skills Training

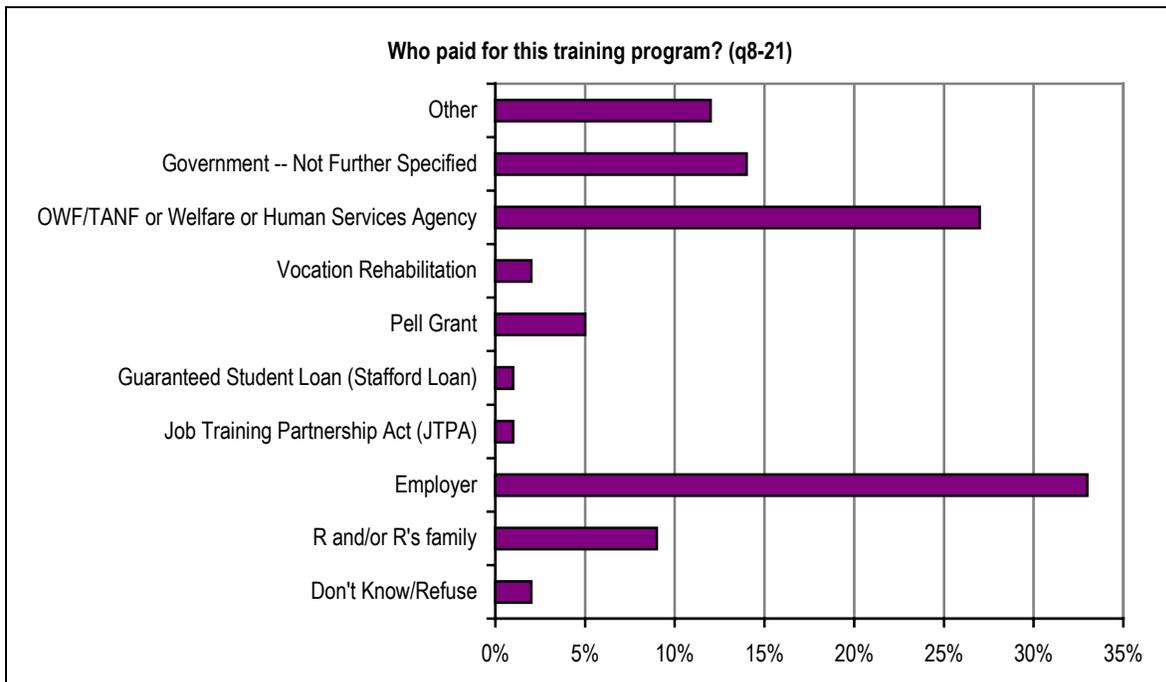


Figure 54. Training Program Location



Note: Asked of 324 respondents who attended a training program or received on the job training in order to improve or learn new job skills.

Figure 55. Financial Source for Training



Although one-third of the respondents attended training, those who returned to OWF indicated attending training at a higher rate than those who stayed off OWF. When participants were asked if they voluntarily enrolled in training, 52% reported that they participated voluntarily, for the others it was required.

Figure 56. Voluntary or Required Training



Those who remained off OWF and those who returned to OWF tend to report different locations of training. The respondents who returned to OWF were more likely to have received their training as part of a government program. Twenty-one percent of those who returned to OWF and 18% of those who stayed off OWF received their training through a government program. There are an additional 23% of those who returned to OWF who participated in vocational or technical training. Both the on-OWF and off-OWF groups report that a significant amount of training was received as part of an on-the-job training program.

When survey respondents were asked to report all sources used to pay for their training, 34% of those who returned to OWF and 16% of those who stayed off OWF reported that OWF or another welfare program paid for the training.

The respondents were then asked about the skills learned during the training program. Computer training was the most frequent skill acquired during training sessions. Approximately thirty percent of these respondents reported that training allowed them to acquire or upgrade computer skills. Of those who participated in a training program, 23% reported that training dealt with job search skills. Nearly 20% reported training that involved new employee orientation. Health or safety procedures were another frequent training topic reported by 20% of the respondents. Reading, writing, problem solving, and math skills were also part of training programs; respondents indicated each of these about 16% of the time.

There are some differences in the types of skills acquired by the returned to OWF and stayed off OWF groups worth noting. Fourteen percent of the stayed-off-OWF group and 7% of the returned-to-OWF group reported improving reading or writing skills. Similarly, 7% of those who stayed off OWF and only 2% of those who returned to OWF improved math skills during training. Of the “stayed off” OWF group, 28% reported that their training emphasized job search skills compared to 14% of the “returners.”

5. Job Satisfaction and Health Benefits

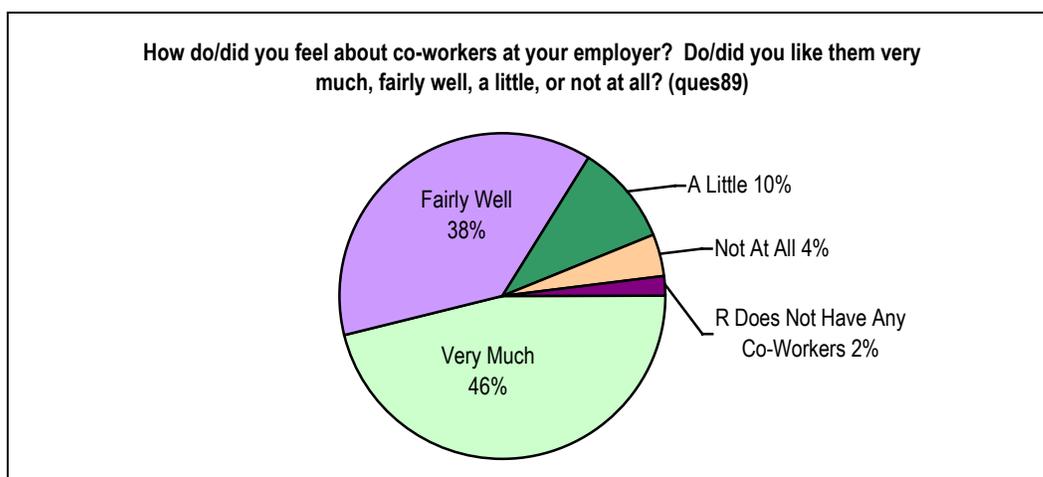
Job Satisfaction – OWF Sample Excluding Child-Only Cases

Survey respondents were asked questions related to their overall level of job satisfaction. Job satisfaction can be thought of as a component of an individual's overall economic well-being. Higher levels of job satisfaction may increase the probability that a person will be more steadily employed and this leads to more experience, higher productivity and higher wages. As we have seen, higher wages are central to establishing independence from OWF cash assistance.

In order to put the following numbers in context; note that the job satisfaction statistics only apply to those who report a job in the survey since January 1997. About 89% percent of the OWF respondents have had a job for pay since January 1997. The majority of this subset was asked if they liked their coworkers, their supervisor, and their duties on their most recent job, those who were not asked reported temporary or non-traditional employment.

When survey respondents were asked about their feelings towards their most recent coworkers, 46% of those questioned reported liking their coworkers very much (see Figure 57). Another 38% reported liking their most recent coworkers fairly well, while only 4% reported not liking their coworkers at all. Eighty-seven percent of those returning to OWF reported liking their coworkers at least fairly well compared to 82% of those who did not return to OWF.

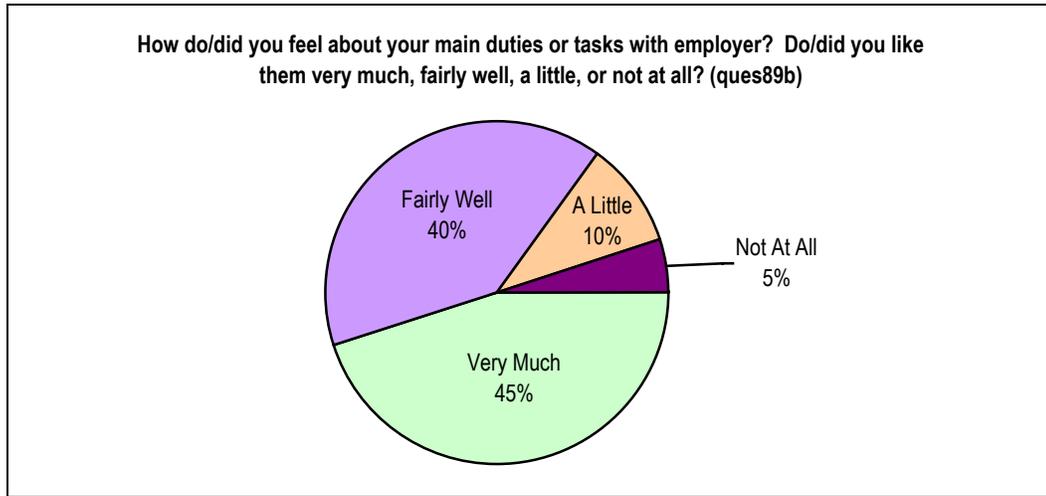
Figure 57. Opinion of Co-Workers



Note: Percentages reflect responses from 778 OWF respondents. Asked for most recent job respondent had. Item not collected when this job involved self-employment or a temporary help agency.

Survey respondents were also asked how they felt about the main duties or tasks on their most recent job. Eighty-five percent said that they liked their main duties very much or fairly well (see Figure 58).

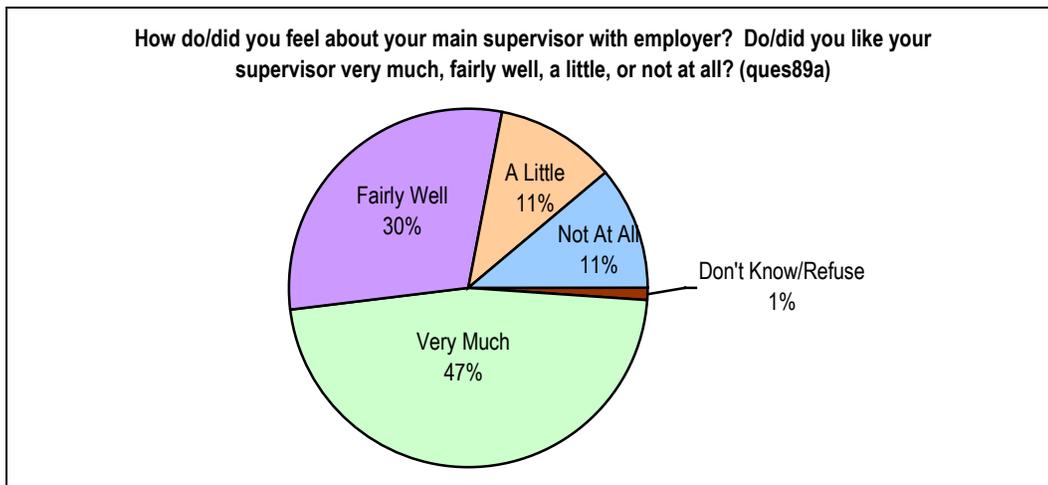
Figure 58. Opinion of Duties/Tasks at Employer



Note: Percentages reflect responses from 913 OWF respondents. Asked for most recent job respondent had.

Since relationships with supervisors are also important in the work environment, OWF survey respondents were asked if they liked their most recent supervisor. Of the OWF respondents who reported traditional employment since January 1997, 47% reported liking their most recent supervisor very much (see Figure 59). Seventy-seven percent of the survey respondents reported liking their most recent supervisor at least fairly well.

Figure 59. Opinion of Supervisor



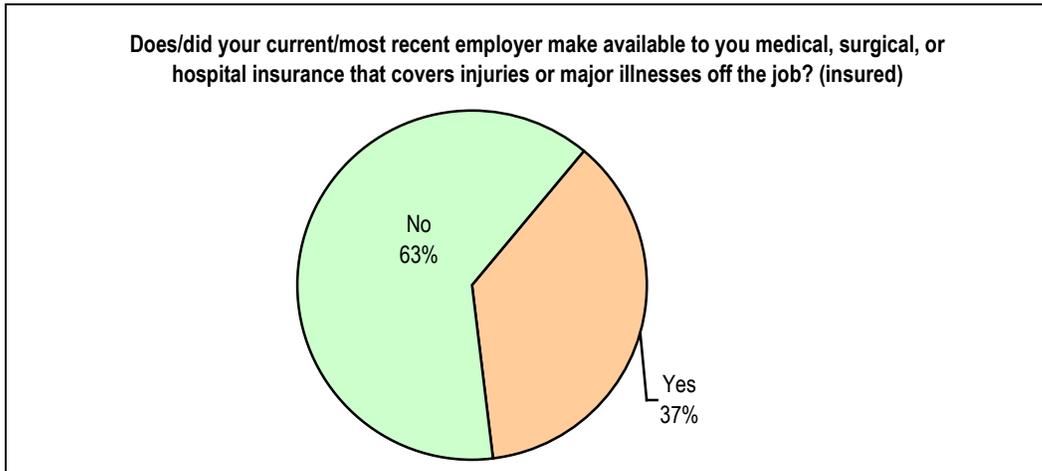
Note: Percentages reflect responses from 774 OWF respondents. Asked for most recent job respondent had. Not reported when this job involved self-employment or temp agency or if respondent did not have a supervisor.

Health Benefits – OWF Sample Excluding Child-Only Cases

The availability of medical coverage on the job can be thought of as an indication of the quality of the job held by the employee. For instance, low-paying or part-time positions

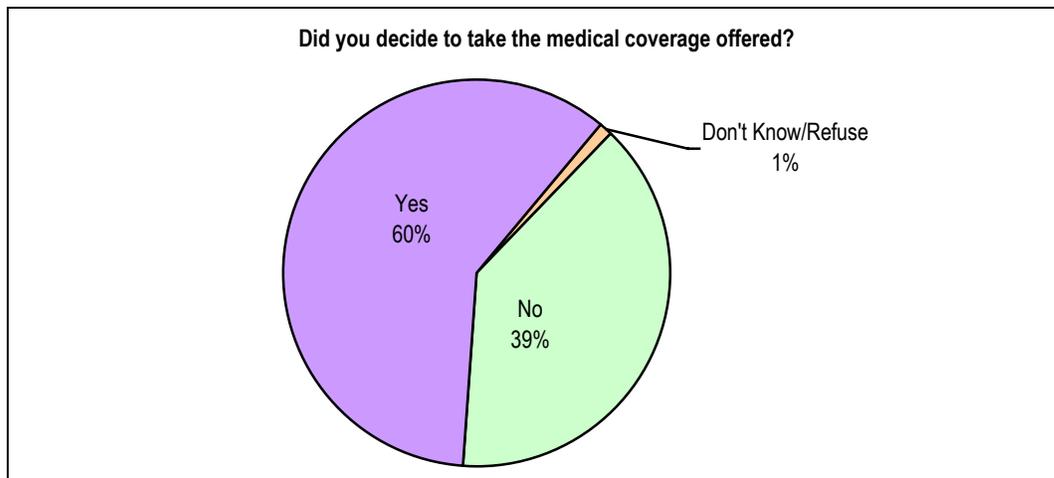
often do not offer medical coverage to employees while higher paying full-time jobs are more likely to offer more benefits. Less than 50% of those surveyed indicated that their most recent employer offered medical benefits (see Figure 60). Of the 37% of OWF respondents who were offered medical benefits, 60% decided to accept the medical coverage from their employers (see Figure 61).

Figure 60. Respondents Who Had Insurance Available



Note: Percentages reflect responses from 888 OWF respondents. This question was only asked of those respondents who have been or currently are employed.

Figure 61. Respondents Who Accepted Available Medical Coverage

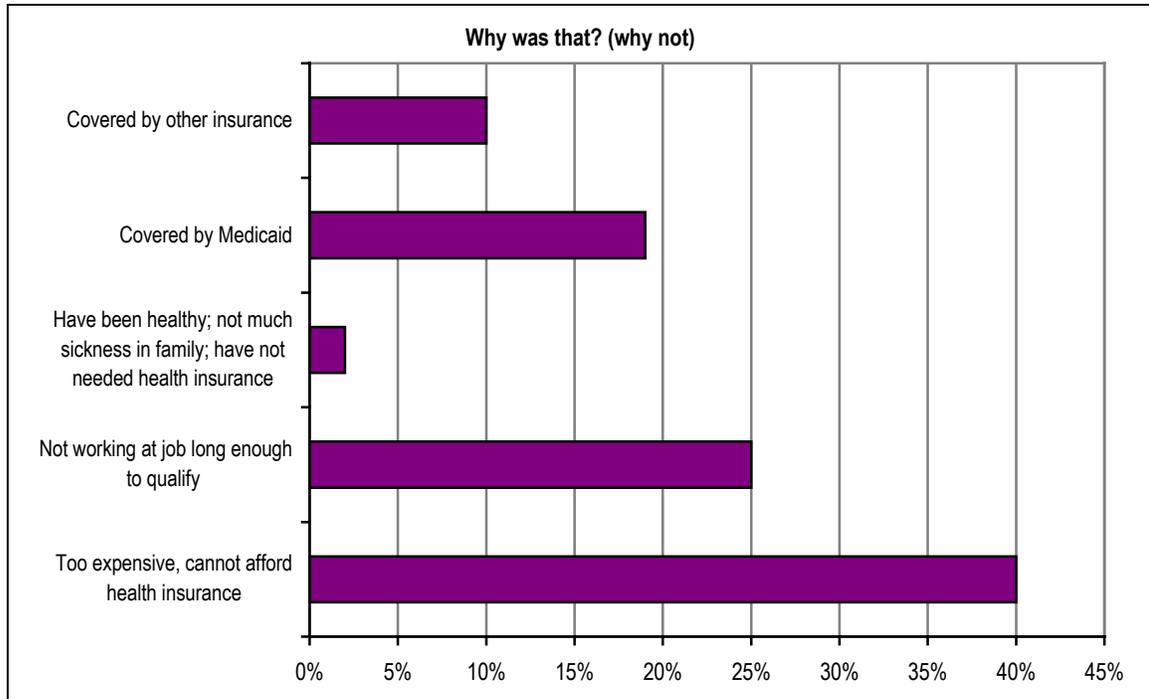


Note: Percentages reflect responses from 329 OWF respondents. This question was only asked of those respondents whose employer did make off the job medical, surgical, or hospital insurance available to them.

In addition to being more likely to work for employers that offer medical coverage, those who stayed off OWF were more likely to accept the medical coverage. Seventy percent of those who stayed off OWF who were offered coverage decided to accept the benefit compared to 30% of those who returned to OWF. The majority of those who did not accept

coverage cited the cost of coverage and short job tenure as the primary reasons for rejection of coverage (see Figure 62). Medicaid covered 19% of those turning down coverage. Another 10% cited other sources of insurance as the primary reason.

Figure 62. Reasons for Not Accepting Coverage



Note: Percentages reflect responses from 133 OWF respondents. This question was only asked of those respondents who decided not to take the medical coverage offered by their employer.

The distribution of the primary reason for rejecting the offered insurance differs dramatically for the returned-to-OWF and stayed-off-OWF groups. First, those who stayed off OWF indicated that the primary reason for rejection was the cost of the health insurance 60% of the time, while only 28% of the returners to OWF who rejected coverage stated that cost was the primary reason. In both the returned to and stayed off OWF groups, short job tenure was offered as the primary reason about 25% of the time. Twenty percent of those who returned to OWF and rejected health coverage indicated that they rejected coverage because Medicaid already covered them; only 16% of those who remained off OWF reported this reason.

Those who reported they were on OWF at the date of this survey were less likely to have held a job. If they held a job, it was less likely to provide health insurance. When insurance was offered, those who returned to OWF were more likely to decline the coverage, instead opting for alternatives such as Medicaid.

6. Hardships

The second cluster of outcomes centers on hardships experienced by welfare leavers and includes information about the services used to deal with those hardships. The hardship questions concentrated on difficulties faced with housing payments, utility bills, medical treatment, and food costs. All 1,025 OWF respondents that were not child-only cases were asked to depict whether these hardships occurred while on public assistance, off public assistance, or both.²⁰ Further investigation showed which community services respondents utilized and whether or not this utilization prevented a return to welfare. The final component of this questionnaire section addressed how the respondents perceived their current and future financial situations.

About two-thirds of respondents reported that they had gotten behind on a utility bill since January 1997. However, this is a hardship that was slightly more likely to occur when on welfare. The majority of the leavers who had fallen behind did so 1 to 4 times between January 1997 and the interview date. On the other hand, having someone in the household sick but not being able to afford medical care was much more likely when the leavers were off welfare. This may relate to respondents not fully appreciating that they are eligible for Medicaid coverage. About half the respondents had lacked resources to buy groceries, but this hardship was equally likely on versus off welfare. About three-quarters of respondents have used at least one of the services available to them through human services, with about a third of those reporting that these services helped them stay off welfare longer. While cases where services helped prevent recidivism do not represent a large fraction of the total cases, these are likely among the most cost-effective preventative measures available. In subsequent analysis we would like to examine how these responses relate to welfare knowledge.

Finally, the respondents report they now have more money than they did when receiving assistance, as the earnings data earlier in this report showed, less than half of the respondents lack confidence they will remain off welfare and find making it day to day a challenge.

²⁰ Each graph reflects responses from 1,025 OWF respondents that were not child-only cases unless otherwise noted.

- The majority of respondents reported falling behind on a utility bill, and many of these respondents were receiving welfare when they experienced this hardship.

Figure 63. Utility Bill Payment

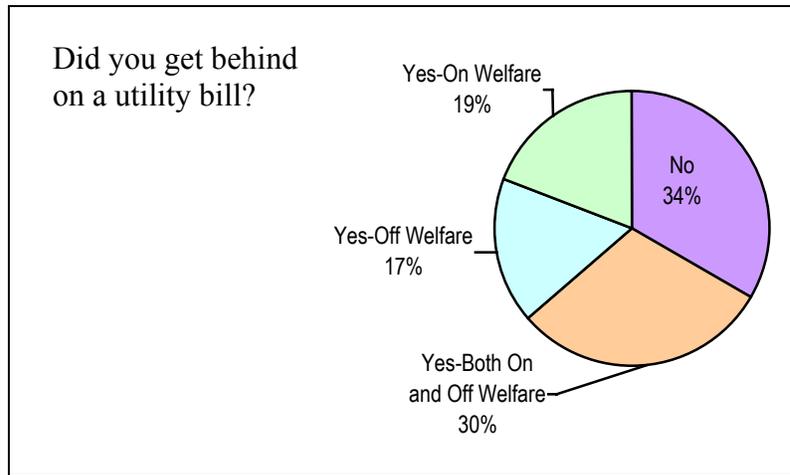
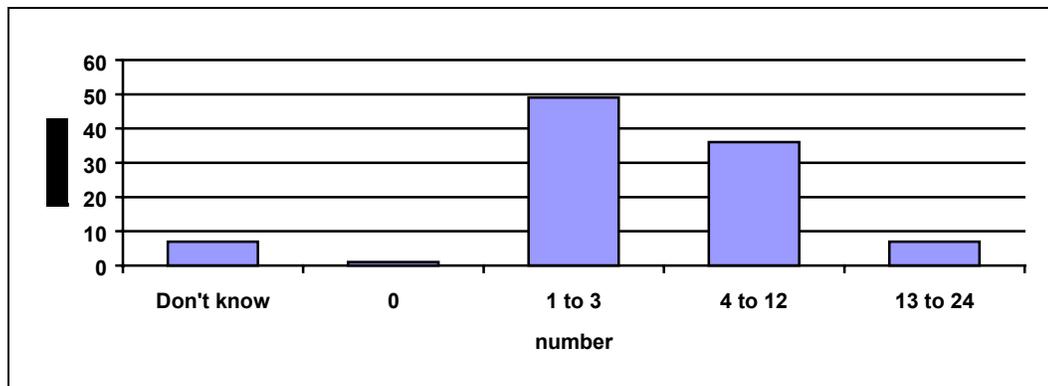
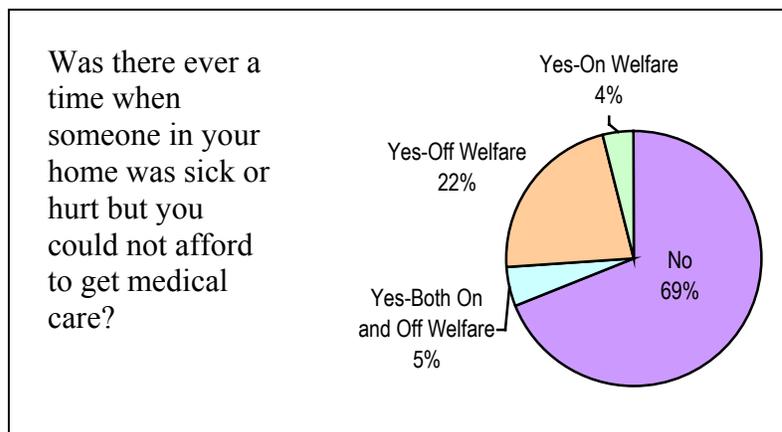


Figure 64. Frequency of Delinquent Utility Bills



- Within the 30% of respondents who reported difficulties affording medical care, 20% were no longer receiving welfare benefits.

Figure 65. Could Not Afford Medical Care



- More than half of the respondents reported that at one time they lacked the necessary resources to purchase food. This difficulty was found about as frequently within the on, off, and both on and off welfare groups.

Figure 66. Lack of Resources to Buy Food

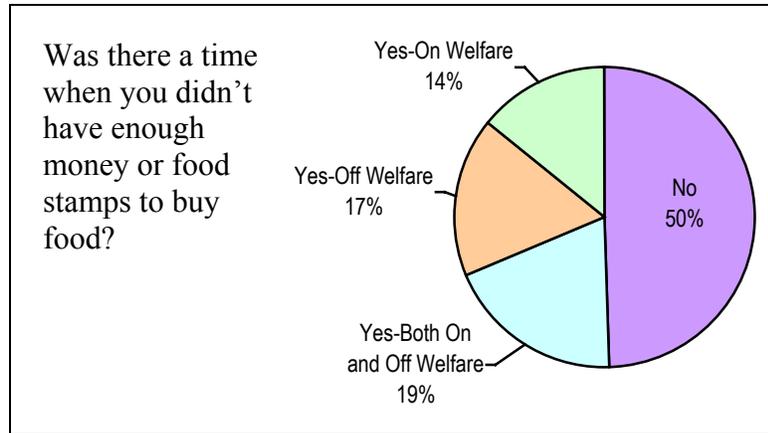
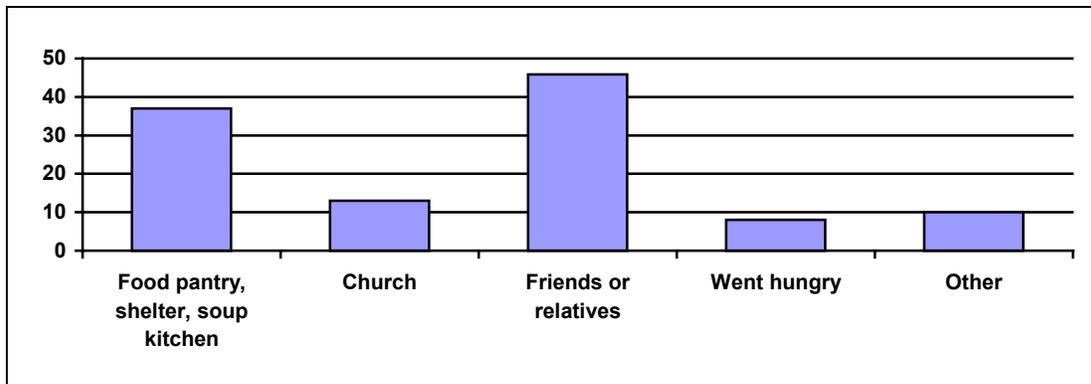


Figure 67. What Respondent Did for Food When Short of Funds



- Approximately $\frac{3}{4}$ of all the respondents reported they used the services available to them through the welfare program. Within this group, more than half felt that the services were not adequate in keeping them off public assistance longer or altogether.

Figure 68. Use of Community Services

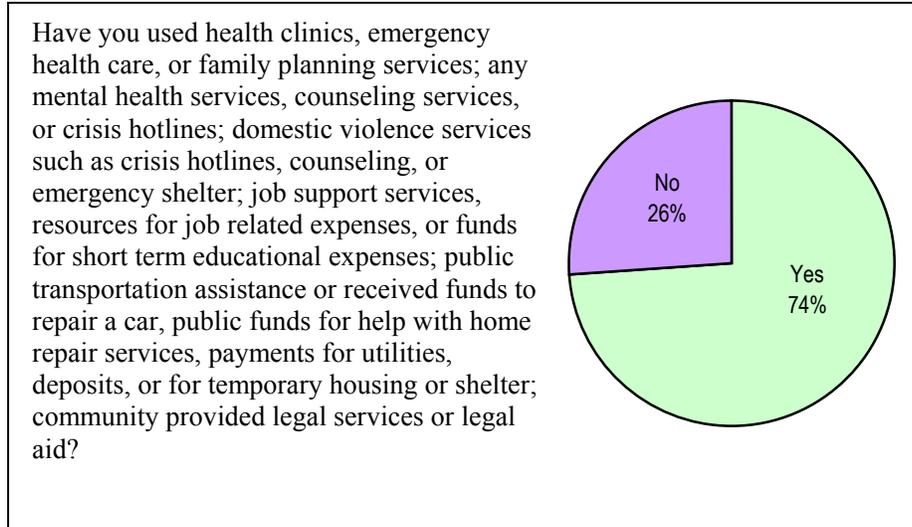
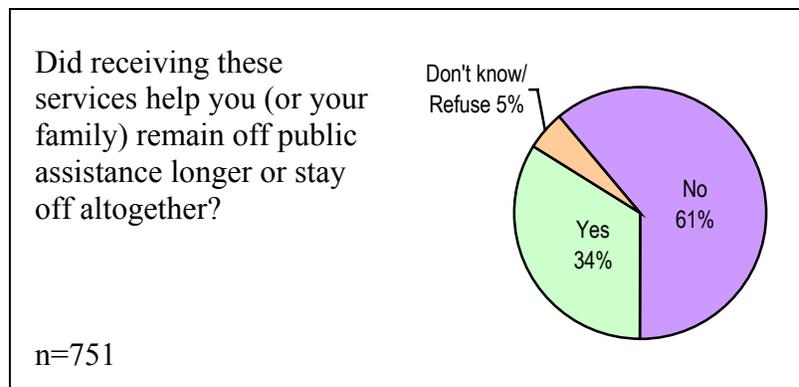


Figure 69. Effectiveness of Services



- Although a large percentage of respondents reported that they now have more money than when receiving assistance, about a third lack the confidence that they will remain off welfare and a majority find making it day to day a challenge.

Figure 70. Change in Money Amount

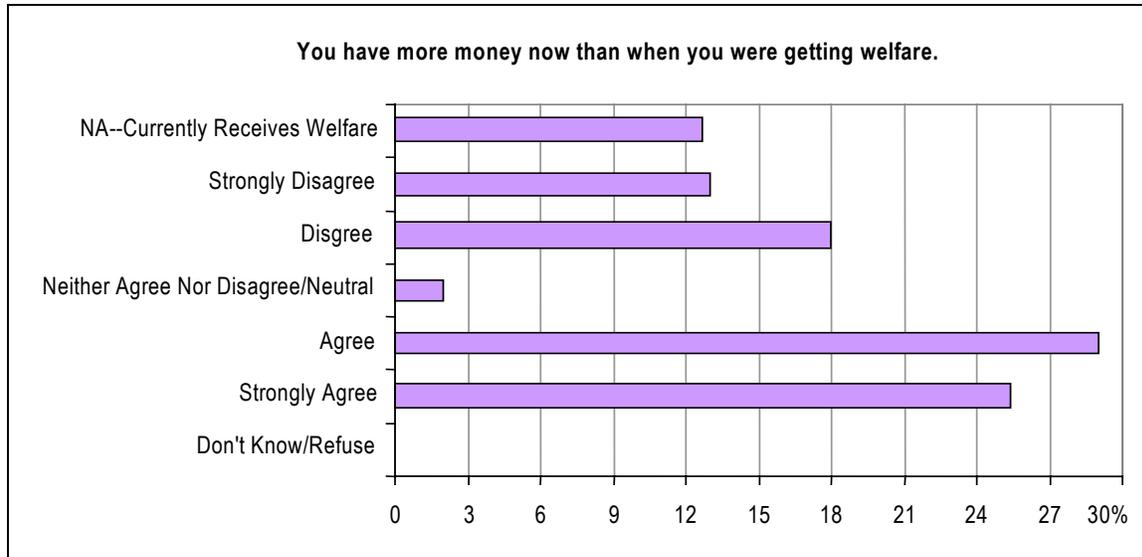


Figure 71. Confidence in Staying off Welfare

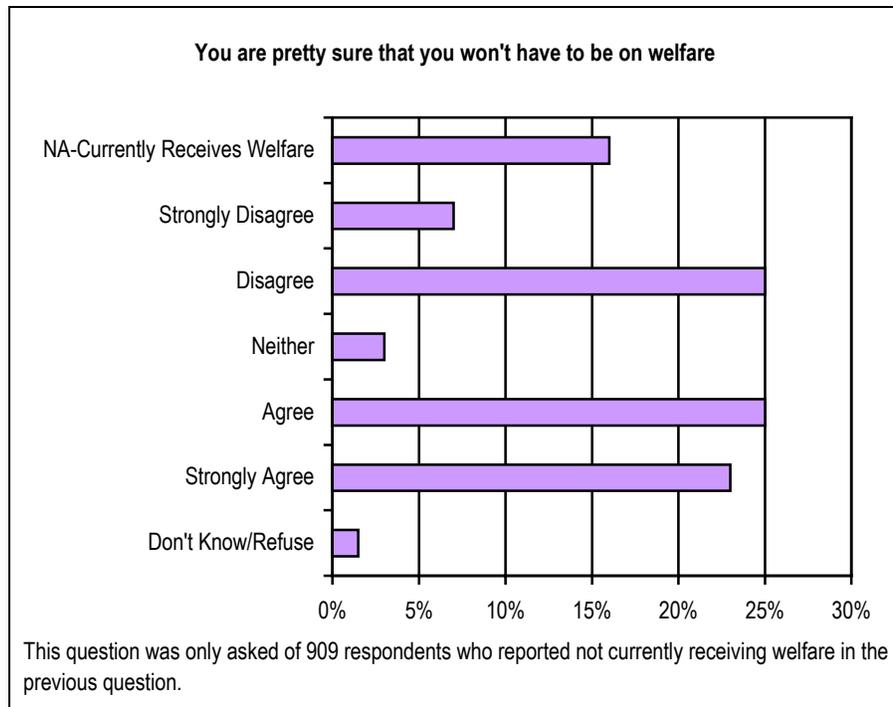
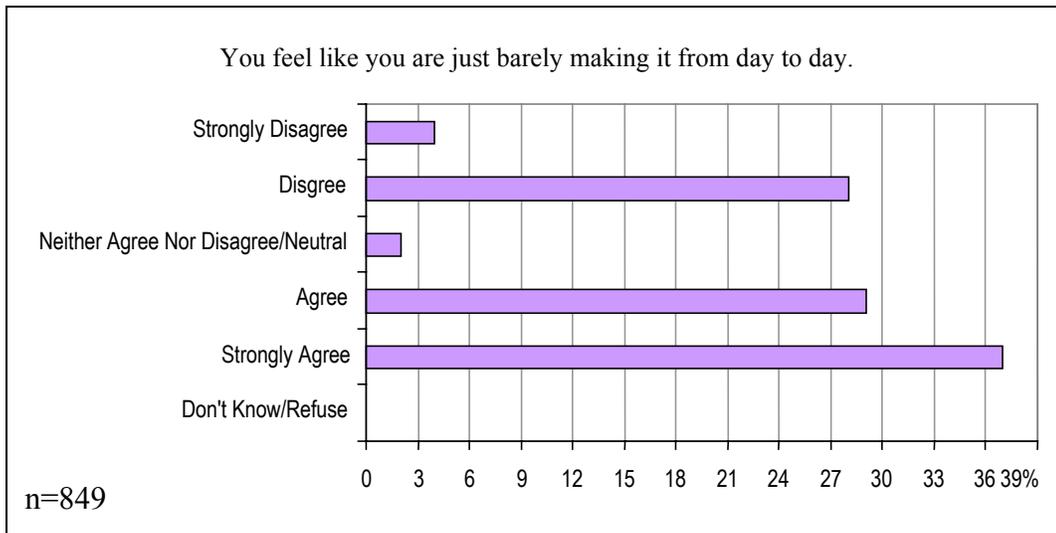
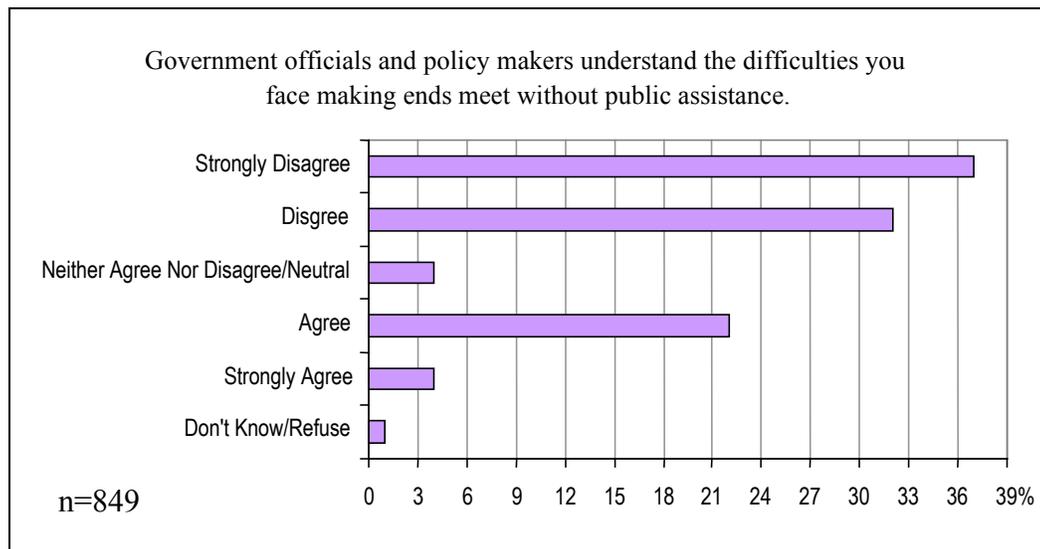


Figure 72. Making It Day to Day



- Leavers feel that government officials and policy don't understand the difficulties they face making ends meet without public assistance.

Figure 73. Officials' Ability to Understand



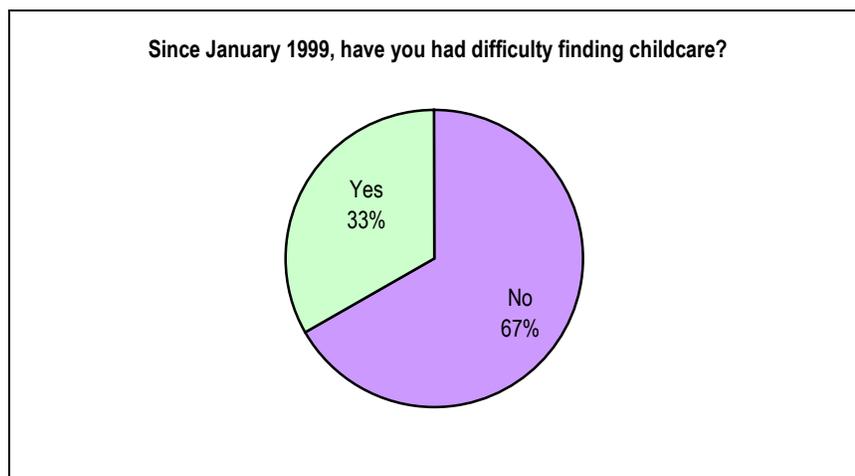
7. Child Care, Child Residence, Child Support

Child Care – OWF Sample Excluding Child-Only Cases

This section focuses on child care difficulties and experiences encountered by welfare leavers. The OWF survey respondents included in this section were interviewed between November 1999 and July 2000. Child care questions were only asked of respondents with children living in the household under 14 years of age.

Approximately 33% of respondents reported that, since January 1999, they have experienced difficulties finding child care. A little over 67% of respondents reported no child care difficulties. These findings are illustrated in Figure 74. The proportion of respondents who returned to OWF reported that they had problems finding child care was greater than the proportion who remained off OWF.

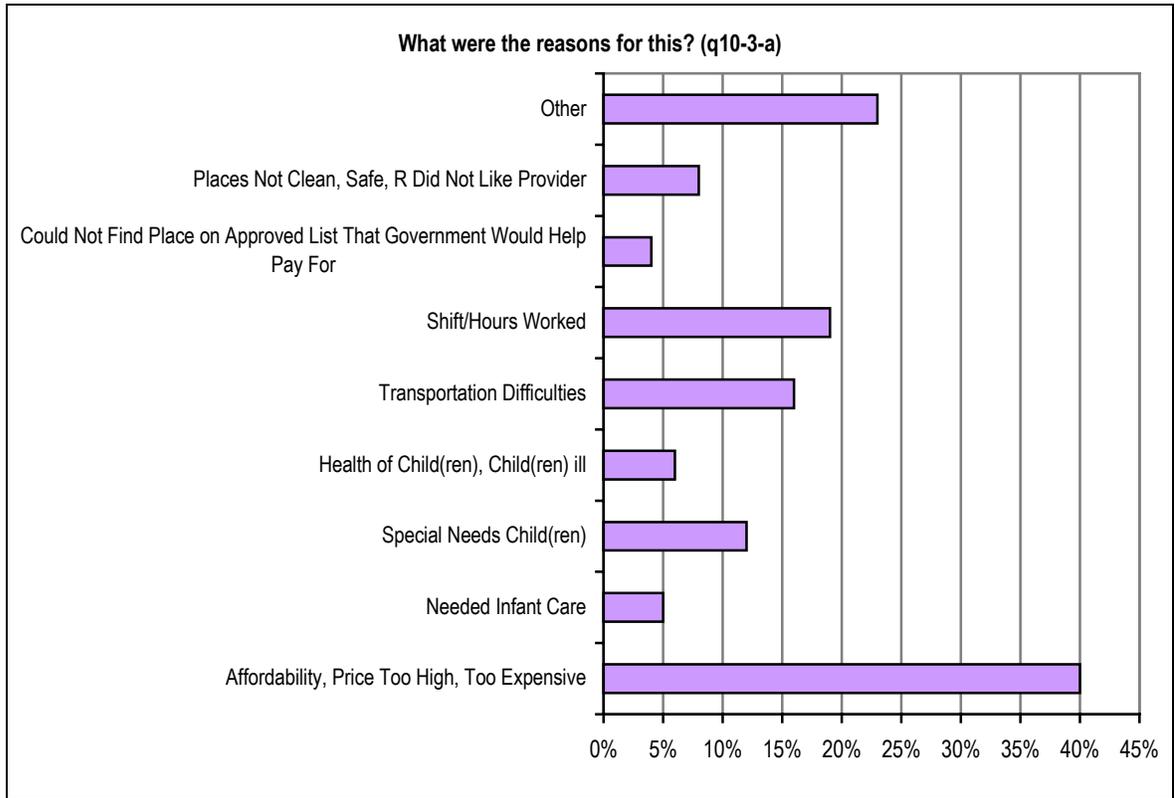
Figure 74. Difficulty Finding Child Care



Note: Percentages reflect responses from 635 OWF respondents. Asked of respondents with children under 14 reporting the need for childcare.

Among the 33% of respondents who reported child care difficulties, the most frequently cited reason for such difficulties was affordability. Forty percent of respondents considered child care too expensive. Respondents also blamed their difficulties on their work shift (19%), transportation problems (15%), and the special needs of their children (11%). Other reasons were much less frequent but included the health, safety, and comfort of their children. A more complete list of reasons is illustrated in Figure 75. The most frequently reported reason for problems in finding child care varied somewhat by whether the respondent returned to OWF or not. Almost 40% of those who returned to welfare blamed the high price of child care, compared to 37% of individuals who remained off welfare.

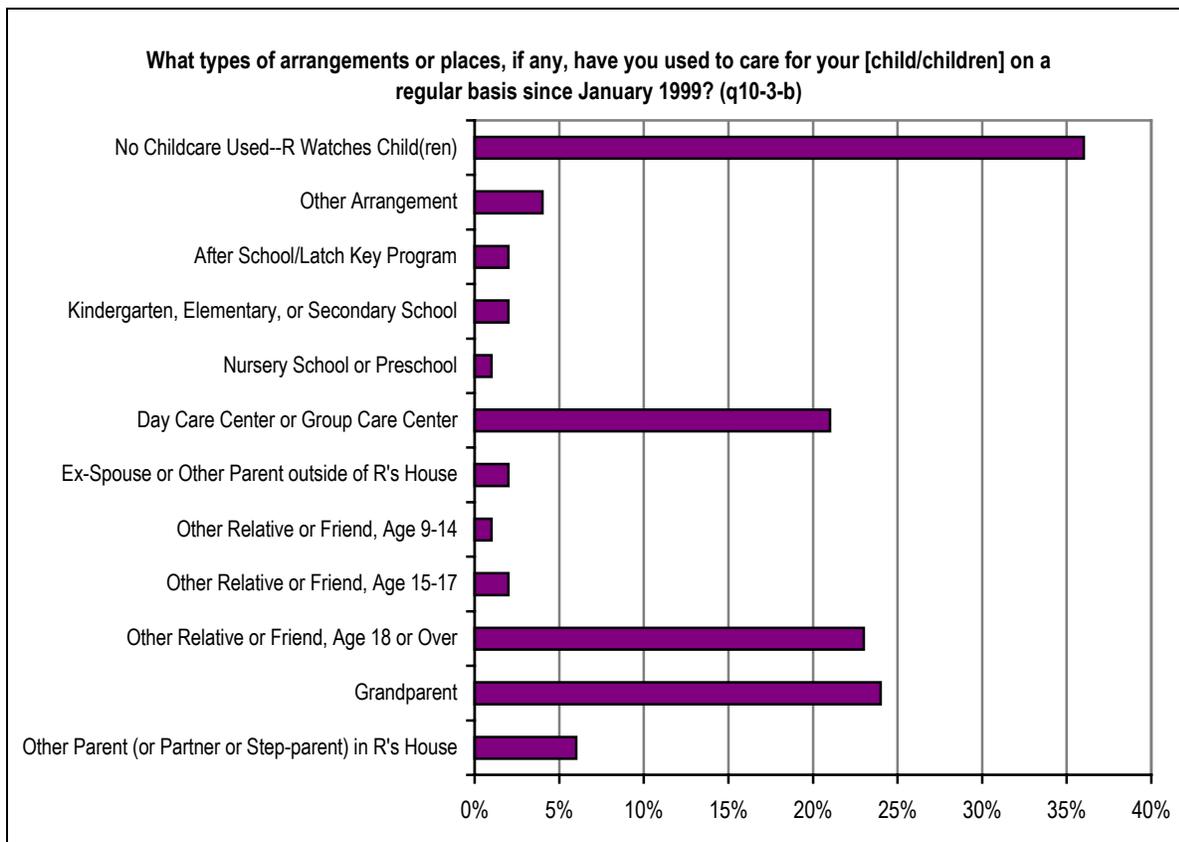
Figure 75. Reason for Child Care Difficulty



Note: Percentages reflect responses from 183 OWF respondents. Respondents were asked to report all reasons they had difficulty finding child care.

When asked about the types of child care arrangements they regularly made, 36% of respondents reported that they did not use child care and thus have been the regular care providers to their children since January 1999. The next most frequently reported providers of care were grandparents (23%), other adult relatives or friends (23%), and day care or group care centers (21%). Individuals who were on welfare were less in need of child care than were those off welfare. Types of child care arrangements are illustrated in Figure 76.

Figure 76. Child Care Arrangements Used by Respondent



Note: Percentages reflect responses from 861 OWF respondents. This question was asked of respondents with children under 14 years of age. This question was a “mark all that apply” so the respondents could select more than one answer choice. Due to this the percentages add to over 100%.

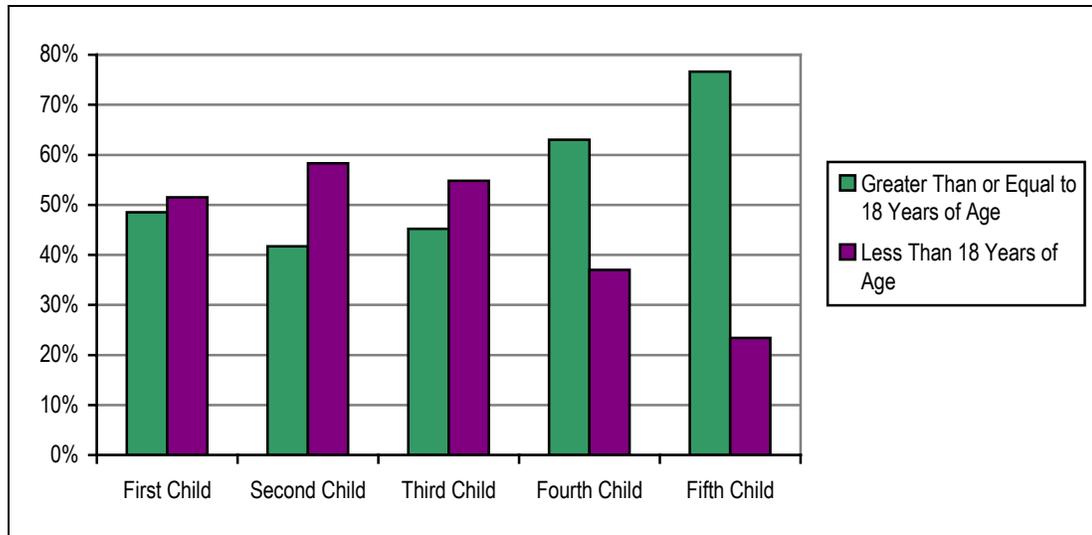
Child Residence – OWF Sample Including Child-Only Cases

This section summarizes the primary place of residence for the children of OWF survey respondents. A total of 1,219 OWF respondents with children were interviewed between November 1999 and July 2000. Individuals were asked to indicate the primary residence of up to five children.

The overwhelming majority of children resided with the OWF respondent. Those that did not tended to live with another parent (whether the mother or father) or in their own independent residence. Comparing the findings for those with at least one, two, three, four, and five children shows that the greater the number of children, the lower the proportion of respondents whose children resided with them and the higher the proportion whose children resided on their own. For example, 90% of those with at least one child resided in the same household as that first child; however, only 52% of those with at least five children shared a household with that fifth child. Similarly, while only 3% of respondents with at least one child indicated that that first child lived on his/her own, 28% of those with at least five children indicated that the fifth child lived independently.

Children who lived outside of the respondents' household generally appear to be older than those who resided with the respondent. Children not living with the respondent could possibly have lived with another parent, a grandparent, in their own independent dwelling, or with other individuals. Most of the respondents who reported that their children usually lived in their own independent residence also reported that these children were 18 years of age or older. Over 90% of these children, regardless of whether they were listed first or fifth, were 18 years of age or older.

Figure 77. Age Distribution of Children Living outside Respondents' Household



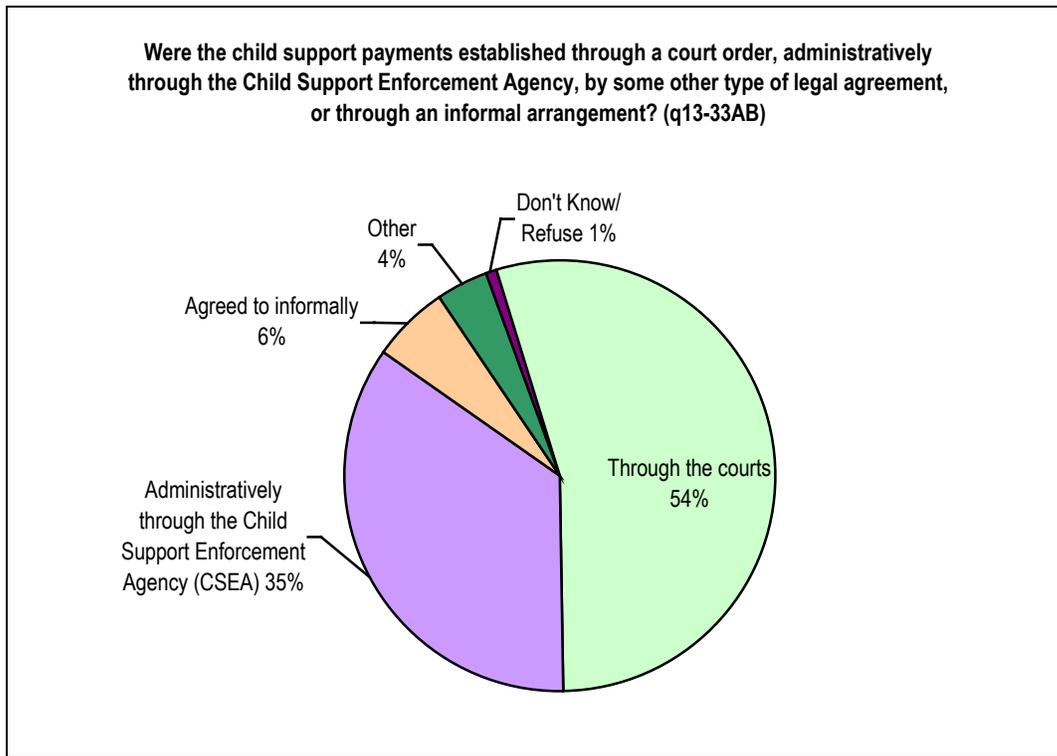
Note: "First child" refers to the child who was listed first by the respondent. The child who was listed first is not necessarily the first born or oldest child. This also applies to the second, third, fourth, and fifth children.

Child Support – OWF Sample Excluding Child-Only Cases

This section provides extensive information from the survey data on child support agreements, consistency of payments, payments made and owed, and reasons for renegeing. The individuals of interest are the 1,003 OWF respondents who have had children and who were interviewed between November 1999 and July 2000.

Only 42% of the respondents who have had children are legally entitled to receive child support payments. Of those individuals who are entitled to child support, over half had such support legally established through the courts. A large proportion also had their support arrangements established administratively through the Child Support Enforcement Agency. This latter type of establishment was more frequent among individuals who returned to OWF than those remained off OWF. Only a small proportion (6%) of respondents had agreed to informal arrangements for receiving child support payments. The majority (69%) of those who had such informal agreements felt that they did not need legal agreements as they received their child support payments on a regular basis.

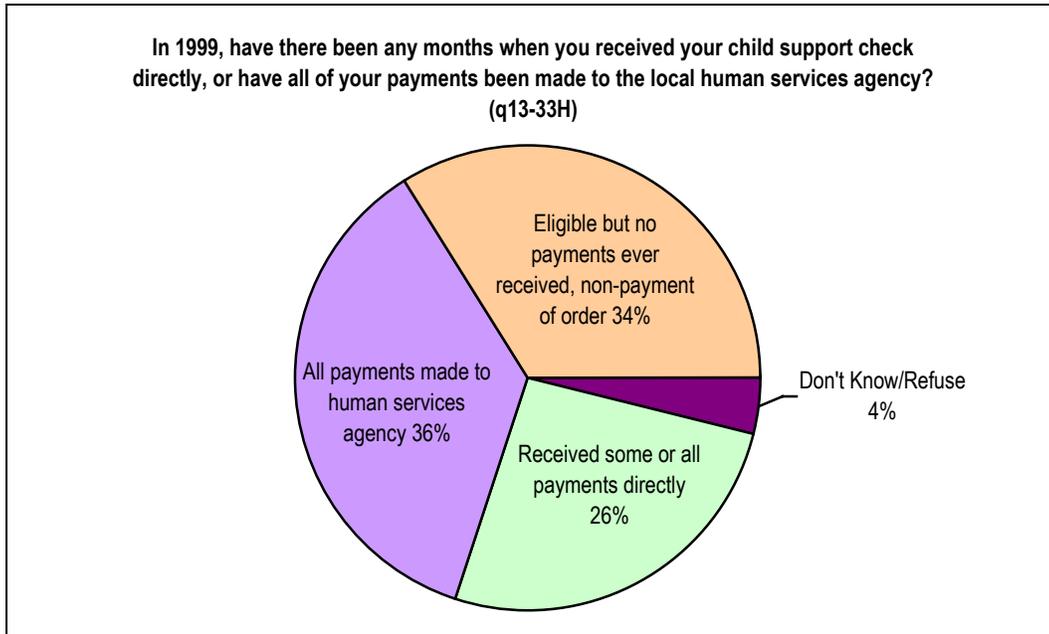
Figure 78. How Child Support Established



Note: Percentages reflect responses from 460 OWF respondents entitled to receive child support payments through a court order, CSEA, other type of legal agreement, or an informal arrangement.

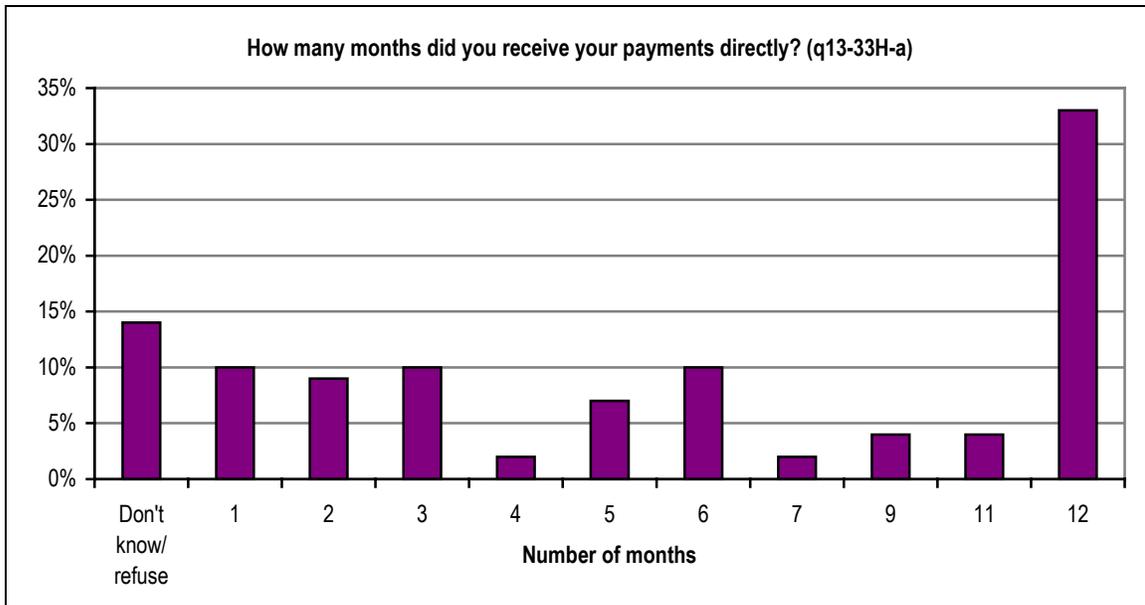
Of those individuals who have established some type of agreement for child support payments, over 50% have had to ask a public agency for assistance in actually getting the support payments. Only 26% of individuals legally entitled to support payments actually received such payments directly. The majority of individuals reported that their payments were either made to a public agency or were not made at all. Of those who received some payments directly, only 21% did so on a consistent monthly basis across the 12-month period referred to in the survey. Most respondents only received monthly payments approximately half the time.

Figure 79. Method of Child Support Receipt



Note: Percentages reflect responses from 460 OWF respondents who are legally entitled to receive child support under court order or agreement.

Figure 80. Number of Months Received Direct Payments

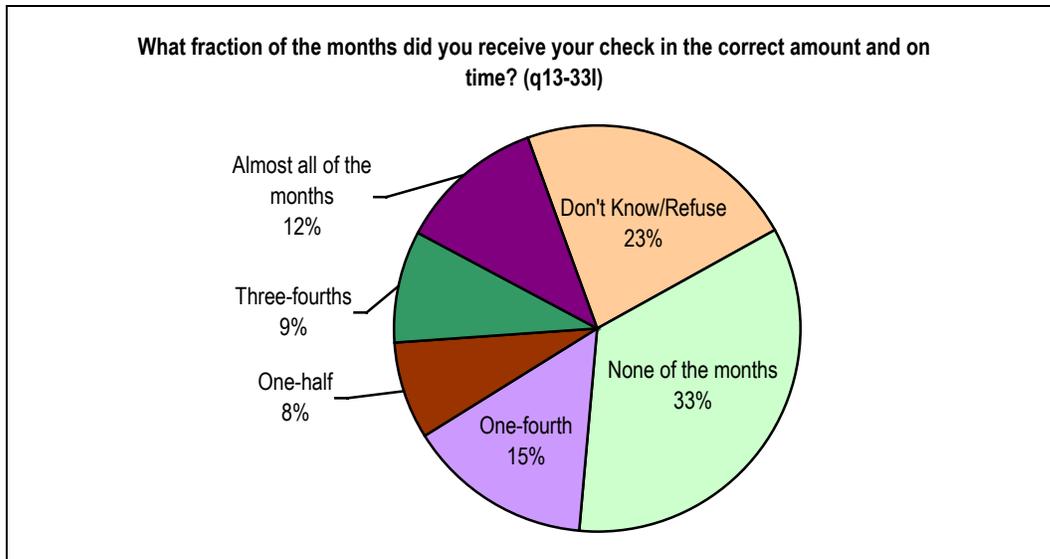


Note: Percentages reflect responses from 135 OWF respondents who have received some or all child support payments directly or refused or answered "Don't Know" in the table above.

Additionally, only 60% of those who had received at least some child support payments directly actually received the correct dollar amount when they did. When respondents who did not always receive support payments directly or in the correct dollar amount were asked what fraction of the months the payment they received was correct and on time, the majority

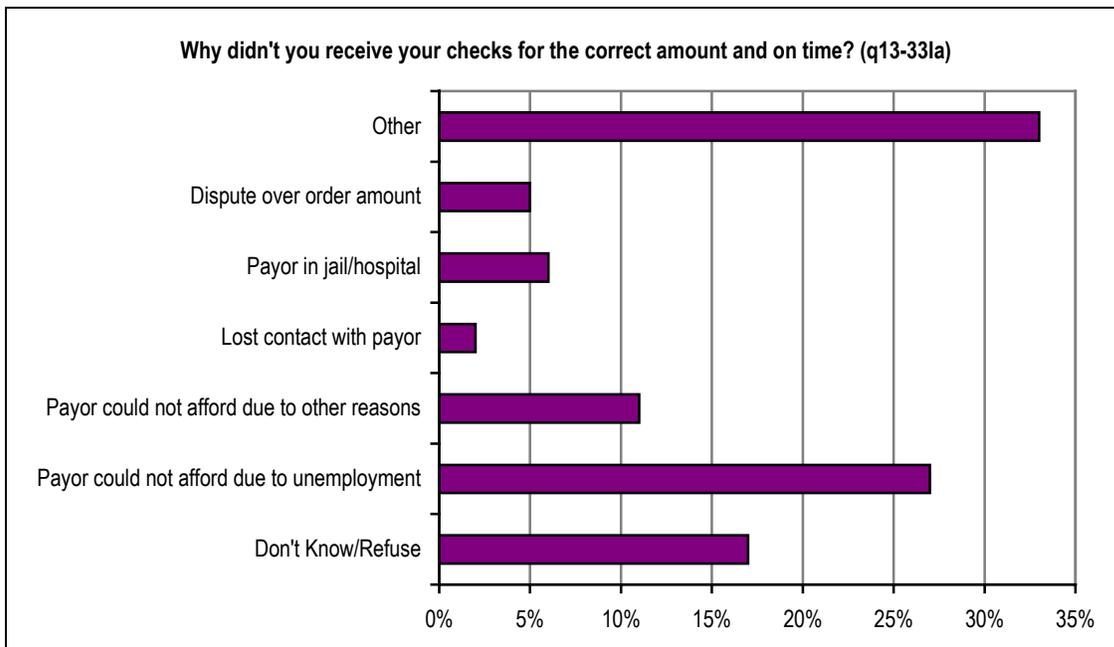
either did not know, refused to answer, or reported zero months. The most frequently cited explanation for not receiving support payments in full and on time was the unemployment of the payer.

Figure 81. Frequency of Correct and Timely Support Checks



Note: Percentages reflect responses from 59 OWF respondents who did not always receive child support payments directly and for the correct amount or who refused or answered “Don’t Know” in Figure 79.

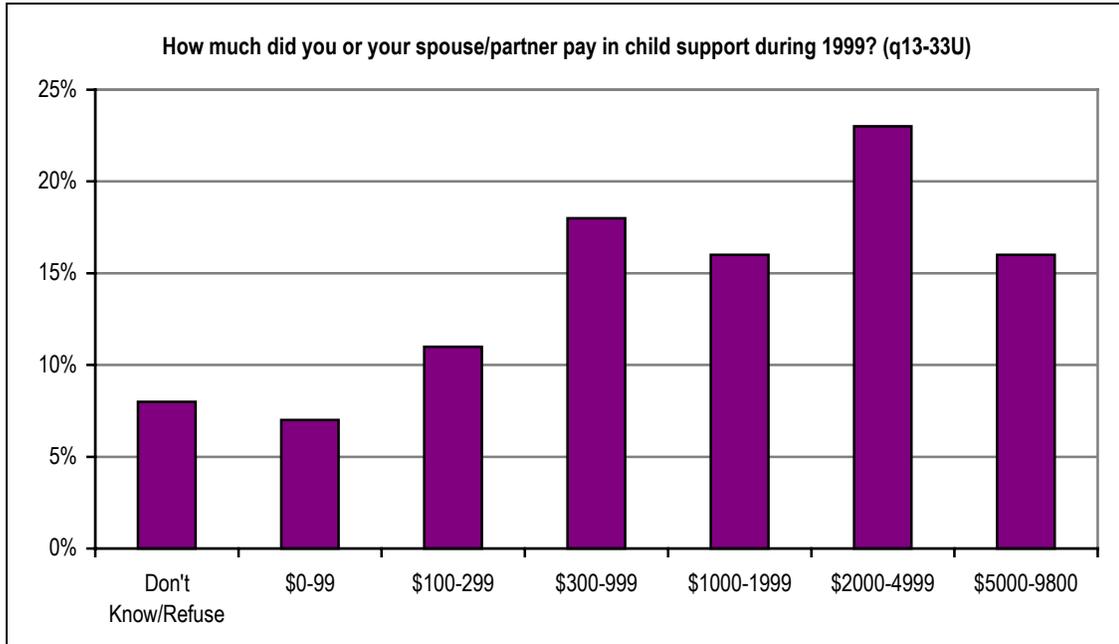
Figure 82. Reason for Problems with Support Checks



Note: Percentages reflect responses from 50 OWF respondents who received child support payments for the correct amount and on time only $\frac{1}{4}$, $\frac{1}{2}$, or $\frac{3}{4}$ of the months or for none of the months.

Also of interest in this section is child support payments made by OWF respondents. The majority (93%) of respondents paid no child support during 1999 for children who did not reside with them. Of those individuals who paid child support during this time, 49% paid less than \$1,000 during the year.

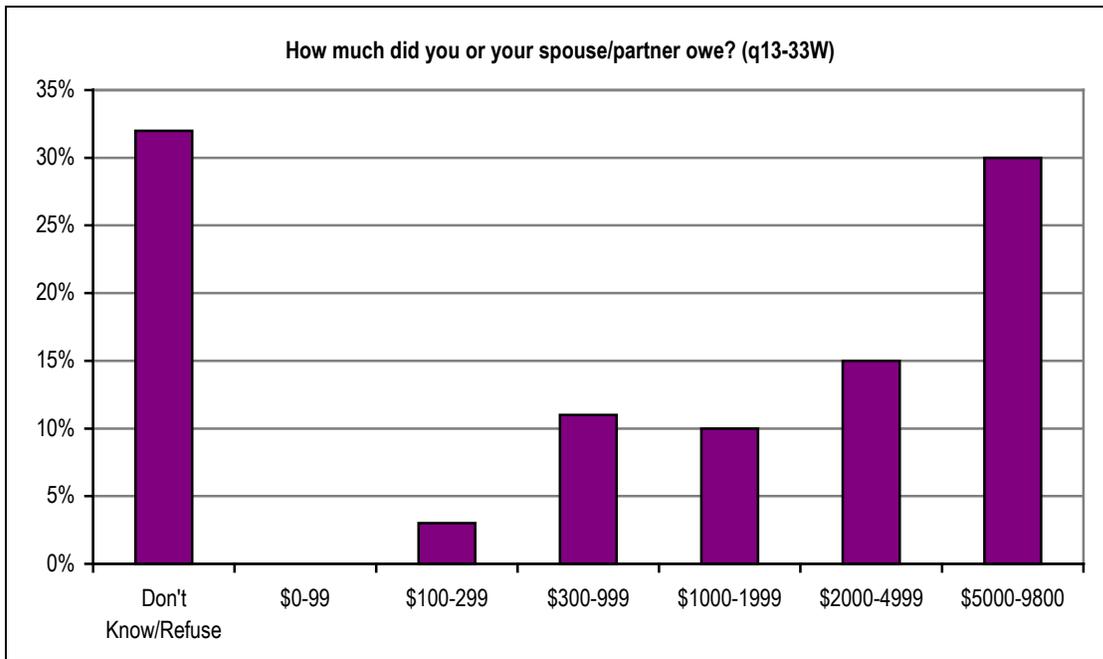
Figure 83. Amount of Child Support Paid during 1999



Note: Percentages reflect responses from 74 OWF respondents who have paid child support for children not in their household during 1999.

Only 5% of respondents reported that they owed child support. While slightly over 32% of those who owe back payments for child support reported that they did not know how much they owed, 54% reported that they owed \$1000 or more. Approximately 30% of both those who returned to OWF and those who did not owed \$5000 or more.

Figure 84. Amount of Child Support Owed



Note: Percentages reflect responses from 78 OWF respondents who owe back-payments for child support.

8. Marital History, Household Composition, Child Well Being, Health & Depression

Marital History – OWF Sample Excluding Child-Only Cases

In January 1994, the majority of the OWF survey respondents were never married (see Figure 85). Survey respondents reported that 66% were never married and 15% were married as of January 1994. Since that date, 29% of those surveyed reported a change in their marital status (see Figure 86). Those who returned to OWF were almost as likely to report a change in their marital status since January 1994 as those who stayed off. The main difference is that those who stayed off OWF were more likely to get married than those who returned. Fifty-nine percent of those who remained off OWF and had a marital status change became married, compared to 41% of those who returned.

Figure 85. What Was Your Marital Status in 1994?

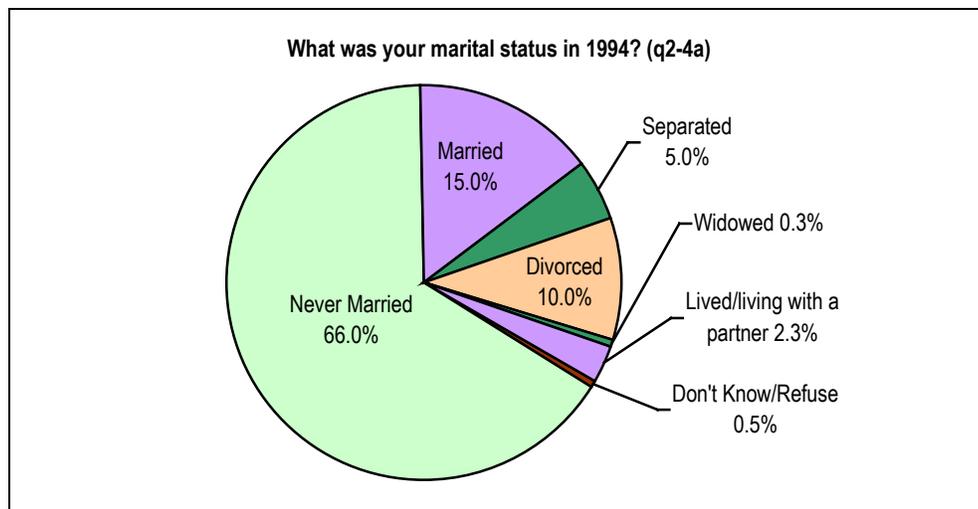
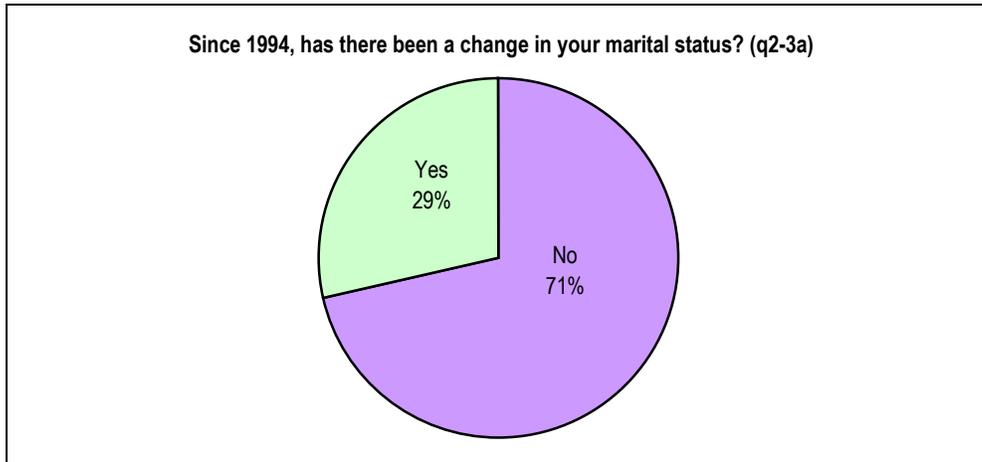


Figure 86. Any Change in Respondent's Marital Status



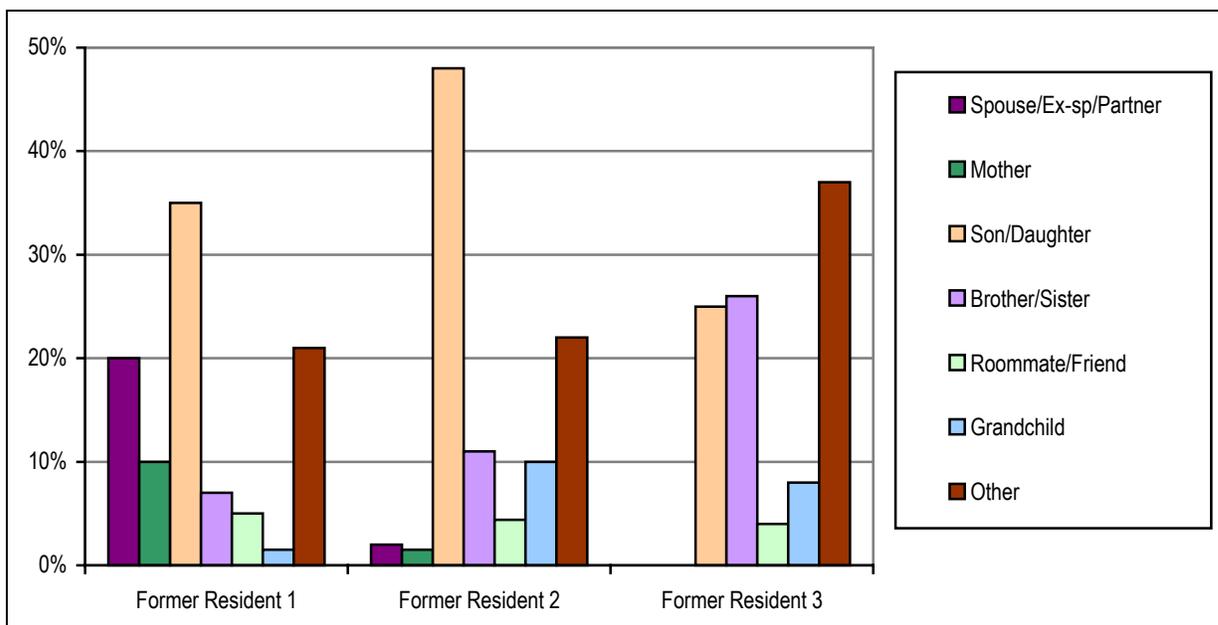
Of those who stayed off welfare, 19% were married as of January 1994 versus 11% of those who returned to welfare. Among persons staying off welfare, 12% were divorced as of January 1994 versus 8% of the returners.

Household Composition Changes – OWF Sample Including Child-Only Cases

This section focuses on household composition changes of welfare leavers. The survey respondents included in this section are OWF sample members who were interviewed between November 1999 and July 2000.

Approximately 5% of the respondents reported that they were living alone or in other temporary situations at the time of the interview. Of the remaining 95%, just over 60% reported that the lease or mortgage was in their name. Sixteen percent of those respondents said that someone was living with them at the date of case closure that was not in their household at the date of interview. Ninety-six percent reported three or fewer previous residents. Most commonly, the first person that was no longer in the house was a son or daughter (35%) or a spouse, ex-spouse, or partner (20%). See Figure 87 for frequencies of all the relationships for previous residents. The main reasons for moving out were the person wanted his/her own place (32%) and the end of a marriage or partnership (20%).

Figure 87. Frequencies of Relationships for Former Residents



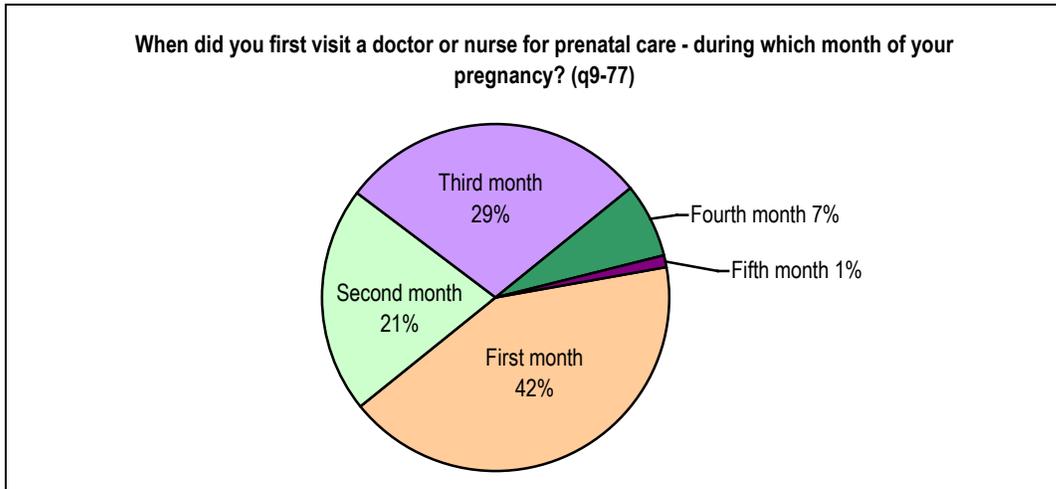
Seven percent of respondents reported that a current member of their household had moved in since the date of case closure. Of these people, 39% moved in as a spouse, partner, or boyfriend or girlfriend.

For those respondents who reported on the date of interview that they did not have the lease or mortgage in their name, about 40% moved in to their residence before the date of case closure and the other 60% moved in after case closure. One reason for moving was becoming a spouse or partner; of these, 12% moved in before their close date and 16% moved in after their close date. Another moving reason was the inability to afford the previous place, which led approximately 12% to move before their close date and the same percentage to move after. In addition to these reasons, 43% of all respondents answered “other” when asked for the reason they moved.

Child Well Being – OWF Sample Including Child-Only Cases

This section focuses on the utilization of prenatal and well-baby care and the availability of health insurance to cover the costs associated with the birth of a child. These survey questions were asked of 127 OWF respondents who gave birth to a child on or after January 1, 1997. Overall, 99% of respondents received prenatal care from a doctor or nurse. The overwhelming majority of individuals had sought such care by the third month of pregnancy. A greater proportion of those on welfare at the date of the survey received care in the first month than those who were off welfare. The prenatal period may have been either before or after case closure. More detailed analysis will be required to examine the timing of the prenatal period versus receipt of OWF.

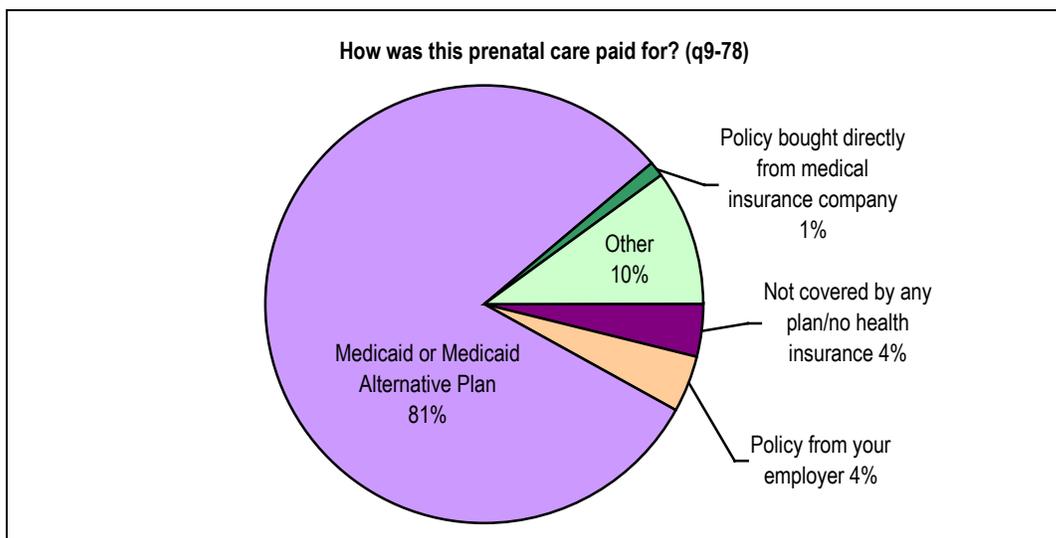
Figure 88. Month of First Prenatal Care Visit



Note: Percentages reflect responses from 126 OWF respondents.

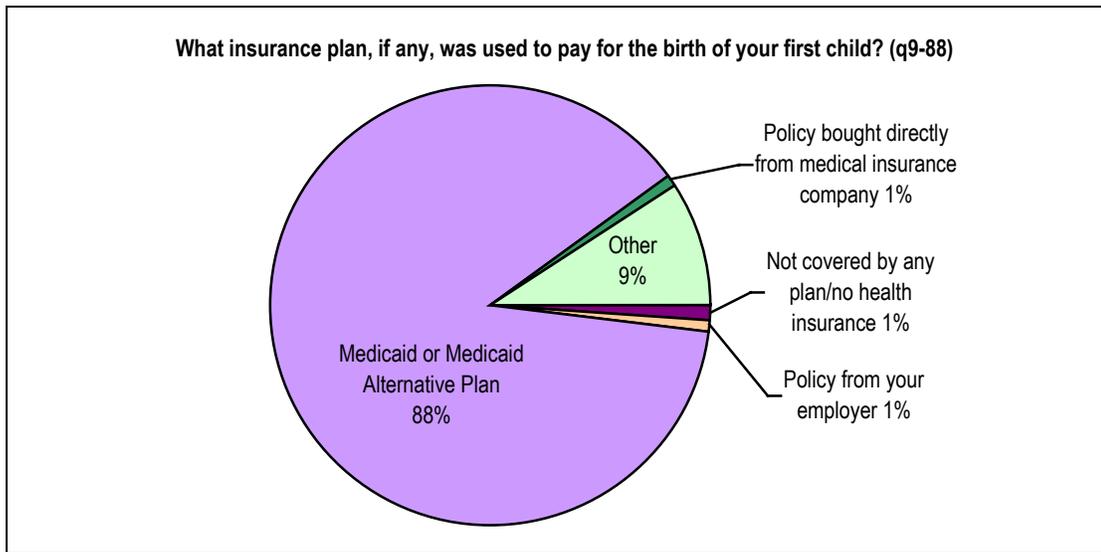
Over 80% of those who received prenatal care relied on Medicaid or Medicaid Alternative Plan to cover the cost of such care. A similar proportion relied on this plan to cover the cost of childbirth.

Figure 89. Source of Payment for Prenatal Care



Note: Percentages reflect responses from 126 OWF respondents.

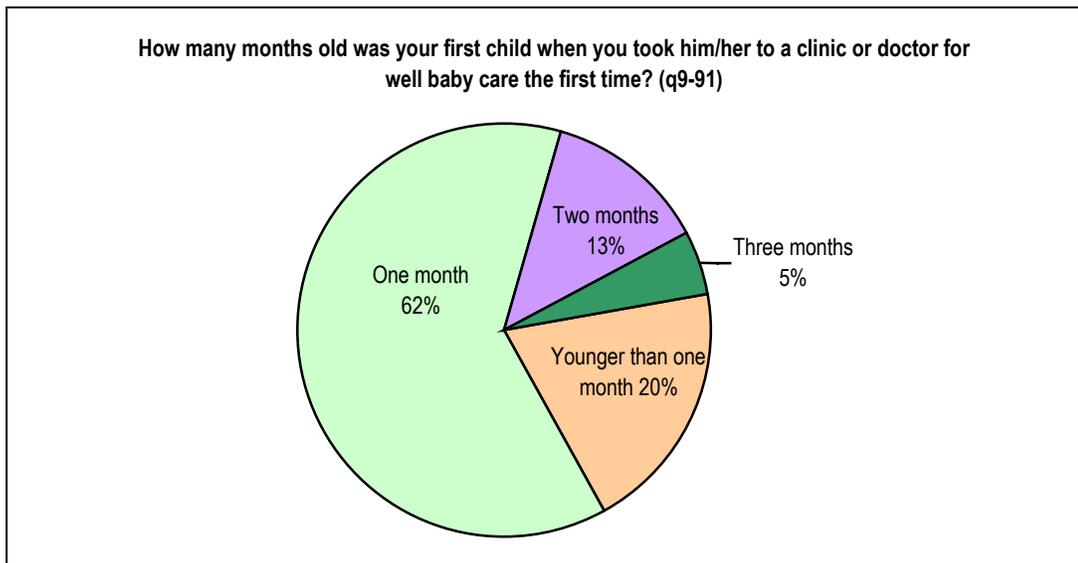
Figure 90. Insurance Plan Used to Pay for Birth



Note: Percentages reflect responses from 126 OWF respondents.

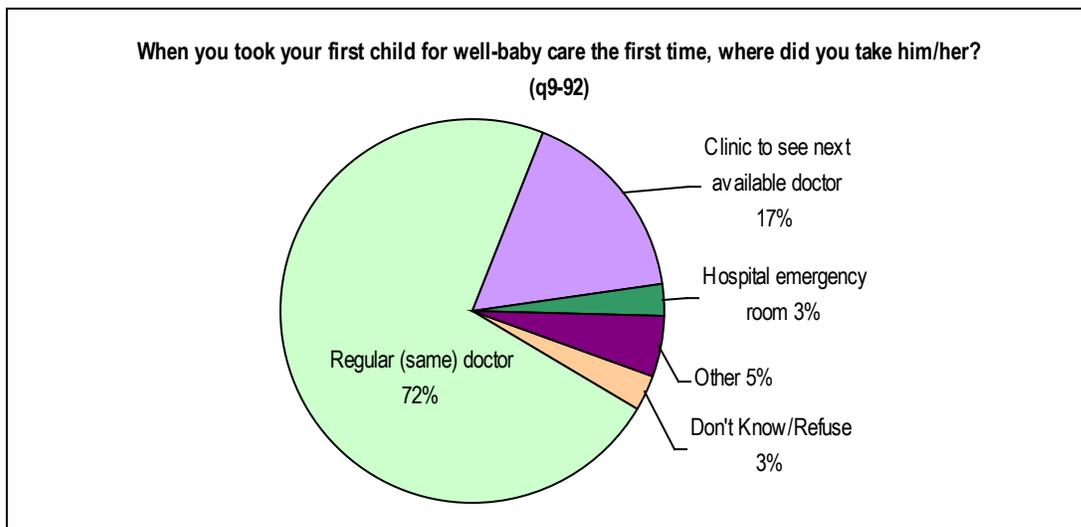
The overwhelming majority (88%) of respondents took their child to a clinic or doctor for well-baby care when the child was not sick or injured. Most of those who took their child for well-baby care did so for the first time before the child was two months old. Approximately 75% of those who sought such care did so from their regular doctor, rather than a clinic or hospital.

Figure 91. Age of Child at First Well-Baby Care Visit



Note: Percentages reflect responses from 106 OWF respondents.

Figure 92. Location of First Well-Baby Care Visit



Note: Percentages reflect responses from 115 OWF respondents.

Health & Depression – OWF Sample Including Child-Only Cases

This section summarizes the physical and mostly emotional health of OWF respondents during the survey period. Information is also provided about physical abuse. When questioned about their overall health, the majority (72%) of individuals reported that they were in good to excellent health. Only 8% indicated poor health, with a similar proportion indicating that, during the 4-week period prior to the interview date, their health interfered with their social activities “all the time.” Close to 50% of respondents reported that their health did not interfere with their social activities. Figures 93 through 102 reflect the answers of 1025 OWF respondents.

Figure 93. Health Status of Respondents

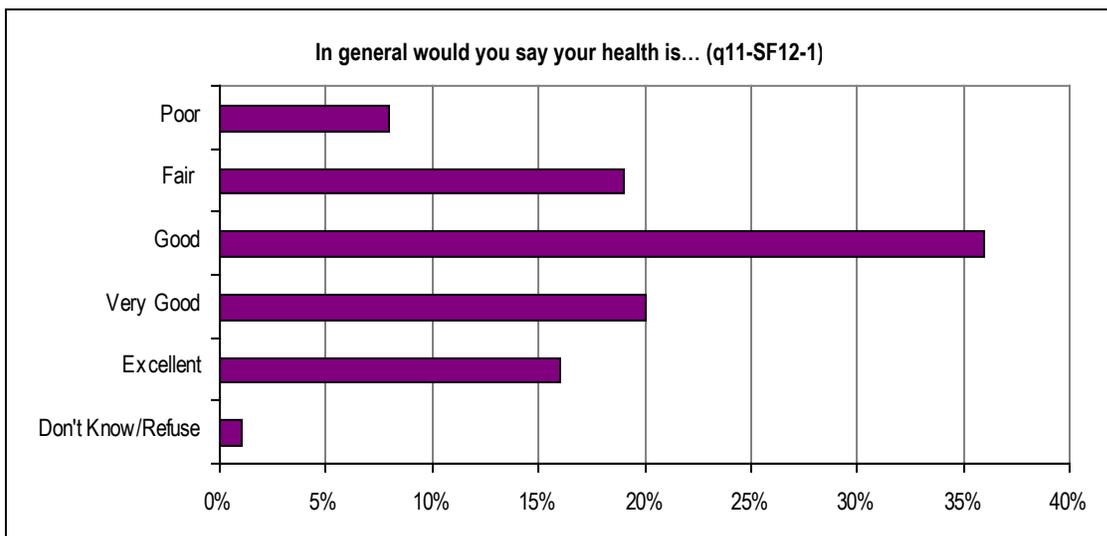
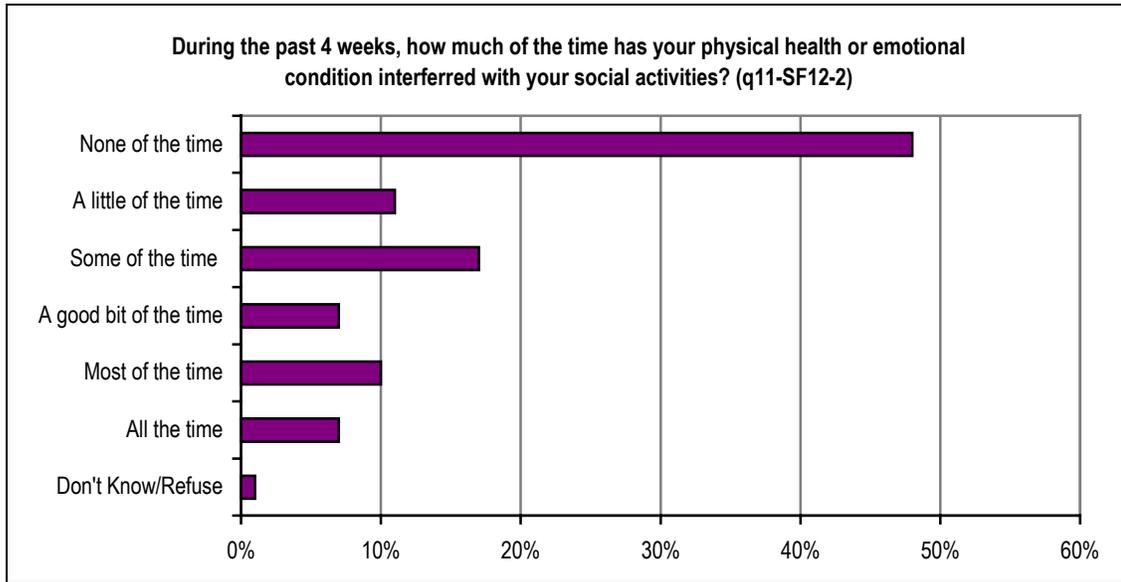


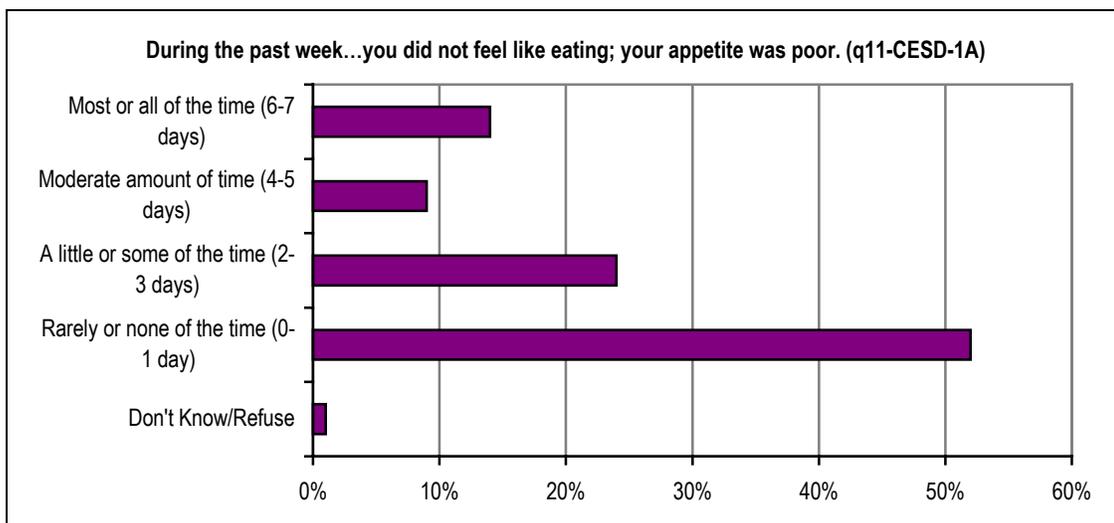
Figure 94. Level of Interference of Health with Activities



OWF respondents were asked to provide answers to seven questions that are often used to measure depression. Individuals were asked how often they experienced something in particular in the week prior to the interview date. Responses to these questions show that less than 20% of respondents reported experiencing at least one of the following feelings most or all of the time: poor appetite, trouble keeping their mind on what they were doing, feelings of depression, feelings of sadness, and difficulty getting up and going. The highest proportion experiencing any feeling most or all of the time was the 37% who reported feeling that everything they did was an effort. Summaries of the seven depression items are outlined below.

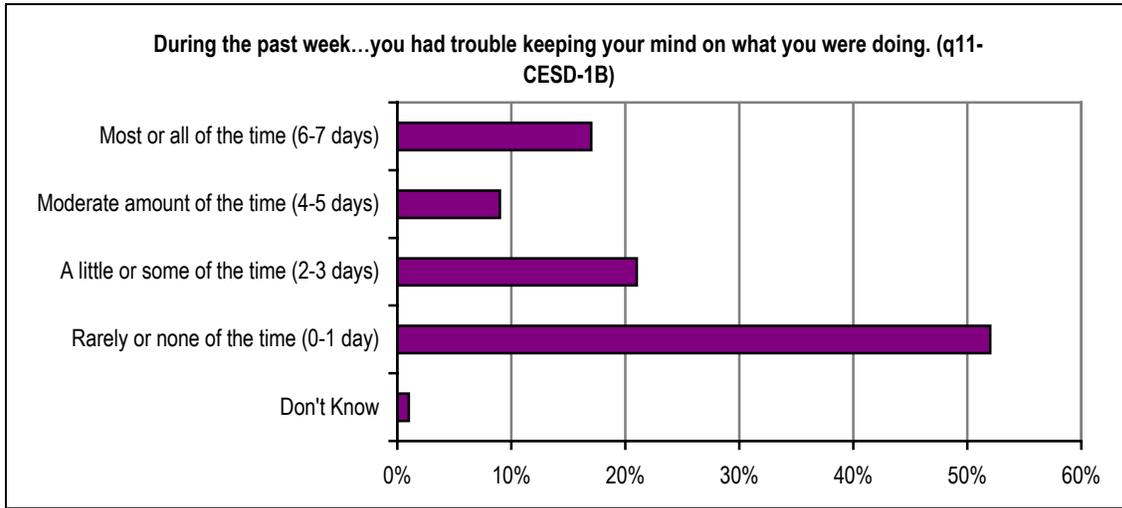
- Almost a quarter (23%) reported experiencing poor appetite four or more days.

Figure 95. Respondent Experienced Poor Appetite



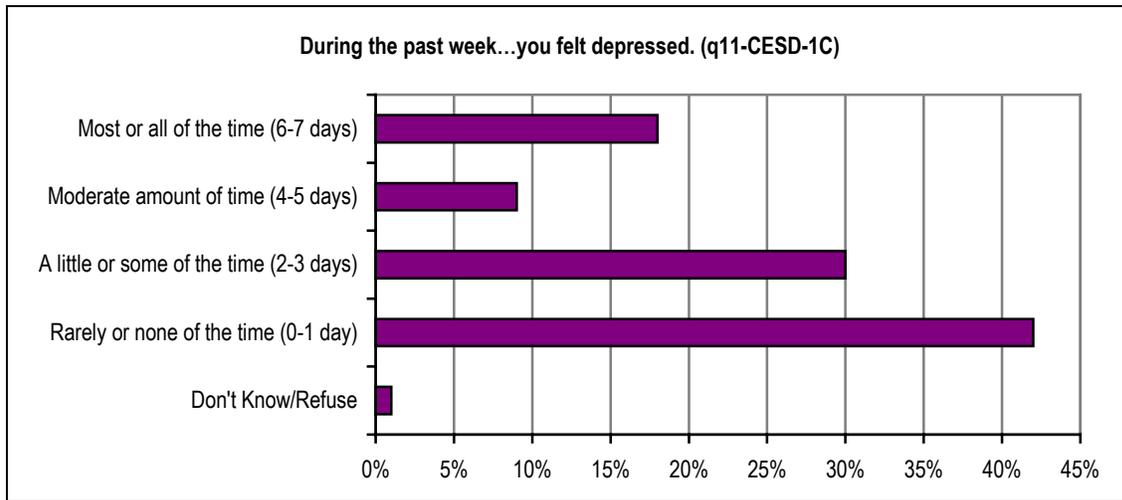
- Just over 25% had problems focusing on a task at least a moderate amount of the time.

Figure 96. Respondent Had Trouble Concentrating



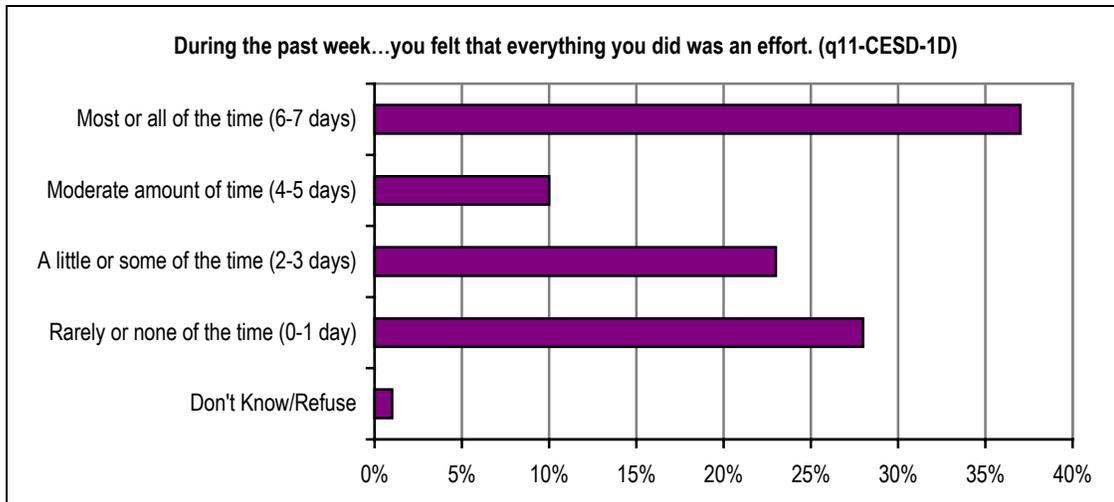
- Over four or more days in the past week, 27% felt depressed.

Figure 97. Respondent Felt Depressed



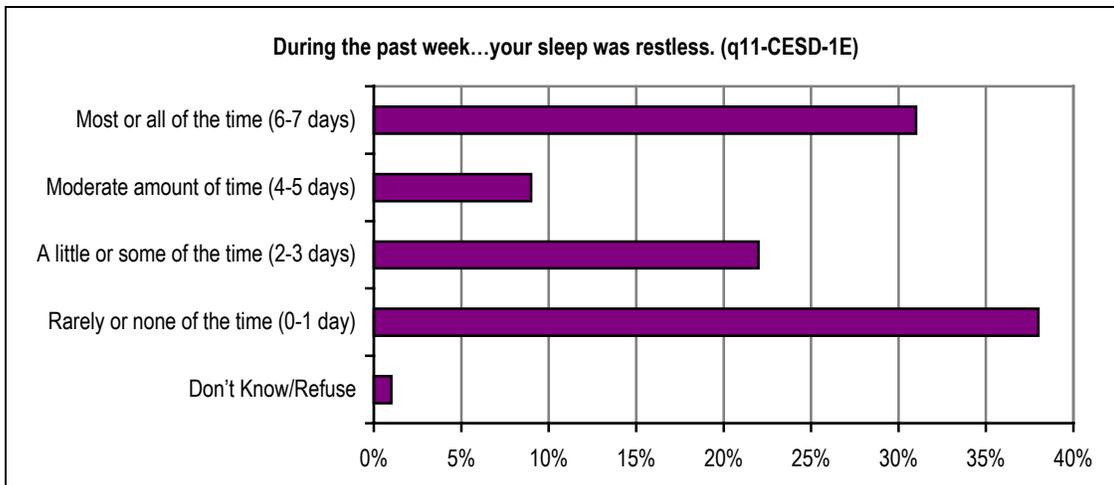
- During the past week, 47% felt that everything they did was an effort at least a moderate amount of the time.

Figure 98. Respondent Felt Everything Was an Effort



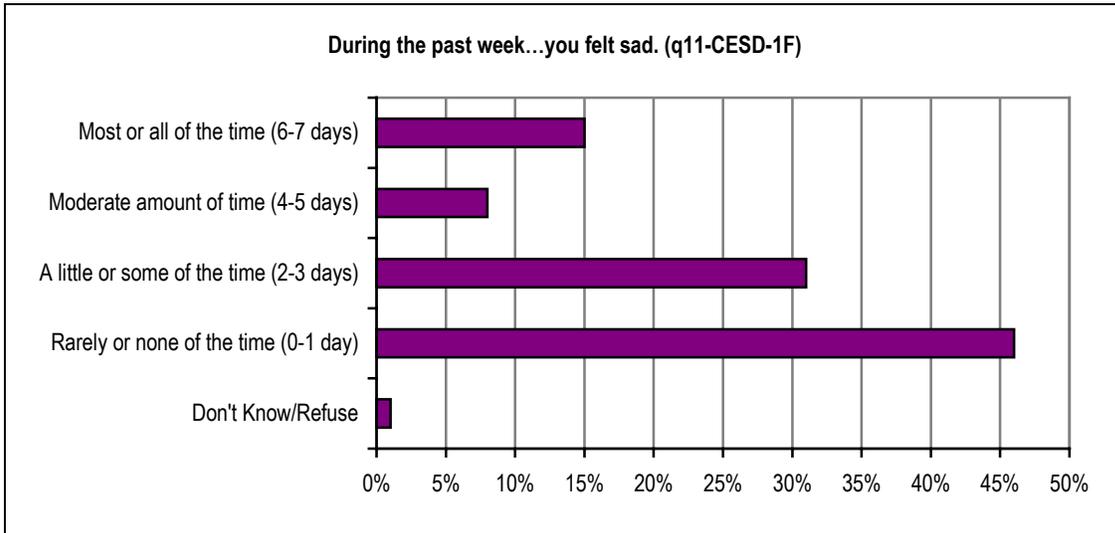
- Restless sleep was experienced by 40% at least four days during the past week.

Figure 99. Respondent Experienced Restless Sleep



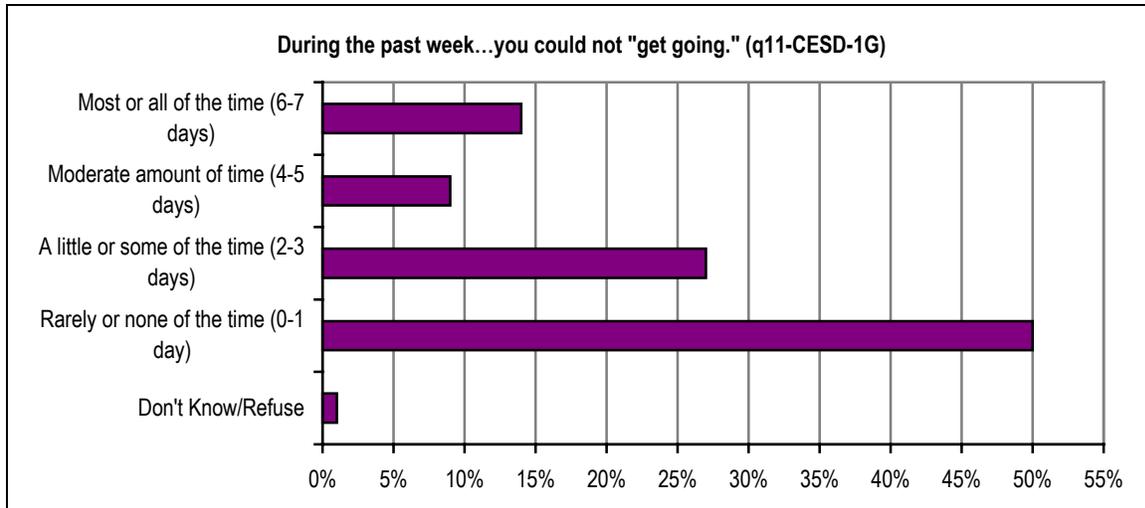
- During four or more days of the past week, 23% felt sad.

Figure 100. Respondent Felt Sad



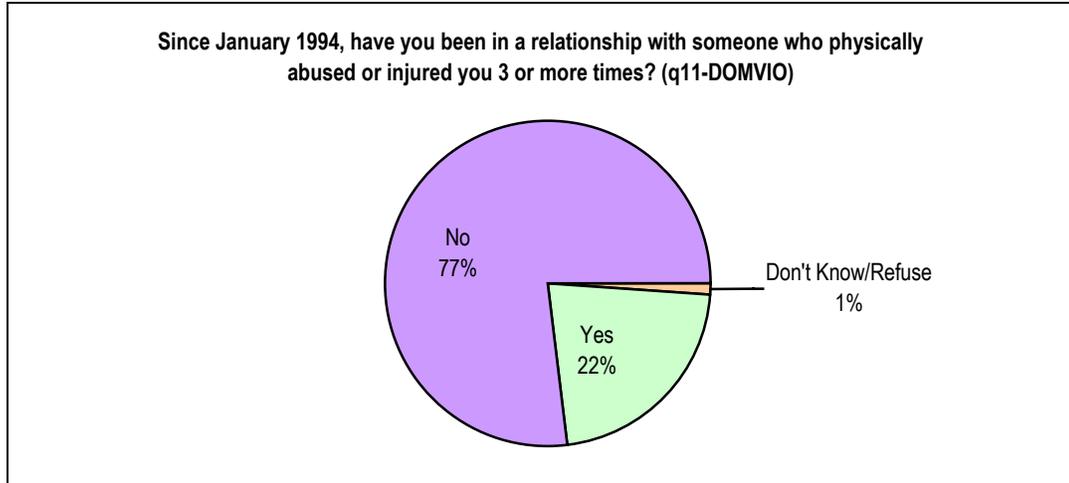
- Similarly, 23% could not “get going” at least a moderate amount of the time.

Figure 101. Respondent Could Not “Get Going”



Less than 25% of individuals reported having been in abusive relationships since January 1994. During this time period, most respondents were never in a relationship with someone who physically abused them or caused them injury three or more times.

Figure 102. Experience with Abusive Relationships



3. CONCLUSION

Ten years ago few would have forecast that the sorts of major changes in the welfare system would be as successful in reducing welfare rolls and increasing average cash incomes as what we have seen both in Ohio and nationwide.

We see that earnings grow steadily from before closure on. Hours per week are very stable among those who are working, with the growth in employment rates being the main driver of earnings growth as a steadily higher proportion of welfare leavers take jobs. While not as sharp, wage rates also grow steadily. This is important as there is a natural limit on how much employment rates can grow—having almost doubled in the two years surrounding closure they cannot double again. We know that most of the variation in earnings among those employed is due to variation in wage rates, not hours, so wage growth is central to the future economic well-being of welfare leavers. Work experience is an important driver of wage growth, and policies that encourage employment while on welfare not only improve the economic situation of recipients but increase the average wage recipients will be able to earn as they move off welfare.

There is no single, simple story-line for welfare reform. Our analysis of recidivism uncovered many factors that have significant effects on the probability welfare leavers will start receiving cash OWF benefits again. In some cases leavers take advantage of Medicaid and in other cases they don't. While in a great many cases finding and keeping good-paying jobs is key to remaining off welfare, in other cases recipients never return to OWF despite the fact they don't work at all after leaving OWF cash assistance. Some welfare leavers exit OWF and never return, but an equal number leave and come back at some time within two and one-half years of first exiting OWF. Because there is no single reason why some persons make a successful transition from welfare and others do not, it is unrealistic to expect one or two feasible policy interventions to make a significant difference to everyone on welfare. We also caution the reader that this study did not cover the period after October 2000 when time limits became binding on some OWF recipients. There may be important differences between the experiences of time-limited recipients and the persons in this study who have not yet exhausted their thirty-six months of OWF eligibility.

Looking forward, wage match data from Unemployment Insurance wage matches will likely be an important tool in tracking and evaluating progress of current and former recipients as they move toward economic independence. An examination of survey and UI match data for earnings suggests significant differences in these two measures. The UI match data reveal less in earnings than the survey data. We believe this is because welfare recipients are more likely to work in jobs that do not generate UI earnings matches. Because earnings match data is a powerful tool for tracking what is happening with the welfare caseload, past and present, inferences about earnings need to be made with this factor in mind.

Finally, we want to end on a positive note. The counties and state are negotiating a difficult process that has changed a lifetime of rules. There is more than a little irony in a situation where both welfare recipients and welfare system administrators each find themselves trying negotiate a new *modus vivendi* which has become necessary because of one of the greatest social policy regime changes in half a century. While some efforts have gone better than

others, the people who run the system as well as the clientele of that system are engaged with the process and are moving to a new equilibrium. The evidence to date shows both sides are doing quite well.