

THE FAMILY INCOME STUDY



and WASHINGTON'S WELFARE POPULATION: A Comprehensive Review

Russell M. Lidman

 *Washington State
Institute for
Public Policy*

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Acknowledgments

The Washington State Legislature created the Family Income Study in 1987 to understand the dynamics of welfare use in Washington State. The Study has benefited from the continuing engagement of legislators and legislative staff, and sustained interest in its findings. Washington's legislature is unique in the nation in taking a direct role in such an extensive applied research undertaking.

Legislators and executive agency members of the Board of Directors of the Washington State Institute for Public Policy have contributed to the development of this Study since 1987 and have helped with many suggestions about how to best disseminate its results.

The success of this Study has, in large measure, reflected the quality of the analysis and a continuing commitment to make the Study's findings accessible to policymakers and interested citizens, as well as to policy analysts—in Washington and across the nation. **Greg Weeks** and **Carol Webster** developed, conducted, directed and implemented all of the research work. Without their efforts and dedication, there would have been no Family Income Study.

Washington State University played a major, and collaborative, role in carrying out the Family Income Study. The five annual surveys that form the core of this longitudinal research on Washington's welfare population were conducted at WSU's Social and Economic Sciences Research Center. John Tarnai and Don Dillman coordinated and carried out this important work. Special thanks are due to Ernst Stromsdorfer, who has been actively engaged in this Study from its beginning. Ernie brought his expertise and experience as an economist, concerned with public assistance issues, to all of the work of the Family Income Study.

Since 1988, the Institute has issued dozens of reports, newsletters, issue briefs and conference summaries that are the research results of the Family Income Study. Frequently I have been asked for a copy of "The Family Income Study," and have responded to those requests with a sampling of our recent work. As we concluded the Study in June 1995, I thought a synthesis of its findings would be helpful to our various audiences. This synthesis, in my view, could bring together in one report the important things we have learned about Washington's welfare population over the past seven years, as well as assist policymakers as they work on the next stages of welfare reform.

I asked Russell Lidman to take on this considerable task. Russ was the Institute director for the first three years of the Family Income Study and, as an economist, has been engaged in the analysis of welfare issues for 25 years. He is in an excellent position to review the Study's findings from some distance.

We have produced two versions of this study. The shorter version, the executive summary, is folded into the full report. Both are available, as are most of the individual pieces of research completed in recent years, on request.

*Thomas M. Sykes, Director
Washington State Institute for Public Policy*

Washington State Institute for Public Policy

Mission Statement

The mission for the Washington State Institute for Public Policy is to assist policymakers, particularly those in the legislature, in making informed judgments about the most important long-term issues facing Washington State.

The Institute conducts research on issues of major importance to the state using academic specialists from universities in Washington State. Institute staff work closely with legislators and legislative, executive, and agency staff to define issues that can benefit from academic involvement. New activities are initiated at the request of the legislature or executive branch agencies. A board of directors governs the Institute and guides the development of all projects.

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THE FAMILY INCOME STUDY AND WASHINGTON'S WELFARE POPULATION: A Comprehensive Review

Executive Summary

A. Introduction

The Family Income Study was created by Washington's legislature "... to determine the causes of public dependency and the impact of changes in the economy or of public programs on dependency, work, or other relevant behaviors..." The Study sought to understand the reasons why women went on assistance, and why some women stayed on assistance for longer—or shorter—periods of time. This monograph summarizes the Study's major findings, and comments on potential implications for welfare reform strategies.

The Study is based upon five annual surveys administered between 1988 and 1992. The great majority of assistance families were, and continue to be, headed by women—for the most part as single parents, but sometimes as partners in two-parent families. Thus, the Study and this report are focused on this group of female-headed households. The families in the survey were selected from all families on public assistance in Washington State in March 1988. The sample of women in households receiving public assistance, the primary sample, numbered 1,184.* The comparison sample of 796 households

* In addition to the sample of women, a small sample of men in public assistance families was drawn, numbering 134. Data on these 134 male respondents are not part of this report.

included other families who, for the most part, were poor or near poor—the "at risk" population. Both samples are representative of the state.

Prior to this Study, Washington policymakers had limited information on the state's welfare population—primarily, demographic descriptions of those enrolled at a particular point in time. Policy debates regarding welfare can be better informed by this Study's longitudinal data, which offer information on circumstances surrounding recipients' exits and entrances, and can compare them with "at-risk" individuals who do not use assistance. The Family Income Study permits an understanding of patterns of assistance use *over time*, as well as examining how use of assistance may be influenced by policy changes.

A Portrait of Women on Assistance and Their Families

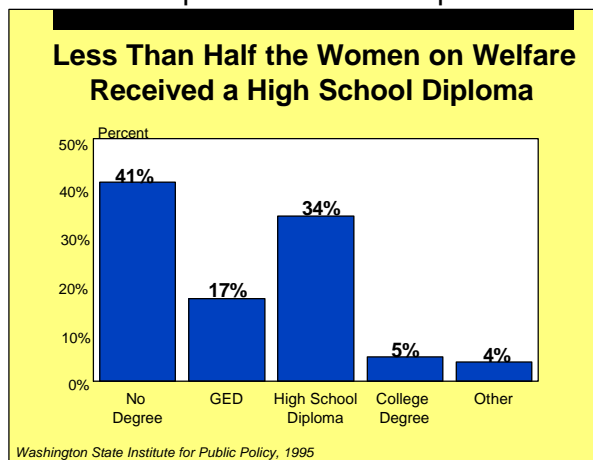
The Study's description of typical women on assistance in Washington State was a surprise to many people because of the contrast with national patterns. Based on information from the 1988 survey:

- The median age of the women was 29 years.
- The median number of children in the household was two.
- About three-fourths of the assistance population was white.
- Just over half of the women, 52 percent, became mothers as teenagers.
- 14 percent were married and 42 percent lived in a household with another adult present.

- The youngest child was 3 or older in about 57% of the households.
- An infant (under 12 months) was present in 17 percent of households.

Recipients had a low level of educational attainment—58 percent of the sample did not complete high school, and nearly one-third of those, 17 percent, attained a GED.* The median educational level was completion of the eleventh grade.

Just over 70 percent of the sample lived in



western Washington—58 percent in metropolitan counties and 13 percent in non-metro counties. Twenty-nine (29) percent of the assistance sample lived in eastern Washington—17 percent in metropolitan and 12 percent in non-metro counties.

* General Educational Development test; a Certificate of Educational Competence is awarded.

B. Employment Strongly Influences Welfare Use

The Study found that most women on assistance were engaged in the labor force. Of women surveyed in the first two years, nearly three-fourths worked or looked for work within that period—41 percent reported they worked during the year covered in the first annual survey. Employment issues were significant in every phase of the recipient's decisions regarding going on and off assistance.

- Women cited joblessness as one of the direct causes of why they went onto assistance.
- Most who left assistance attributed it to employment.
- Women with recent work experience spent a shorter period of time on assistance.
- Women who were employed in the month prior to leaving assistance remained off assistance longer.

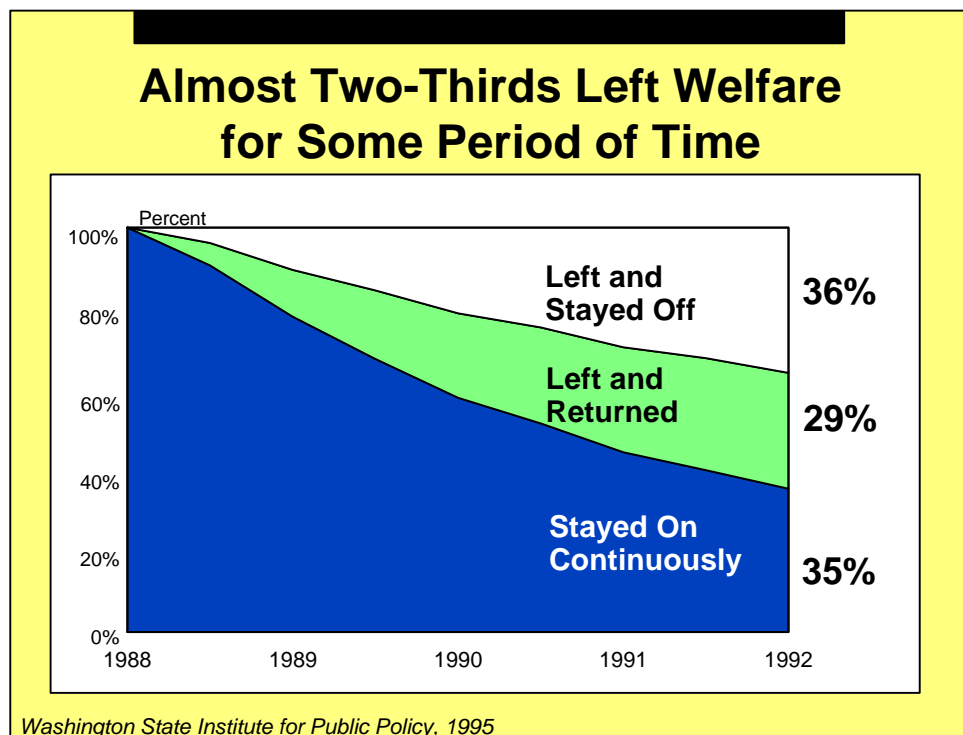
Most women on assistance reported that they were healthy, and did not have a disabling condition preventing employment. In addition, their children's health status was not a significant barrier to labor force participation.

1. Washington Recipients Are on Welfare About Half as Long as the National Average:

When national studies examined the length of the first observed enrollment on assistance, the median was about eight years. The Study found a duration of three years, less than half as long. This shorter spell in Washington was consistent with the Study's finding that state assistance recipients had a stronger link to the labor market than was found in national comparisons.

Another important comparison addresses the median time recipients spend on welfare, including *all periods* on welfare. Because the Study collected only five years of data, this figure must be estimated. By relying on comparisons between the initially observed time on assistance, the median length of all periods on assistance in Washington is estimated to be six years—**half the national average of 11-12 years.**

For many recipients, exiting assistance is *more of a process* than a single event. About one-third of the recipients remained on assistance over the period of the Family Income Study. Just under one-third exited assistance, but did not stay off, and returned at some point. Just over one-third exited and did remain off assistance, at least during the period covered by the Study.



2. Educational Level Has an Important Influence on Employment and Wages:

The length of time on assistance and relative success in the labor market were related to the recipient's educational level. In the public assistance sample, a white single female without a high school diploma had a 19 percent probability of being employed at a point in time. With a high school diploma, this probability rose to 31 percent.

The level of education also influenced the recipient's wage rate. For those in the assistance sample who received assistance over a three-year period, women with a high school diploma earned 14 percent more per hour than women without the diploma.

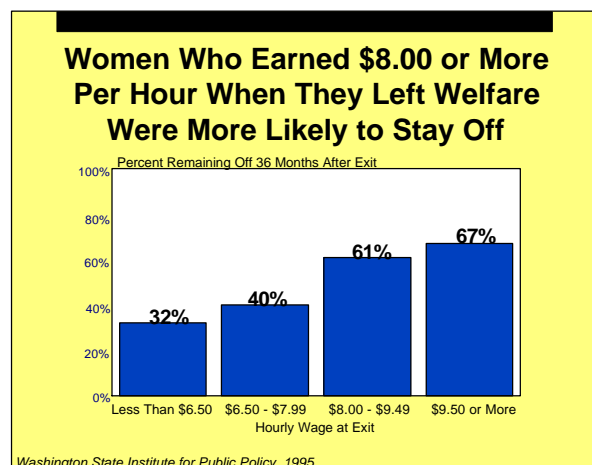
No apparent difference emerged in the study between the employment profiles of those women on assistance without a high school credential and those with a GED, raising questions about the value of a General Educational Development certificate to the assistance population.

Education can also contribute to wage gains, particularly for education acquired while the recipient is working. The Study found that women who completed a year of training or school, while working, experienced a wage gain of \$1.14 per hour. Women who were registered in an education program, but did not complete it, realized a smaller gain, of \$0.74 per hour.

3. Wage Rates and Long-Term Exits From Welfare:

Wage rates are particularly important in explaining sustained exits from assistance. Of those who exited assistance through employment at an (1994) hourly wage of \$9.50 or more, 67 percent remained off assistance 36 months later. For those earning in the range beginning at \$8.00, almost as high a percentage, 61 percent, were still off welfare 36 months later. Below this \$8.00 threshold, a substantial drop-off was observed in the recipient's ability to maintain financial independence. For the range from \$6.50 to \$7.99, the percentage fell to 40 percent and under \$6.50, only 32 percent of recipients remained off welfare for as long as three years.

Wage rates for recipients are not stagnant, and rise as recipients achieve more work experience and higher levels of education and training.



The median wage increase (in 1994 dollars) for those working during at least parts of all five years of the study was \$2.73 per hour. The rate of wage growth was slightly higher over the first two years than subsequently; nonetheless, the wages

continued to grow with years of experience. Only 12 percent of the women in the assistance sample worked in five consecutive years (at least 3 months of work per year); thus, the degree of sustained employment which could produce wage gains at this level was not common.

C. Characteristics That Did NOT Impact Work or Welfare Use

Several recipient characteristics were found to have little or no impact on welfare use or work, including the following:

- **Health:** Most women on public assistance were in good health and did not have a disabling condition. Children in assistance households had about the same rate of common illnesses, 86 percent annually, as children in the comparison samples. When examining the effects of health on employment for women on assistance, only the "overnight hospitalization of the youngest child" contributed slightly to reducing the mother's work hours.
- **Child Care:** For most women on assistance, child care was not a major obstacle to working nor to self-sufficiency. Informal care,* for children ages birth to 5, was used by 73 percent of public assistance households in 1988 and by 65 percent of the original public assistance sample who were still on assistance in 1991. Recipients were satisfied with their child care arrangements. An inability to arrange adequate child care, according to the 1988 survey, was cited by only 18 percent of recipients as their reason for *not* looking for work.
- **Children:** The number of children in the household did not affect women's employment—the same percentage of women with two, and even three, children worked as did women with one child. The percentage of recipients working did not decline until four or more children were in the family; only one-tenth of the sample had families with four or more children.
- **Race:** The labor market was equally accessible to both white and non-white recipients. In the public assistance sample, black women were more likely to be employed than white women and other non-white women were less likely to be employed. Minority women received higher wages than white women with similar levels of education and other relevant characteristics. No evidence was found that race or ethnicity served as a barrier to training opportunities. Further, race was not statistically significant as a characteristic which differentiated between those who were on assistance for short and long terms.
- **Location:** Wage rates received by recipients were equal in three areas of the state, while rates in the fourth area, non-metro eastern Washington, were significantly below the others. Access to training for the assistance population was similar between the metro and non-metro regions of western Washington. Residence in a non-metro county located on the east side of the state was the only area found to have limited access to training opportunities.

* Informal care is provided by a relative, a non-relative (for example, a neighbor), or a parent who works at home or cares for her child(ren) at work.

D. Targeting for More Effective Public Programs

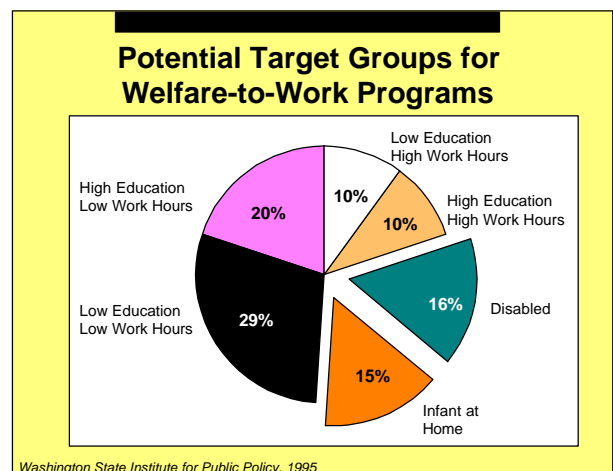
As discussed earlier, the Study revealed that the large majority of assistance recipients in Washington are attached to the labor force. Still, many have low levels of education and training and, thus, can obtain only low wage employment. Some policymakers conclude, therefore, that government intervention should offer training and educational opportunities so women can exit assistance and achieve self-sufficiency. Public resources, however, are not available to provide all recipients with high levels of education and training and to place them in appropriate work environments. One approach is to extract the greatest efficiency from government resources by strategically dividing education and training opportunities among the population.

The Study used survey information on education and training and combined this with findings on which characteristics increased the likelihood of successful exits. Potential target groups were then identified among the nearly 70 percent who neither regarded themselves as unable to work owing to a disability nor having an infant in the household. These four target groups were:

- The target group with the least need for services includes those with a *high educational level* (a high school diploma or more) and a *high level of work experience* (501 hours or more of work in a year). This 10 percent of the assistance population has a high potential to earn a sustaining wage. A modest program of job search assistance may be appropriate.
- A second target group, representing 20 percent of the assistance population, has a *high educational level*, but a *low level*

of work experience. Women in this group need a more intensive job search assistance program, together with vocational education, rather than a further investment in general education.

- A third target group has a *low educational level* (no diploma or only a GED), but a *high level of work experience*. This 10 percent appears to need a relatively intensive training or education program, and relatively modest job search assistance.
- The last group has a *low educational level* and a *low level of work experience*. This is the largest of the four groups, representing 29 percent of the assistance population. To move women from this group into employment, comprehensive programs that integrate education, training and employment may be necessary.



Two key qualifications apply to a targeting strategy:

1. The approach applies to groups, and not to individuals. Some recipients in the intensive service category might, in fact, not require those services. Correspondingly, further education might be the best investment for some women whom

targeting suggests should receive no additional education. To be most efficient, targeting should be complemented by discretion introduced via case review or some other process.

2. Not all women are connected to the labor force, and a reform strategy will need to consider options to assist them and their families. Women at a distance from employment are about one-third of the assistance population. Included among this group are those who report a disability which prevents employment.

The Family Income Study points to the importance of collecting detailed information on educational background, skills and work history as part of the client intake, rather than concentrating exclusively on eligibility-related factors. This additional information should be a regular part of the agency's information system, and should be consulted in designing education, training and work experience programs, in assigning recipients to programs, and in linking recipients to employment possibilities in Washington State.

E. Study Findings and Welfare Reform Discussions

Discussions of various welfare reform proposals can benefit from what has been learned in the Family Income Study. These include the following:

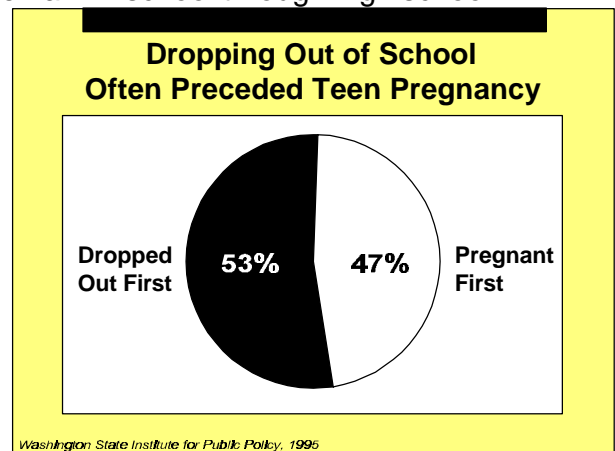
- **Threshold Wage**—The threshold, as described in the Family Income Study, was the \$8.00 per hour wage which permitted half or more of the recipients to make a permanent or long-term exit from public assistance. Data from the Family Income Study can be used to help define a threshold in another way—for example, hours worked, earnings or gross income.

- **Reducing Teenage Pregnancy**—The Study clearly reveals the negative consequences of early childbirth on the mother's ability to succeed in the labor market. Of those recipients with low education and high work hours, nearly three-fourths became mothers as teenagers. Of those in the least employment-ready group, those with low education and low work hours, almost two-thirds became mothers as teenagers.

Those who were teen mothers represented over half of the assistance sample (52 percent), and their low level of education and work experience required a disproportionately high level of services to equip them for the labor market.

The Study found that many women had dropped out of school before becoming pregnant. Of those who dropped out of school and were teenage mothers, 53 percent dropped out before becoming pregnant for the first time. The median length of time between dropping out and later becoming pregnant was one year. Childbirth, thus, was not the first event of significance.

Public policy that encourages girls to remain in school through high school



graduation and to postpone childbirth is a key component of welfare reform. For teenage mothers, a carefully targeted program of education and work experience can increase the likelihood of successful exits.

Welfare reform strategies, thus, need to move outside the welfare agency and include the roles of schools and health agencies.

- **Labor Market Strategies**—A labor market strategy can succeed by making work more rewarding to recipients, and by reducing the risks of independence through programs such as transitional health care and food stamps. A labor market strategy will mesh well with the orientation demonstrated by most state recipients. The strategy must build upon the appropriate mix of education, training, work experience and support programs to increase the prospects of sustained economic independence.

▶ **A successful welfare-and-work program will include several key elements:**

✓ *Orient Recipients and Staff to the Same Goal.* Riverside, California's widely-cited GAIN program is one model for creating a commitment to a common purpose between staff and recipients. The program's principles are: "the program is mandatory, the focus is on work, and clients are placed in jobs."

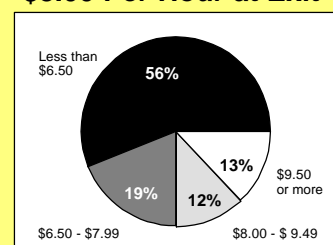
✓ *Link With Federal Programs.* The federal Family Support Act, implemented in this state in 1990, provides one year of transitional health care and child care benefits to women who leave welfare through employment. The federal Earned Income Tax Credit currently provides

up to a 40 percent boost in earnings for the working poor with children. Both of these programs can contribute to raising earnings that are below poverty-level to a higher disposable income, and perhaps an above poverty-level income.

✓ *Connect Education With Work.* Recipients may start work at a low wage level. An effective strategy will support recipients' efforts to boost their earnings. Education or training, together with work, produces a more rapid increase in wages.

✓ *Low Wages Are a Starting Point.* Most assistance recipients who exit assistance through employment report low wages—\$6.50 per hour or under. Most who exit at this low wage will return to assistance. Wages rise with more work experience and with education and training. A strategy which assists recipients in acquiring appropriate education, and in sustaining their commitment to employment, will increase the likelihood of successful exits from assistance, thereby reducing the duration of assistance use.

Most Women Who Left Welfare for Employment Earned Less than \$8.00 Per Hour at Exit



Washington State Institute for Public Policy, 1995

✓ *Recognize the "33 Percent" Challenge.* The strategy must consider the one-third of the caseload which was not linked, or only distantly linked, to the labor market. Perhaps some of these women can respond to a labor market strategy while others will not. An understanding of the characteristics of these women and their families will be important in developing an effective, and appropriate, strategy.

✓ *Set Mandatory Conditions.* According to a recent report from the U.S. General Accounting Office, successful demonstration projects and other state welfare reforms have mandatory components. The nature of the reform should guide the nature of the mandatory activities. The focus for some will be work and, for others, training. For still others, parenting may be the priority until the youngest child reaches a certain defined age.

populations. These issues include: employment, teenage pregnancy and health, and importantly, training and education. The low educational level of many recipients, and the risk of long-term dependency for those who are poorly educated and lacking in work experience, underlines the importance of basic education and of education in the context of employment for those with an insufficient work history.

The Family Income Study indicates that progress on the widely accepted goals of improving the welfare population's success in the labor market and reducing dependency requires the cooperation and commitment of state agencies, schools, employers, the broader community, and the recipients themselves. This report, in highlighting the work orientation of Washington's dependent population and their limited time on welfare, shows that in this state a foundation exists for progress toward these important goals.

F. Concluding Observations

A decade ago, very little research was available on Washington's assistance population and program. With the Family Income Study and the Family Independence Program, however, Washington has gained a considerable understanding of its recipient population, as well as concrete knowledge about implementing reform in this complex area. The state's decision-makers can benefit greatly from this body of information.

Results from the Family Income Study suggest that reforming welfare is not just a welfare issue, but instead is a series of issues affecting the dependent or at-risk

THE FAMILY INCOME STUDY AND WASHINGTON'S WELFARE POPULATION: A Comprehensive Review

Chapter 1: Introduction

The 1987 Washington Legislature directed the Washington State Institute for Public Policy to conduct a study of the state's low income populations. In the words of the legislation, the Institute was to conduct "a longitudinal study over time of a sample of public assistance recipients or persons at risk of becoming eligible for assistance, to determine the causes of public dependency and the impact of changes in the economy or of public programs on dependency, work, or other relevant behaviors of the sample population."

This Study, titled "The Family Income Study," was one of the most extensive social science research endeavors undertaken by a state. The reasons why Washington State took this path are noted below.

In the early 1980's, useful research began to appear on the nation's assistance population, largely based on an annual survey conducted at the University of Michigan. This research revealed the persistence of certain populations in the public assistance population. However, owing to demographic and economic differences between Washington and the nation, as well as the limited observations of Washington households in that and other national surveys, many state policymakers believed the national research was of limited value in setting state policy.

The available state research on Washington's assistance population was based on agency administrative records focused on eligibility information, and offered limited data on the job and educational histories of assistance recipients. Another limitation was the time period covered; only information during the family's current period of welfare use was available. Since policymakers were asking questions about the educational and employment factors affecting the decision to enter and leave assistance, as well as the influence of child care, health care and other assistance programs in recipients' decision-making, the existing information system was not always helpful.

Decision-makers were also influenced by the state's economic situation. Washington had a slow recovery from the recession of the late 1970's and early 1980's,¹ and the legislature received several reports that large numbers of workers would shortly exhaust their unemployment insurance benefits. A then-rising welfare caseload suggested that welfare was becoming a safety net for workers with families who had expended their unemployment benefits and were unable to find work. For lack of information, neither this suggestion nor other conjecture about the public assistance caseload and its link to the labor market could be evaluated.

A. Study Design

The state's assistance population is primarily comprised of women, for the most part as single parents, but sometimes as partners in two-parent families. For this reason, the Study focused on women on public assistance and their families. The survey families were selected from all the families on assistance in March 1988, and these families were followed through 1992. The sample of women in households receiving public assistance, the primary sample, numbered 1,184. An additional sample was drawn, for comparison purposes, of 796 households that were at an elevated risk of being on public assistance. For some of the analyses in this report, the comparison sample has been divided into two groups—those in lower and higher income categories.ⁱⁱ

By selecting the sample from the entire assistance population in March 1988, the design captured more information on longer-term recipients than if it had sampled new enrollees in March 1988. Given the questions being asked by decision-makers, this design choice seemed quite appropriate. Readers, however, need to understand that this sampling decision yields results that differ from those found in studies that sample new enrollees only.

Family Income Study Samples:

The Family Income Study is based upon five annual interviews of respondents in two random samples of Washington State residents. Both samples are representative of the state.

The public assistance sample consisted of 1,318 respondents from households that received AFDC in March 1988— 1,184 of the respondents were women (90 percent), and 134 were men (10 percent). Data on these 134 male respondents are not part of this report.

The "at risk" comparison sample consisted of 796 respondents from households in neighborhoods that were more likely to have high rates of public assistance use.

Over 90 percent of the total 2,114 respondents were re-interviewed for the second year of the Study. In subsequent years, the re-interview rate was approximately 95 percent.

B. Annual Surveys

The five annual surveys were lengthy, typically requiring between one and two hours, incorporating questions regarding many household circumstances.ⁱⁱⁱ The surveys were developed by Institute staff with the close collaboration of Washington State University's Social and Economic Sciences Research Center.

Topics Covered in the Study

- Patterns of welfare use
- Family composition and demographics
- Fertility
- Mobility
- Education, employment, and earnings
- Training and retraining
- Job search activities
- Housing and food expenditures
- Child care patterns
- Alcohol and drug use
- Physical and sexual abuse
- Depression, self-esteem, and social support

Annual surveys permitted the researchers to track the same families over time—a key feature of a longitudinal study. The data describe *changes* in the respondents' circumstances, including: welfare use, work, education, and family size and composition. With these data, researchers can estimate, for example, the probability, or likelihood, that in the next year a recipient of given characteristics will exit assistance or receive a wage increase. The reader will find, thus, that study findings identify those factors that make a certain behavior (like entering or exiting assistance) *more or less likely*.

It is important to note that the recipients in the Study made decisions based on the laws and policies regarding assistance that were in operation from 1988 through 1992. Different laws and policies could have resulted in different behaviors. For this reason, the findings must be interpreted carefully when estimating how recipients will behave under new policies.

C. Study Contributors

Professors and graduate students from a variety of disciplines contributed to this research, including economics, sociology, social psychology and business. Faculty from a number of universities were represented, including Washington State University, University of Washington, The Evergreen State College, Western Washington University and the University of Puget Sound.

The research design was strongly influenced by the contributions of the legislative and executive branches. Throughout the Study, individuals from these organizations reviewed interim reports and suggested new questions. The Study's research agenda benefited greatly from this interaction and direction.

D. Organization of This Report

The major findings are summarized, based upon approximately 50 studies and reports produced over the project's life.

The next chapter examines the use of public assistance, the labor market, and income and poverty level. Chapter 3 summarizes the relation between the characteristics of households and these policy concerns. For example, research on the impacts of educational level, household composition, and health status, among other variables, is drawn together. In Chapter 4, findings from the Family Income Study are examined in light of the other research on assistance populations, including a national longitudinal study, evaluations of welfare-to-work demonstrations across the country, and the evaluation of Washington State's Family Independence Program. Chapter 5, by way of conclusion, reflects on potential lessons for state welfare policy and administration, and points to the most

promising next steps in research, program development, and policy formulation.

Chapters 1 through 4 describe in detail Study findings and their relationships to national research. For some readers, this approach may be too time-consuming, as their interest is focused on using Study results to evaluate policy options currently under discussion in the state. Chapter 5, beginning on page 31, provides such a focus.

Chapter 2: Policy Concerns Related to Public Assistance

What is welfare intended to accomplish? What aspects of the program need reform? Over the decades, public debate on these questions has evolved. In recent years, the most prominent questions address the use of assistance: what brings women to welfare, why do they remain, what are they doing while on assistance, and how do they exit? These issues are addressed in the first section.

Study findings related to employment and earnings are considered in the second section. The final section explores overall income patterns and poverty levels.

A. Using Public Assistance

The Study developed a portrait of women on public assistance. This portrait revealed that Washington's population was quite different from the national averages, and jarred many assumptions.

Public assistance use can be viewed as a *sequence of decisions* which contribute to the woman's reliance on assistance. The Study results can be organized into the following decision points:

- First, deciding whether to go on assistance.
- Second, the duration of assistance.
- Third, leaving assistance.
- Finally, for some, an exit is followed by a later return to assistance.

PROFILE OF WOMEN ON ASSISTANCE IN WASHINGTON:*

- 29 years old was the median age.
- The median number of children in the assistance family was two. About three-fourths of the assistance families had one or two children.^{iv}
- In 57 percent of the households, the youngest child was 3 years of age or older. An infant (under 12 months) was present in 17 percent of these households.
- About three-fourths of the women in the assistance population were white.
- 14 percent were married, while approximately 42 percent lived in a household with another adult present.
- 58 percent of the women had not completed high school.
- Just over half of the women, 52 percent, became mothers as teenagers.^v
- 71 percent of the assistance sample lived in western Washington, while 29 percent lived in eastern Washington—17 percent in metropolitan and 12 percent in non-metro counties.^{vi}

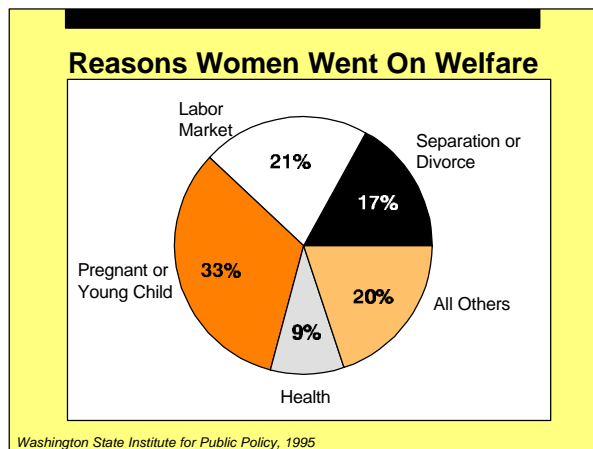
*Based on information from the 1988 survey.

1. Reasons for Going on Assistance

In the Study questionnaire, women were asked to describe their most important reasons for going on assistance.

Responses fell into four categories:

- The largest number of respondents, a third of the sample, cited *pregnancy* or having a young child as the proximate cause.
- The next largest category related to an *absence of success in the labor force*. Some 21 percent cited joblessness or job loss, low pay, or inadequate training as the most important explanation.
- *Marital separation and divorce* comprised the third category, with 17 percent of respondents citing this reason.
- The fourth cluster of respondents, at 9 percent, cited *health issues*, involving the individual, her child, or another family member.^{vii}



2. A Comparison of Long-Term and Short-Term Recipients

The Study data found the median length of a continuous stay on welfare was three years.^{viii} This means that half of the families studied were on welfare for less than three years and half were on welfare for more than three years. Thirty percent of the assistance group received welfare for less than twelve months of the study year and nine percent were on for less than six months. The assistance sample averaged 10.5 months on welfare during the 1988-89 study year.^{ix}

The median length of stay of those *entering public assistance* is eleven months, according to a Department of Social and Health Services survey. Most entrants to assistance stay for just under a year and then leave. Some will return to welfare later.

Of the women who were on public assistance in March 1988, 35 percent remained on welfare continuously through 1992, while 65 percent exited at some point during that period.^x

For a significant minority, just over a third of the households, welfare use was characterized by a long uninterrupted period on assistance. To learn what factors were associated with a longer stay on assistance, the Study compared recipients who remained on assistance for 36 or more months with a second group who remained on for 12 months or under.

No statistically significant differences were found between these groups on factors often believed to be influential, including: age, race, years of education, or in having grown up in a family which received welfare.^{xi} Differences emerged in employment and in family characteristics.

Employment: Duration on assistance was related to the recent work experience of the recipients prior to this period on assistance. Some 47 percent of the short-term recipients had recent work experience while only 14 percent of those on assistance for three or more years had such experience. Intensity of work experience also helped explain the duration of a period on assistance. Households with more than 500 hours of work in the year prior to the survey were on assistance for a median length that was half that of those with fewer hours of work.^{xii}

Children and Household

Characteristics: Women were more likely to remain on assistance if there were more than two children in the household and if there was an infant present.^{xiii} Differences were also found in household composition. Short-term use of assistance was more common if the female recipient was currently married or living with another adult; longer use was more common among those who were never married.^{xiv}

The Family Income Study also found that the longer a woman had been on assistance, the more likely she was to remain.^{xv} This is tautological, but it confirms research on national samples that have found that the longer a household has been on assistance,

the longer it is likely to remain on. Experiences on assistance may inure the recipient to remaining on assistance. An alternative explanation is that meaningful differences between long-term and short-term welfare recipients were not captured by the survey questionnaire and, thus, were not measured.

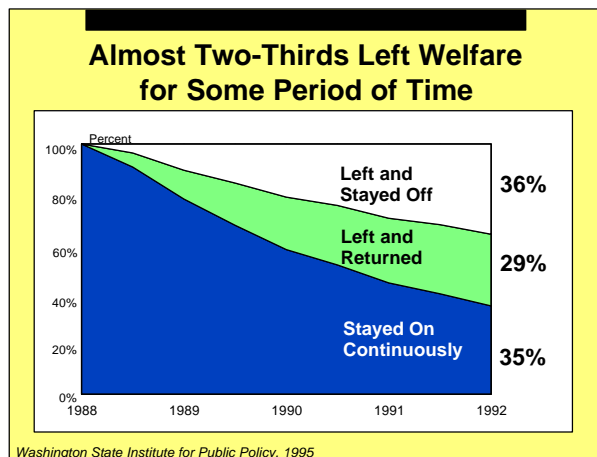
3. Employment Factors Most Influential In Helping Women Leave Assistance

In surveys administered the second year and thereafter, women who left assistance during the year were asked what factor most influenced their exit. More than half, 54 percent, cited *employment*—especially beginning a new job, increased hours, increased wages or similar employment-related gains for another household member. *Marriage*, at 11 percent, was a distant second in explaining exits from assistance. A like percentage was explained by *other demographic changes* making the family ineligible for assistance, such as the departure of the child(ren) or the youngest child having become older than 18 years of age.^{xvi}

Further data analysis confirmed these self-reports and uncovered three additional factors that increased the likelihood of a departure: if the recipient had a post-secondary certificate or degree, if she lived in a household with other adults, and if she was divorced (as compared to separated or never married).^{xvii}

4. Many Exits From Assistance Are Temporary

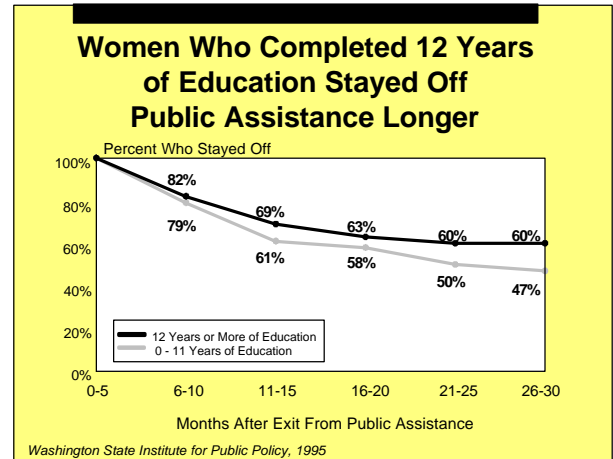
Sixty-five percent of the 1988 assistance sample left assistance within four years and of that group, 36 percent remained off through the 1992 survey.^{xviii} Many exited only temporarily; 29 percent returned to assistance after their exit. Since the 1992 survey, some additional women in the sample are likely to have returned, thus increasing the total returns to over one-third of the sample.



What explains why some women are more likely than others to *leave and remain off* assistance? The Study results found three factors to be especially important:

- Women who held a *job* in at least the month before they left public assistance stayed off public assistance longer than those who did not. The median time off assistance for those previously employed was 23 months, compared to just 15 months for those not employed in that month.
- *Financial help from relatives* also played a role in increasing the likelihood of a successful departure.^{xix}

- Each additional year of *education* increased the number of months a woman stayed off assistance by 7 percent.



B. The Role of Employment on Welfare Use

Factors related to employment were significant in *each phase of assistance use*:

- Women cited joblessness as one of the direct causes of their having gone onto assistance.
- Women who worked more recently or worked more hours prior to the beginning of their most recent period on assistance spent a shorter period of time on assistance.
- Most women who left assistance attributed it to employment.
- Women who were employed in the month prior to leaving assistance remained off assistance longer.

Any governmental strategy for reducing assistance use must include a direct tie to employment. The Study provides useful

information on the influences of employment. Not all work is equally successful in bringing about a sustained period of independence from assistance. As we note in the following section on the labor market, remaining off assistance is related to the recipient's hourly wage rate.

C. Participation in the Labor Force

Discussions of state welfare policy often assume a majority of recipients are seriously disconnected from the labor force. The Study tells an entirely different story—findings suggest a considerable degree of labor force mobility, as well as a high degree of labor force participation.^{xx} Nearly three-fourths participated in the labor force for at least some time during the Study's first two-year period. A small percentage, 4 percent, were employed all of the 24 months. Only 28 percent of the sample was continuously out of the labor force for the first two years of the Study.

1. Factors Which Increased the Likelihood of Employment

Several factors **increased** the likelihood of employment:^{xxi}

- *Vocational education and training* had a powerful influence. Women in the assistance sample enrolled in these programs were 78 percent more likely to be employed in any given year than women not enrolled. In 1988, 18 percent of the assistance sample was enrolled in this type of education and training.
- *More work than the average* in the previous year explained a higher likelihood of work in a subsequent year. A woman who in the previous year was employed one month more than the average of three months in

every 12-month period had a 47 percent higher likelihood of being subsequently employed.

- *An additional year of education*, beyond the average of 11 years, increased the likelihood of employment by 5 percent.

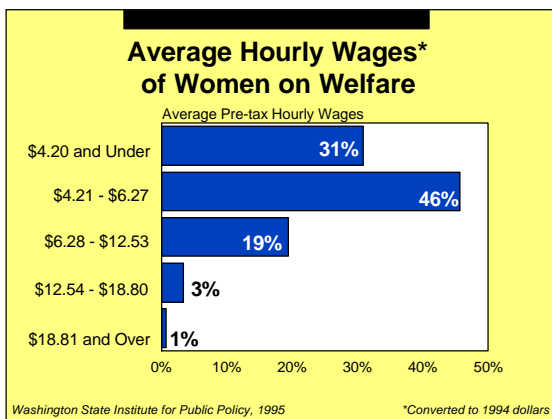
Several factors **decreased** the likelihood of employment:

- A woman *with a toddler* (a child one to three years of age) was 30 percent less likely to be employed than a woman who did not have a toddler.
- The *presence of an infant* (under 12 months) also made employment less likely, by 23 percent.
- A woman whose child was *hospitalized overnight* was 9 percent less likely to be employed.
- A woman's *age* was also found to be a factor. For each year over the average age, the likelihood of employment decreased by 3 percent.

2. Wage Rates

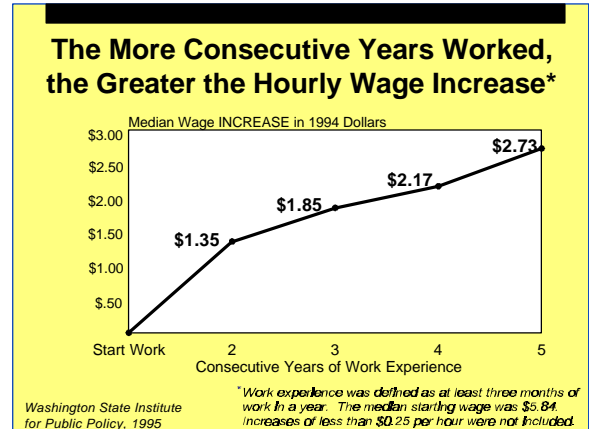
Women on assistance reported low wage rates. This suggests that the assistance recipients brought a relatively low level of education and skills to the labor market. Moreover, the supply of workers with a low skill level is more than adequate to meet the demand. Most women earning low wages are competing in what can be described as an adverse labor market. Nonetheless, the data show that some women in this population are able to achieve wages above the poverty level and exit assistance. This section presents findings on wage levels, the characteristics associated with higher

wages, and the relation between wage levels and exiting assistance. The average wage level reported by the sample of women on public assistance who worked in the Study's first year was \$5.70 per hour (in 1994 dollars).^{xxii} Most women reported wages at or near that average. Nearly half the sample fell in the range of \$4.21 to \$6.27 per hour; just under one-fourth of the women reported a wage level over \$6.28 per hour.^{xxiii}

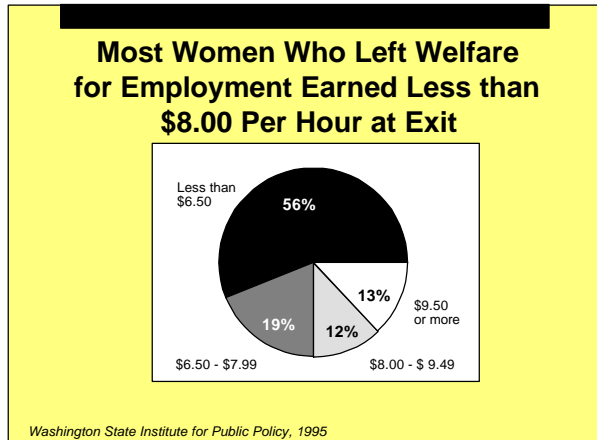


Over the course of the Study, some individuals received wage increases. A number of explanations for these increases were identified, including persistence in employment and education.

- **Persistence in Employment:** Twelve percent of the women worked during five consecutive years, with a median wage increase of \$2.73 per hour (in 1994 dollars). The rate of wage growth was slightly higher over the first two years than subsequently. Nonetheless, the wages continued to grow with the number of years of work experience the woman reported.



- **Education:** Education can also contribute to wage gains. Women who completed a year of training or school, while working, earned \$1.14 more per hour (in 1994 dollars). Women who were registered in but did not complete their program realized a smaller gain in their wages, \$0.74 per hour.^{xxiv}
- **Wage Threshold:** The duration of the exit from assistance is associated with the wage level earned. Of those who exited assistance through employment at a wage of \$9.50 (in 1994 dollars) or more, 67 percent were successfully off assistance 36 months later. For those earning in the range between \$8.00 and \$9.49, almost as high a percentage, 61 percent, were off welfare 36 months later. Below this \$8.00 threshold, one sees a substantial drop-off in successful exits. For the range of \$6.50 to \$7.99, the percentage fell to 40, and under \$6.50, only 32 percent remained off welfare for three years.



The sample was examined to discover the relative earnings of women on assistance. Relatively small numbers of assistance recipients achieved a \$9.50 wage. Just 13 percent received above \$9.50 hourly upon their exit from assistance and 12 percent in the range commencing at \$8.00. Over half, some 56 percent, exited with a wage in the lowest range, under \$6.50 per hour. Women exiting with hourly wages below \$8.00 had an increased likelihood of returning to assistance within a three-year period.

3. Hours and Months of Employment

In addition to wage rates, the number of work hours and employment durations influenced a family's overall income. The assistance population earned relatively low wages and also reported work hours and periods of employment that were lower than the comparison group.^{xv} The assistance population averaged a 31-hour work week, shorter than either of the two comparison samples reported. The lower income "at-risk" sample's average was 33 hours and the higher income sample's was 38 hours.

Those in the assistance sample who worked, typically did so for only part of the year. The average number of months worked by this group was just over 5

months—the lower income comparison sample averaged 7.7 and the higher income sample 10.2 months.

These data from the first year point to a cumulative impact of low wages, short weeks and part-year employment. Successful exits from assistance, through work, will generally require a greater earning capacity than the average experience of the public assistance sample. Nonetheless, a significant minority of women who exited with a lower wage did succeed in remaining off assistance permanently or at least for an extended period. A strategy for increasing the number of successful exits from assistance should prepare the recipients for, and should help locate, employment with the potential for higher annual earnings, both from higher wages and the opportunity for more hours.

D. Summary of Employment and Earnings

Just over half of the women on assistance leave welfare as a result of employment. While on assistance, most recipients work or look for work. Recipients reported wage rates well below the "threshold" wage of \$8.00 per hour (adjusted for inflation to 1994 dollars), which is the hourly wage that ensures over a 60 percent probability of a *long-term exit*. The wages received by recipients in the Study rose in response to improvements in the worker's productivity, particularly work experience, vocational education and training, and education. For those exiting through the labor market, a wage rate which can sustain the household produces a long-term or permanent exit. For many recipients, several years and several attempts are required to achieve a wage approaching, or at, the threshold.

Is an exit at a low wage a "failed" exit? The Study found that exits at low wages are unlikely to persist. However, the data also demonstrate that a sustained attachment to work over a period of time is associated with wage gains. For some assistance recipients, an unsuccessful exit may represent a psychological setback to independence. However, a temporary exit from assistance may contribute to the recipient's learning curve and provide the basis for a future successful exit.

The Study suggests that leaving assistance through employment is less a single event than a process.

For many it is a process comprised of work mixed with welfare, often including temporary periods off assistance, leading eventually to a sustained or permanent exit.

E. Income and Poverty Level

This discussion moves from wage rates to consider annual incomes and their relationship to poverty.

1. Income Sources

The Study's welfare sample received income from several sources including public assistance, the value of the food stamp benefit, earnings, and other sources such as child support and gifts from family and friends. The 1989 annual survey found that public assistance represented about half of the welfare sample's 1988-89 annual income, and food stamps contributed an additional 15 percent. Earnings represented 16 percent of the year's income and the other sources comprised the remainder.^{xxvi}

This earnings portion of overall income further confirms the Study's finding that many recipients are connected to the labor force.

Household income from all sources averaged \$9,324 (\$11,690 in 1994 dollars) for the assistance sample during the study year 1988-89. About 60 percent of the assistance household units had an annual income between \$5,000 and \$10,000 (\$6,270 and \$12,540 in 1994 dollars) and 10 percent had incomes below \$5,000.

Work produced both immediate and longer-term gains for families. In the short-term, incomes were higher in families in which women reported income from work; in the longer term, as was reported earlier, a history of work was associated with a speedier and possibly a sustained exit from assistance. For families with working mothers, when compared to those with mothers who did not work, income levels were \$2,000 (\$2,580 in 1994 dollars), or 24 percent, higher. This large differential suggests that, apart from individual incentives to work, the state's welfare system, together with the labor market, also offers a clear financial incentive.

2. Poverty Level

Most households in the public assistance sample fit the federal government's guidelines for poverty during the 1988-89 study year. Eighty percent of the welfare sample had incomes below the federal poverty guidelines for their family size, and an additional 16 percent were below one and one-half times the poverty line.

When the Study examined movement in and out of poverty, 20 percent of those who were initially poor exited from poverty

in the period from 1987-1989; four-fifths remained poor.^{xxvii}

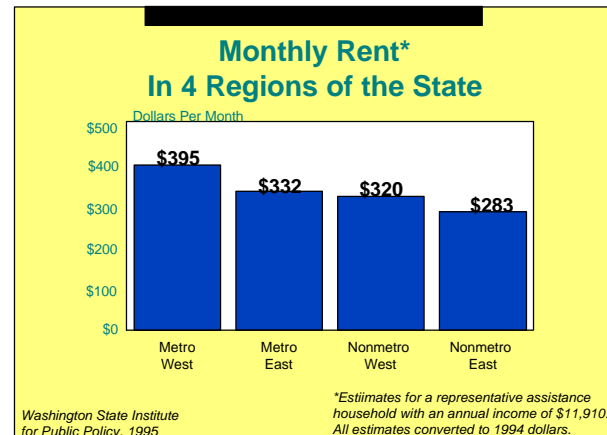
Several characteristics were found *not* to affect a woman's movement into poverty. These included location in the state, whether her parents received welfare while she was growing up, race, and age.

3. Food and Shelter Expenditures

The Study looked at how income was spent in the household. Food and housing expenditures accounted for about four-fifths of the average annual income of households on assistance.^{xxviii} The 1987-88 annual rent as a percentage of income varies with the household income level and location.^{xxix}

Ninety percent of the women on assistance were renters. Patterns of rent expenditure varied across the state. For households in this sample of renters, average income was \$11,910 (in 1994 dollars, like all figures in this section). Average rent at this income level, for a

family living in the more urban counties in western Washington, was \$395 monthly or 40 percent of income. The standard of affordability used by federal housing programs is 30 percent; the typical assistance household, then, was above this standard.



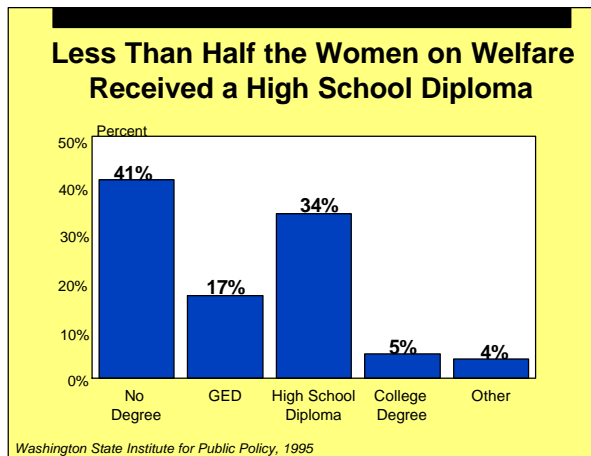
Rents were almost \$113 per month lower in non-metro eastern Washington than in the urban western part of the state.

Chapter Three: Characteristics of Assistance Recipients and Their Families

This chapter examines attributes of recipients and their families in relation to dependency and work. Some attributes have a relatively predictable influence on work and welfare; others are more surprising.

A. Education and Training

One of the most striking characteristics of the public assistance recipients was their low level of educational attainment.^{xxx} Over one-half of the sample (58 percent) had not completed high school; 17 percent of those who did not attain a high school diploma had earned a GED.^{xxxi} The average educational level for this sample was completion of the eleventh grade.



In a typical year during the five-year survey, nearly a third (31 percent) of the assistance recipients were enrolled in a program of education or training.^{xxxii}

- *Vocational education and training* comprised the largest category of enrollees at 13 percent.
- *Basic education's* share was 11 percent.
- *All other post-secondary programs* represented the remaining 7 percent.

About half of all education and training received by assistance recipients was provided by community colleges.^{xxxiii}

When the Study's assistance recipients were asked to rank the types of assistance that they perceived as most helpful toward a goal of self-sufficiency, additional education and training was chosen by over 90 percent.

Chapter 2 discussed the powerful role played by employment, or lack of employment, in moving women on and off assistance. Employability is strongly influenced by the recipient's level of education.^{xxxiv}

The influence of a high school diploma was significant: the probability of being employed was 19 percent without a diploma and 31 percent with a diploma for whites. For blacks, the probability of employment rose from 33 percent to 45 percent with a high school diploma.

The influence of a high school diploma was not matched by that of a GED. No differences in employment were apparent between those in the public assistance sample without any high school credential and those with a GED.^{xxxv}

Earlier, the relationship between higher wages and an increased likelihood of a sustained exit from assistance was discussed. The level of education was also influential on the wage rate. For those in the assistance sample who received assistance over a three-year period, it was found that:

- Women with a *high school diploma* earned 14 percent more per hour than women without the diploma.^{xxxvi}
- An *associate of arts degree* raised the wage level an additional 12 percent.
- Those with a *four-year degree* earned 52 percent more per hour than those without a high school diploma and 38 percent more than those with such a diploma.

Similarly, *vocational education and training* showed a significant impact on employment and earnings.

- Women enrolled in vocational education were 76 percent more likely to be employed in the following year than women not enrolled in education or training.^{xxxvii}
- Wages of those enrolled in a vocational program rose an average of 15 percent over their previous year's wages.
- Welfare use declined by 13 percent in the year following the vocational education and training.^{xxxviii}

While the impact of vocational education is significant, a caution needs to be appended. Some of those enrolled in a vocational program may have previously participated or been simultaneously participating in a basic education program. Thus, the results suggested for the vocational program may represent the

combined effects of basic and vocational education.

B. A Profile of the Recipient and Her Family

From the initial 1988 Family Income Study interviews, the following profile of women on public assistance in Washington State emerged:

General Characteristics

- The median age was 29 years (half were 29 or younger; half were older).
- The median age that public assistance was first received was 23.
- 77 percent were white, non-Hispanic.
- 59 percent lived in an urban county in western Washington.
- 52 percent were separated or divorced; 31 percent had never been married.
- 58 percent were the only adult in their household.
- 52 percent had their first child before age 20.
- 32 percent grew up in a family that received welfare.

Children in Public Assistance Households

- The median number of children in the household was 2.
- 17 percent had an infant under 12 months old in their household.
- 57 percent had a youngest child age 3 or older.

Education and Training

- 41 percent had no educational degree or diploma.
- 34 percent had a high school diploma.
- 17 percent had a General Educational Development Certificate (GED).
- 5 percent had a two- or four-year college degree.

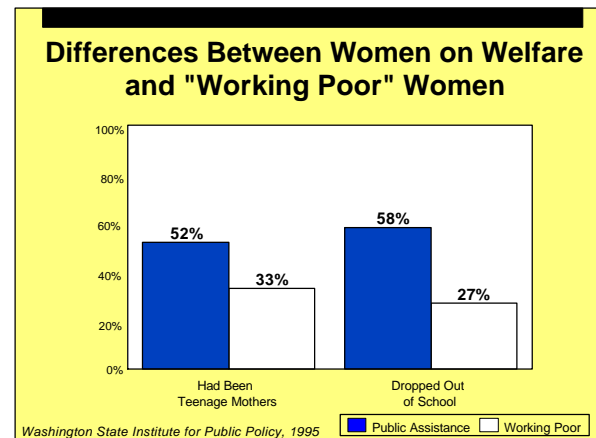
- 3 percent had some other educational degree or certificate, such as a certificate from a private business school or professional license.
- 29 percent had been enrolled in an educational or training activity in the previous year.

1. The Age of Women on Assistance

The median age of women on assistance was 29. Eight percent of the recipients were in their teens, 48 percent were between 20 and 29, and 32 percent were 30 to 39 years of age. Just 12 percent were 40 or older.^{xxix} The assistance population was, therefore, relatively young, with the potential for many productive years in the future. Young women in the Study were employed at a higher rate than older women. The Study found that each year beyond the average age decreased the recipient's likelihood of employment by 3 percent.

2. Many Women on Assistance Were Teenage Mothers

Just over half, 52 percent, of the public assistance recipients had become mothers as teenagers. Women who were mothers as teens were more than twice as likely as recipients who were not teenage mothers to lack a high school credential.^{xi} Those who were not high school graduates, or those with a GED, earned less than those with these credentials. When hourly wages were examined, teenage motherhood and a limited education combined to reduce wages by nearly a dollar, raising the difficulty of a sustained exit.



3. Number of Children in Assistance Households

The average number of children in a public assistance household was two. Forty-one percent of these households had one child, 33 percent had two, 16 percent had three, and 11 percent had four or more.^{xii} In over two-fifths of the assistance households, 43 percent, the youngest child was age two or under, in 25 percent the youngest child was ages three to five, and in 33 percent the youngest was age six or over.^{xiii}

4. Did the Number of Children Influence Employment and Dependency?

For households with up to three children, the Study found that children did not represent a barrier to the recipient's employment. With one, two or three children, about 55 percent of the mothers were not employed in the Study's first year. With four children, the percent not employed rose to over 70 percent. Women in the comparison samples showed even less variation in the relationship between employment and

number of children in the household—about 35 percent of the lower income sample and 20 percent of the higher income sample were not employed, independent of the number of children in the household.^{xliii}

The age of children in assistance households was more strongly related to employment and exits from assistance. A woman with a toddler (a child age one to three) in the household was 30 percent less likely to be employed than a woman who did not have a toddler. A woman with an infant (a child less than 12 months) in her household was 23 percent less likely to be employed than a woman who did not have an infant.^{xliv} A woman was less likely to leave assistance if she had a child under one year of age living with her.^{xv} Exiting poverty was easier with older children; as the age of the youngest child increased by one year, the likelihood of leaving poverty increased by one percent.^{xvi}

The Study found no statistically significant differences between the annual birthrates of women receiving public assistance and women not receiving public assistance; the annual rates were 8 percent for the former and 7 percent for the latter.^{xvii} Over a 30-year period, the number of female-headed households with children has been increasing in Washington. The welfare caseload has been increasing at a slower rate than the increase in female-headed units in this state.^{xlviii}

These data, when combined, suggest that assistance in Washington has not led to more children among single mothers nor to more female-headed households with children. Instead, the assistance population is reflecting trends observed more broadly in the state.

5. Household Composition and Poverty

The number of adults in the household was an important factor in explaining the likelihood of moving into poverty.^{xlix} Households with a single adult were more marginal economically. Some greater effort may be required to assist households with a single adult in the move toward economic independence.

6. Physical and Sexual Abuse

In response to legislative interest, the 1992 survey asked women if they had been physically or sexually abused as adults (age 18 or older) or while growing up. Study findings showed a higher rate of reported physical and sexual abuse of women on public assistance than for women in the at-risk comparison sample.

Sixty percent of the women in the assistance sample reported being physically and/or sexually abused as *adults*, compared to 35 percent in the comparison sample. Almost half, 47 percent, of the women on assistance reported being sexually and/or physically abused *while growing up*, compared to 35 percent in the comparison group. Abuse as a child was found to be associated with an increased likelihood of recipient's early sexual activity, dropping out of school, teenage pregnancy and teenage childbirth.¹

7. Racial Patterns

The largest part of the state's 1988 public assistance caseload was white—76 percent. Of the remaining 24 percent: 6 percent was black; 7 percent Hispanic; and 11 percent was divided among Native Americans, Asian and Pacific Islanders, and other ethnic minorities.

As a group, minorities have a higher rate of participation on assistance than the white population. Blacks, for example, have a rate of participation that is 2.3 times that of whites.ⁱⁱ The Family Income Study sample was not large enough to permit a reliable analysis of every ethnic population. Consequently, some results compare whites to non-whites, whereas other comparisons include more specific populations.

Race plays a role, though small and inconsistent, in explaining the dynamics of poverty and dependency in Washington State.

The likelihood of moving into poverty was not influenced by the recipient's race or ethnic origin. However, the Study found that an African American woman who was initially poor was 26 percent more likely to stay poor than an otherwise similar white woman. Poor women of other ethnic origins, compared to white women, were 10 percent more likely to stay poor.ⁱⁱⁱ

In terms of employment comparisons, black women were more likely to be employed than white women, and other non-white women were less likely to be employed.ⁱⁱⁱⁱ When wage rates were examined, minority women were at an advantage relative to comparable white women. Black and Hispanic women enjoyed a wage premium relative to white non-Hispanic women, 19 percent for black women relative to whites and 13 percent for Hispanics. Training is an activity which prepares a person for higher paying employment. The Study found no evidence that race or ethnicity served as a barrier to training opportunities for recipients.^{liv}

Race was also not statistically significant as a characteristic distinguishing short- and long-term welfare use.^{lv}

8. Statewide Location of Recipients

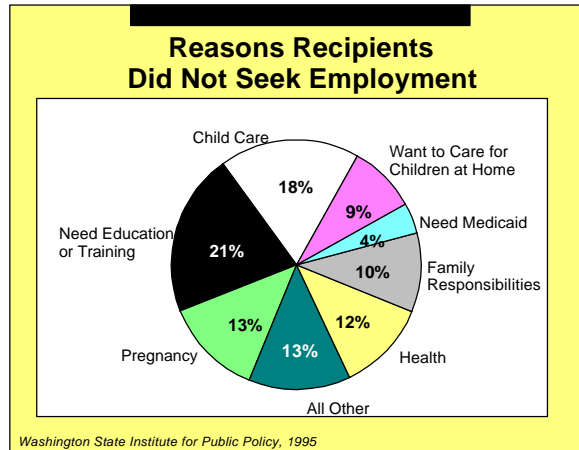
Over 70 percent of the assistance sample lived in western Washington, with 58 percent in metropolitan counties and 13 percent in non-metro counties. Twenty-nine percent of the assistance sample lived in eastern Washington—17 percent in metro and 12 percent in non-metro counties.^{lvi}

Access to training for the assistance population tends to be similar between the metro and non-metro regions of western Washington. Residence in a non-metropolitan county in eastern Washington, however, served as a significant barrier to training opportunities. A similar pattern was revealed across wage rates, with the non-metro east showing significantly reduced wages.^{lvii}

9. Impact of Location on Welfare Use

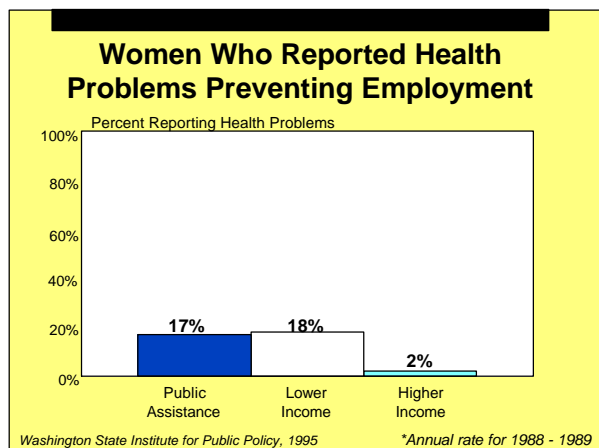
Location was not found to influence the likelihood of a household moving into poverty, nor the likelihood that a poor woman would remain poor.^{lviii}

Recipients in urban western Washington were underrepresented among short-term welfare recipients. While they accounted for 58 percent of the caseload at the start of the Study, recipients in urban western Washington counties accounted for only 43 percent of the women who received assistance for less than twelve months continuously.^{lix}



10. Health Factors of Recipients

Most women on public assistance reported that they were healthy and did not have a disabling condition. Women on assistance and in the lower income portion of the comparison sample were equally likely, 17 and 18 percent respectively, to report disabilities that prevented employment.^{ix}



Disability was self-reported by the respondent. A disability that met a formal medical criteria of disability might qualify

the recipient for Supplemental Security Income (SSI). That the assistance respondents were on the AFDC program, and not SSI, would suggest that their conditions were not permanent or would not be deemed to be a disabling condition by a medical professional.

11. Children's Health Factors

Children in assistance households had about the same rate of common illnesses, 86 percent annually, as children in the comparison samples. The mothers in the assistance sample reported a higher annual rate of chronic or recurring illness (such as an ear infection); 26 percent for the assistance sample, 15 percent for the lower-income portion of the comparison group and 17 percent for the higher income. Respondents in assistance units reported a higher annual rate of emergency room usage for illness than did the mothers in the comparison sample. A higher rate of emergency room usage for illness (and not for injury, which was nearly the same between the assistance and comparison samples) may reflect higher morbidity among the assistance population or a greater degree of medical coverage of the assistance households.^{ixi}

Data on vaccination rates for children in assistance households found a high level of contact between infants in public assistance households and the health care system.^{ixii}

12. Health and Employment

To examine the relationships between health and employment, various measures of both women's and children's health were

used. Only one health measure was significant in explaining reduced probability of employment—overnight hospitalization of the youngest child, and this factor had a low level of statistical significance. Thus, it appears that health status is not a significant barrier to labor force participation by assistance recipients.^{lxiii}

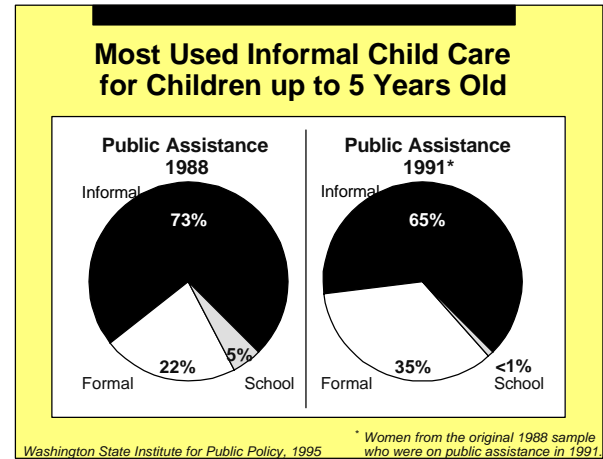
Only 2.6 percent of the Study respondents specifically referenced Medicaid as the reason for their having gone onto assistance.^{lxiv}

13. Child Care Patterns

Women in the samples used one of three major categories of child care:

- *Informal care* provided by a relative, a non-relative (a neighbor for example) or a parent who works at home or cares for the child at work.
- *Formal care* provided in a licensed family home, a preschool or a child care center.
- *School*, kindergarten to middle school, provided a very significant part of child care.

Nearly three-fourths of public assistance households in 1988 relied on informal care for children from birth to age 5.^{lxv} Seventy-eight (78) percent of the assistance households reported themselves satisfied with their child care arrangement, independent of the type of care used.



14. Child Care and Employment

For most recipients, child care was not perceived as a barrier to employment. Unemployed assistance recipients who were not looking for work in 1988 were asked to identify the most important reason they did not seek employment; 73 percent did **not** cite child care issues.

When recipients were asked to identify what would assist them in becoming self-supporting, child care ranked fourth, behind education and training, higher wages, and health or medical insurance. A 1989 question concerning the help needed to leave public assistance found that the recipient's most frequent first response, at 42 percent, was training or education. Child care was cited first by just 16 percent of the respondents.^{lxvi}

15. Impact of Family History on Welfare Use

A long-standing interest of policymakers is whether public assistance use by one generation is linked to receipt of assistance by the offspring.

*67 percent of assistance recipients were from households **never** on assistance.*

33 percent of assistance recipients were in families that received assistance during some period of their childhood. A current recipient of assistance was about twice as likely as a woman in the comparison sample to come from a family which received assistance.^{lxvii}

When attachment to the labor force was measured by full-time employment, comparing those raised in families that received assistance with those who did not, women whose families had received assistance were found to have a weaker attachment.

Chapter 4: Related National and State Research Findings

When the Family Income Study was initiated in 1988, limited information was available on Washington's assistance and at-risk populations. Policymaking was largely dependent upon national studies of welfare recipients and program outcomes. During the course of the Study, Washington conducted a major welfare-to-work experiment, FIP—the Family Independence Program. In addition, several national research projects were completed. In this section, significant findings of the Study are examined in light of this national and state research.

A. The Panel Study

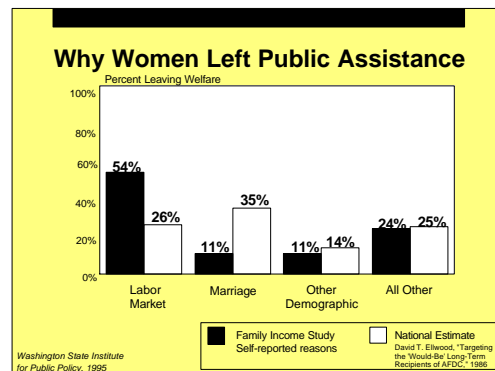
The national use patterns of assistance are largely informed by the Panel Study of Income Dynamics. The Panel Study, begun in 1968, has followed some 5,000 families who are disproportionately low income. Lasting more than two decades, this Panel Study examined not just entrants to assistance, but also followed people through complete periods of assistance, including interruptions. Among the most influential research on this sample was that conducted by Mary Jo Bane and David T. Ellwood, currently Assistant Secretaries in the U.S. Department of Health and Human Services. By comparing Bane and Ellwood's findings with the Family Income Study, useful insights are gained regarding this state's opportunities for welfare reform.

Washington's assistance population is more attached to the labor force than the national population and spends less time on welfare.

The next section will describe how these conclusions are reached.

Exiting Public Assistance: Fifty-four percent of Washington's assistance exits were explained by work and only 11 percent by marriage.

In the mid-1980's, Bane and Ellwood found marriage to be the most common reason for leaving assistance, accounting for 35 percent of exits; the labor market was the second highest category, accounting for 26 percent of exits.^{lxviii} Their more recent findings reduced exits due to marriage to about 30 percent and raised to 30 percent the share of exits caused by increases in earnings.^{lxix} Citing some contrary findings, including the Family Income Study, Bane and Ellwood concurred that work-related exits are more significant than can be revealed through their methodology, concluding that closer to 40 percent of welfare exits can be explained by work.



Bane and Ellwood estimated a number of different durations on welfare. Their findings point out that duration on assistance is sensitive to which definition of "period on assistance" is used. Median welfare use is indicated below:

- Among persons *beginning* a period on assistance, half will complete that period of welfare within: 2 - 3 years.
- Among those *currently* on assistance, half will complete that period on welfare within: 8 years.
- Among women *beginning a first spell* on assistance, half will use welfare a total (all periods combined) of: 4 years.
- Among women *receiving welfare at a point in time*, half will use welfare a total (all periods combined) of: 11-12 years.

Bane and Ellwood found that just under half, (49.6 percent) of those who complete a period on assistance will return. Five characteristics were related to the length of use of welfare: race, education, marital status, work experience and disability status. Their findings are described below, and are compared to Family Income Study findings.

- **Race:** Bane and Ellwood found that the typical duration of assistance for African Americans was about a year longer than that of whites. After controlling for lower education, single adult households and larger families, the impact of race nationally was small. The Study likewise found that race was not strong or consistent in Washington in explaining differences in welfare behavior.

- **Education:** A woman who was a high school dropout averaged (Bane and Ellwood) a first spell on assistance that was 1.7 years longer than a high school graduate. The Family Income Study likewise demonstrated the relationship between dropping out of school and participation on welfare.
- **Never married:** Bane and Ellwood found that never married mothers were less likely to leave welfare and those that left were more likely to return. The Family Income Study likewise found that those who were never married were more likely to become poor, and, if successful in leaving assistance, had an increased likelihood of returning to assistance.
- **Work:** Bane and Ellwood found that recipients with recent work experience had an initial duration on assistance that was one and one-half years shorter, and showed a lesser likelihood of returning to assistance. The Family Income Study pointed to the significance of labor force attachment in explaining participation on assistance and duration of welfare use.
- **Disability:** Those who described themselves as disabled in the national study, experienced a first welfare spell that was two years longer than that of those who considered themselves not disabled. Disability did not explain welfare duration or use in Washington in the Family Income Study.

In conclusion, the Family Income Study and the recent analyses of the data from the Panel Study are in broad agreement about which factors do and do not influence welfare use. The studies differ in their emphases.

B. Welfare-to-Work Demonstrations

Shortly after the Family Income Study was launched, a national welfare reform, the Family Support Act of 1988 (FSA), was enacted. The Job Opportunities and Basic Skills program (JOBS) is the education, training and support services component of this federal reform. Even before FSA/JOBS was enacted, and particularly since then, several experiments and demonstrations have been launched to learn ways to improve the states' efforts at increasing employment among recipients and reducing assistance use. The Family Income Study sponsored two conferences which reviewed demonstrations of welfare reform.^{lxx}

At the November 13, 1991, conference, John Wallace, a vice president of the Manpower Demonstration and Research Corporation (MDRC), observed that states have approached welfare-to-work programs in different ways, partly because of variations in which goals are selected. Potential goals include moving participants to better-paying jobs, maximizing the state's savings because of a lower caseload, targeting the most disadvantaged recipients, and moving people out of poverty. Wallace observed that some states were choosing to serve fewer recipients with more intensive services. "But some states, under the pressure of increased caseloads and decreasing state revenues to match the federal funds, are now considering lower cost programs for more people, and are questioning the emphasis on education."

The Rockefeller Foundation sponsored an experiment to determine which employment and training strategies might be most successful in promoting the economic independence of minority single mothers. Phoebe Cottingham, the

manager of this research, reported on the results at the 1991 conference.^{lxxi} She noted that training programs for low-skilled, under-educated workers typically rely on an approach that begins with school, and ends with hands-on vocational training. In the experiment, three of the four sites emphasized school first and the fourth, CET of San Jose, used "learning in context," an approach which integrated basic education with hands-on skills training. In the evaluation, only CET produced substantial increases in participants' employment rates and earnings.^{lxxii} The director of CET, Russ Tershey, attributed the program's success to the following elements:

- training was immediate, with no waiting period or prerequisite.
- training was individualized to match each student's skills and pace.
- training was job oriented, teaching specific skills known to be in demand in the job market.

At the December 7, 1994, conference, Jane Lynch of Monroe County (New York) discussed her state's Child Assistance Program (CAP) demonstration.^{lxxiii} The voluntary program serves single parents who have obtained a support order. The CAP monthly grant is about three-fourths of the amount of the AFDC benefit. If a client doesn't work, she receives less than a typical AFDC grant. If she works, she earns more than she would receive on AFDC. For every dollar earned up to the federal poverty level, the CAP grant is reduced only ten cents. The reduction rises to 67 cents per dollar earned above the poverty level. Research on the program found there was an increase in families' incomes at no additional cost to government. A 25 percent increase in child support orders was observed in the CAP group. Food stamp costs were reduced by 4 percent. No significant

decrease was found in the amount of welfare payments.

Riverside County's GAIN program is probably the best known and is considered to be among the most successful welfare-to-work reform efforts in the nation.^{lxxiv} California's Greater Avenues for Independence (GAIN) is a mandatory program for targeted welfare recipients. Recipients are sorted into two basic categories: job ready and in need of basic education. Recipients must participate in job search, basic education, vocational skills training or unpaid work experience. Riverside's GAIN director, Larry Townsend, speaking at the Institute's December 1994 conference, identified Riverside's three principles:

- the program is *mandatory*
- work is the *focus*
- clients are placed in *jobs*

Riverside stresses the importance of having recipients build a work record, even at a minimum wage.

The Riverside approach was also used in Atlanta and Grand Rapids. Recently released results indicate favorable results at these sites. After two years of these programs, the controlled experimental design showed that employment increased (by 8.1 percent, to 42.5 percent), average earnings increased (by \$58 per month or \$696 per year), welfare use declined (by 11.1 percent, to 57.2 percent), and average welfare benefits declined (by \$61 per month or \$732 per year).^{lxxv}

C. Overviews

There have been a number of state reforms, including Washington's Family Independence Program (see next section) and demonstration programs. More demonstrations and evaluations will occur in the future. In reviewing state reforms, two overview perspectives are useful in identifying key issues. These overviews are from Robert Lerman at The Urban Institute, and the General Accounting Office (GAO).

The GAO found that: "The most successful welfare-to-work programs—those with the largest and most consistent effects—offered participants an expanded mix of education, training and employment services, increased child care assistance, and mandated some form of client participation."^{lxxvi} Results from the Family Income Study support the importance of education, training, and employment. Child care does not appear to represent as great a barrier to self-sufficiency. (The issue of mandatory participation was not assessed in the Study.)

Robert Lerman recently reviewed the research results for welfare recipients on welfare-to-work programs and offered several conclusions.^{lxxvii} Three mechanisms have been present, alone or in combinations, in most programs: financial incentives, job search and work requirements, and training and education. Reviewing the evidence, Lerman evaluates these mechanisms as follows:

Financial incentives: Incentives operate by allowing recipients to keep a greater share of their earnings, to make earnings

pay more, and to reduce the incentive to remain on assistance.^{lxviii} New York State's CAP is an incentive program; welfare benefits are reduced more slowly as earnings rise. While a program like CAP makes earnings more rewarding, it raises the income cutoff for eligibility and makes additional families eligible for assistance. Thus, an incentive program may succeed in bringing about more earnings among the low income group, but may fail politically if it increases the program's overall caseload or cost.

Job search and work requirements:

Lerman believes that a rigorous application of job search and work requirements can lead to an increase of 5 to 8 percent in the number of recipients working and an average increase in earnings among welfare recipients of \$500 to \$1,000. These increases are relatively modest and suggest the limits of this mechanism. The GAO report, though supportive of mandates, nonetheless agrees that: "The effects of even the most successful programs were modest."^{lxix} The GAO notes that after three years, only one-fourth of Riverside's participants had achieved self-sufficiency by being both employed and off welfare.

Education, training and support

services: In Lerman's view, these programs "...do no better and sometimes do worse than those that focus primarily on immediate job placement. ...Emphasizing training has achieved rising earnings over time in some places, but not enough to offset higher costs and lower effects in the early years."

Findings from the Family Income Study are, for the most part, consistent with the picture which emerges from Lerman's review of other state's welfare-to-work demonstrations.^{lxxx}

- Just as Riverside's GAIN emphasizes the importance of work experience, the Family Income Study found that a history of work was associated with favorable labor market and assistance outcomes.
- The success of the "learning in context" approach used at San Jose's CET is mirrored in several findings from the Family Income Study. For example, it was found that vocational education and training had a large impact on employment in the following year.
- Both Robert Lerman and MDRC's John Wallace contend that a more skeptical view of education is emerging. Results from the Study suggest that in Washington, education remains important in contributing to economic independence, but that training or education together with work can make an even greater contribution to the recipient's earnings capacity.

From the characteristics of Washington's assistance recipients and, in particular, their relatively strong attachment to the labor force, one should expect greater success in Washington than in the nation from a welfare-to-work program.

D. The Family Independence Program

Washington State experimented with welfare reform with its Family Independence Program (FIP), and this experience offers several important lessons for the state, as well as the nation. FIP was launched in July 1988, contemporaneously with the Family Income Study's first annual survey. Program proponents envisioned that the program, or a variation, would replace the state's Aid to Families with Dependent Children program. At the end of June 1993, FIP was terminated.

FIP was intended to be a comprehensive reform; it was the broadest reform in its time to be implemented at a state level. In the typology of mechanisms covered by Robert Lerman, FIP relied on two of the three mechanisms: financial incentives and training and education. Requirements for job search and work were *not* emphasized.

According to the design, FIP was to provide financial incentives to those clients participating in education, training or employment. Participants in education or training received a bonus of 5 percent above the benchmark grant amount; participants who worked part-time received a bonus of 15 percent; and participants who worked full-time received a bonus of 35 percent. The program aimed to enhance the participant's employability, working from an individualized client assessment. Child care was to be available while the participant was at school, training or work. For recipients who successfully left assistance, FIP was to include transitional benefits for child care and Medicaid. Food stamps were replaced by their cash

value incorporated into the grant. Child support enforcement was to be tightened.

The program targeted pregnant and parenting teens, and young parents, emphasizing high school completion and provision of necessary social services. Practices in local offices were to be changed to reduce the stigma of assistance and to permit welfare staff to better coordinate services to their cases. The Department of Social and Health Services and the Employment Security Department were to improve clients' access to employment. Recipients were to be mentored through the efforts of local councils who connected recipients with service providers and potential employers.

Owing to the scope of this experiment, federal waivers were required. The federal government, in authorizing the waivers, insisted on a rigorous evaluation of the program. Budget neutrality was also required, meaning that the federal government would spend no more annually in FIP sites than it would have spent on the AFDC program. After a competitive process, The Urban Institute was selected to evaluate FIP. In 1994, they concluded that FIP was not successful in outperforming AFDC.^{lxxxix}

It was expected that, relative to the AFDC program, FIP would increase employment (both directly and indirectly through increased participation in education and training) which would eventually reduce welfare participation. FIP did not achieve these intended results. We estimate that, relative to AFDC, participation in education and training activities was unchanged or only slightly higher, and employment and average earnings were unchanged or

slightly lower under FIP, while the probability of being on welfare and the average grant amount were both higher. ...the benefit-cost analysis indicated that FIP's measured benefits were lower and its measured cost higher than the regular AFDC program.^{bxxxii}

The evaluation addressed three questions relating to FIP's outcomes, offering the following explanations:

- 1) *Why no increase in education and training occurred*^{bxxxiii}—The initial agreement with the federal government concerning year-by-year cost neutrality became the tail which wagged the dog, diverting staff attention from the long-term benefit of client services to issues related to short-term program cost.
- 2) *Why no net increase in employment occurred*^{bxxxiv}—The voluntary nature of the activities under FIP, together with the program's complexity and the consequent inability of recipients to understand its features, encouraged incomplete implementation of intended services.
- 3) *Why welfare participation increased on a net basis*^{bxxxv}—The work of the state agencies, had they been better integrated, might have produced better ties to the local labor markets.

In assessing the implications of this experiment for policy and research, The Urban Institute concluded:^{bxxxvi}

- First, the supportive environment which FIP sought to create for recipients is best combined with some mandatory activities, so as to achieve greater self-sufficiency of recipients.

- Second, staff and recipients need to understand a program fully. It cannot be so complex that it is implemented unevenly.
- Third, a timetable for cost neutrality needs careful consideration.

The Family Income Study, as it was contemporaneous with FIP, was not considered during the reform's design. With the benefit of hindsight, results from the Study, and recent welfare-to-work demonstrations, can be used to suggest improvements in design and in implementation plans. Findings regarding the close link that state recipients have to the labor force, and the importance of that link in explaining successful exits, argues for a close connection with the local labor market. In the context of FIP, job development could have been added, with targeted training subsidies, if funds were available. Through incentive payments and effective job counseling, the reform could have expanded the employment opportunities and, most importantly, the earnings potential of the recipients.

Also, mandatory components need to be considered as Lerman, the GAO, and The Urban Institute's FIP evaluation agree. The implementation of such mandates requires a number of policy decisions, including who is subject to them, who is responsible for locating training opportunities, work, child care, and other services, and the potential penalties should recipients not participate. Research on the experience with mandates in other states will be required to fill in the picture.

Chapter 5: Welfare Policy and Reform in Washington State

The previous chapters have described in detail Study findings and their relationships to national research. For some readers, this approach may be too time-consuming, as their interest is focused on using Study results to evaluate policy options currently under discussion in the state. This chapter provides such a focus.

A. Work, Education and Welfare

1. Targeting

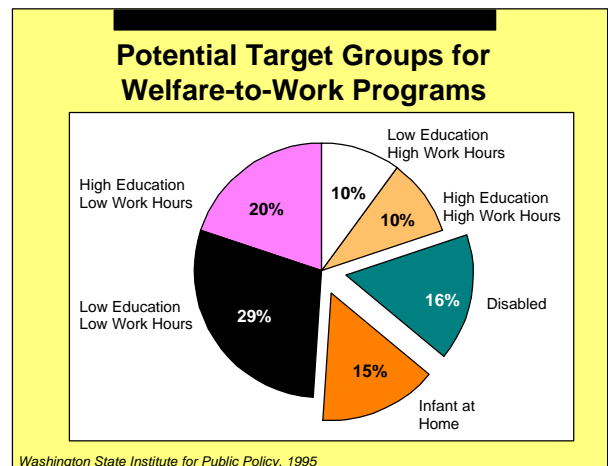
The federal Family Support Act of 1988 directs states to target a specified share of services under the Job Opportunities and Basic Skills program to those most likely to become long-term assistance recipients.^{lxxxvii} States must spend 55 percent of JOBS funds on the target groups who are most likely to become long-term recipients or, owing to an impending loss of eligibility, those who must prepare for a sudden immersion into the labor market.^{lxxxviii}

Welfare to work reforms are intended to enable recipients to both leave assistance and remain economically independent, thereby reducing their use and duration of assistance. To achieve these aims, some reform efforts combine employment, training and work experience. With limited resources, however, not all services can be provided to all recipients, not even to those in high priority groups. By matching characteristics with recipients, resources can be divided among the population with greater efficiency. Family Income Study research director Greg Weeks analyzed

the Study population to develop a sample targeting scheme.

The Study identified several factors associated with leaving assistance: if the recipient had recent work experience; if the recipient was married; if the recipient had a high educational level; and if there were other adults in the household (independent of the recipient's marital status). Of these, public programs are most likely to influence work experience and educational level.^{lxxxix} After excluding those 31 percent of the assistance population who reported disability or had an infant in the household, Weeks suggested the following target groups:

- The target group with the *least need for services* included those with a high educational level (a high school diploma or more) and a high level of work experience (501 hours or more of work in a year). The 10 percent of the assistance population in this group has a high potential of earning a sustaining wage. The activity most appropriate for this group is a modest program of job search assistance.



- A second target group, representing 20 percent of the assistance population, has a high educational level, but a low level of work experience. Women in this group need more intensive job search assistance rather than a further investment in general education.
- A third target group has a low education (no diploma or only a GED) but a high level of work experience. This 10 percent appears to need a relatively intensive training or education program and relatively modest job search assistance.
- The fourth group has a low educational level and a low level of work experience. This is the largest of the four groups, representing 29 percent of the assistance population. To move women from this group into employment, comprehensive programs that integrate education, training and employment may be necessary. This group requires the most costly and most intensive set of services.

This design targets resources to correspond with the recipient group's needs and does so in a manner which meets the criteria specified in the federal Family Support Act.

Targeting has shortcomings, as well as virtues. It is applicable to group, not to individual, circumstances. Targeting is a sorting mechanism, a way of assigning those with common life situations to the types of services most appropriate for the group. For some, individual needs will conflict with a group's assignment.

For example, consider a woman who is poorly educated and has little work experience. She has, however, a particular skill in high demand in her area, or some other comparative advantage,

perhaps a relative who runs a successful business and is waiting for a seasonal upturn to employ her. Welfare for her might represent a brief interlude, even though group probabilities would suggest otherwise. The indicated intense investment in training and work experience could be superfluous in her case.

Or, at the other extreme, imagine a woman with high education and high work experience, for whom the indicated service would be job search assistance. In this hypothetical, the woman lacks a semester or so to complete her community college training in dental technology. With this training, she would qualify for a job above the "threshold" wage. An education beyond that indicated for her group could be more appropriate.

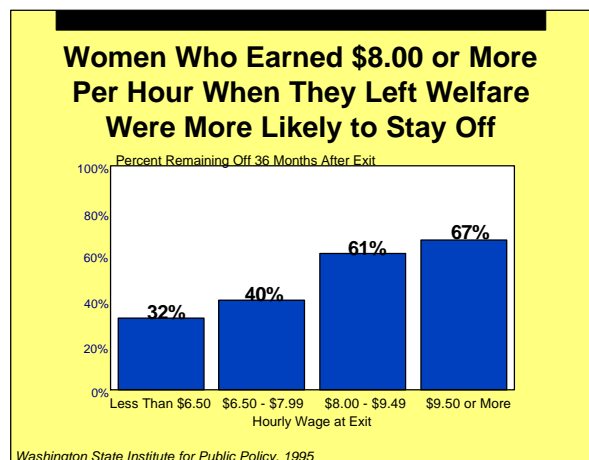
Targeting may be a low cost substitute for case management and it can provide a useful set of rules to guide assignments. This process of assignment can be more accurate if individual circumstances are considered, thus necessitating resources for case review. The hypotheticals presented here show that individualized decision-making can be more efficient than targeting. These are hypotheticals, however, and do not permit us to conclude whether, when costs of case review are considered together with the benefits, such an approach would pass standard tests of efficiency.

Once a targeting approach is determined, the next consideration becomes the wage goal that the program hopes to achieve through these education and employment services.

2. A "Threshold" Wage

The Study concluded that employment which has the potential of reaching or exceeding \$8.00 per hour (in 1994 dollars) enables the recipient to reach the "threshold" of self-sufficiency.

This threshold wage was derived from research on women who left welfare. Sixty or more percent of the women earning that wage or above succeeded in remaining off welfare for a continuous period of three years or more. Women earning below that wage had a 40 percent or less probability of remaining off welfare. In the sense that it represents probabilities, the \$8.00 per



hour figure does not demarcate a permanent transition from dependency for all who reach that level. It does, however, represent a level at which economic independence occurred for a majority of recipients earning this amount.

For many recipients \$8.00 per hour is an eventual, not an immediate, goal. Their skills and experience are not sufficient to enable them to obtain, or perhaps to perform in, employment which compensates at that level.

Family Income Study research has shown that education and training, particularly in

the context of a work experience, contribute to the woman's earnings capacity. Maintaining some contact with employment over an extended period of time also contributes to this potential. This sequence is best termed *welfare-and-work*, a process of raising one's earnings capacity through a sustained commitment of time and effort over and above that required to manage a household. The more conventional expression, *welfare-to-work*, in suggesting sequential steps toward work, masks the overlapping process which many use to successfully exit assistance.

3. National and State Durations of Assistance Use

Many proposals on the national and state level address limiting the time that households spend on assistance. The Study's five years of data offer guidance on this debate, but cannot speak with finality because the Study did not cover recipient's entire welfare history.

It appears that women are on assistance in Washington State for shorter durations than national averages. The median length of the initial spell on assistance observed in the Family Income Study was three years. For a national population defined similarly, the median length of a completed period on assistance in the Panel Study was about eight years. When Washington's new entrants to assistance were examined by the Department of Social and Health Services (DSHS), the median length of a completed spell was about a year. The national Panel Study found an average duration of two to three years, while other national studies generally support a duration of about two years. Washington State recipients, thus, appear to spend half the time on assistance as compared to the nation's recipients overall.

Bane and Ellwood estimate that for those on welfare in the nation at a single point in time, the median duration of *all* welfare use is about 11-12 years. Very roughly, the one-to-two relation between the median duration of a single spell on assistance in Washington and in the nation can serve as a benchmark to describe the median duration of a family's welfare use in Washington, all periods taken together. Thus, six years or so is a reasonable estimate of total time on welfare for the state.

on the definition of such limits. The term may refer to a limit on the *total length of all spells* for which a recipient might receive benefits or the *maximum length of any single spell* after which a specified waiting period must intervene before the family can again qualify for benefits. It may apply to just the recipient, or the recipient and children. The limit may refer to a period of time before which *mandatory elements or sanctions* apply or to a period at the close of which *cash benefits are replaced by a wage subsidy* or some kind of employment program.

To estimate the effects of time limits for welfare recipients first requires agreement

Time on Welfare in Washington Differs from National Statistics (Medians)

Population:	National ¹		Washington State	
	This Spell on Welfare	Total Time on Welfare (all spells)	This Spell on Welfare ²	Total Time on Welfare--Estimate ³ (all spells)
New Entrants on Welfare	21 Months	4 Years	11 Months	2 Years
All Welfare Recipients	8 Years	11-12 Years	3 Years	6 Years

¹ Sources: "This spell on welfare" for new entrants is computed from Robert Moffitt, "Incentive Effects of the U.S. Welfare System," *Journal of Economic Literature*, March 1992, Vol. XXX, pp. 1-61. In Table 7 of Moffitt, the median of the five estimates of new entrants' median time on assistance is 21 months, and the range is 1 to 3 years. Other national estimates are from Mary Jo Bane and David T. Ellwood, *Welfare Realities* (Cambridge: Harvard University Press, 1994), Tables 2.1 and 2.3.

² Sources: DSHS and the Family Income Study (estimates from 5 years of data).

³ Estimated as one-half of the corresponding U.S. figures of 4 and 12 years. One-half is approximately the relation between the statistics describing "this spell on welfare" in Washington and in the nation.

If the goal of a time limit is to reduce the median spell length, a linkage with a labor market strategy offers obvious strengths. Most important, Washington recipients already have strong links to the labor market. A labor market strategy succeeds by making work more rewarding and less risky. Education and training should lead to increased productivity and to the potential for adequate wages. Placing recipients in appropriate jobs, those which provide opportunities to earn and learn, will contribute to their productivity and their capacity to remain independent. This calls for job search activity *by both* the recipients and the state agencies responsible for this type of activity.

Another element to consider is reducing the risk of leaving assistance. Programs such as the transitional medical assistance or a transitional wage or training subsidy can reduce risk to employer and employee, making the recipient's employment more attractive to both.

Lessons from the Riverside GAIN program also apply. Recall that program's principles—the program is mandatory, the focus is on work and clients are placed in jobs. A successful program orients the recipients and the staff to the same goal. A far greater proportion of Washington's welfare population is already oriented toward employment. To advance the process, the next goal is to locate work paying a wage closer to or beyond the "threshold."

A labor market approach will not be appropriate or cost effective for every recipient, particularly those with very young children with special needs. Nor, in itself, will this strategy succeed with those who are not amenable to a labor market-oriented approach. Mandatory training, work or job placement, under threat of

sanction, will be an issue for this minority of the cases, those disinclined to invest in themselves, or to take on any work or work which pays less than the recipient might deem suitable.

4. Federal and State Reform in Tandem

Reaching a "threshold" wage is one of several important challenges. The potential loss of health care and child care benefits, when women leave welfare for employment, has often been cited as a reason why some women stay on or return to welfare after a brief exit.^{xc} Recent federal reforms have created financial incentives to encourage women on assistance to become employed.

- The federal Family Support Act, implemented in this state in 1990, provides one year of transitional health care and child care benefits to women who leave welfare through employment.
- The federal Earned Income Tax Credit, recently increased, now provides up to a 40 percent boost in earnings for the working poor with children. Should the recent proposals to significantly reduce this credit succeed, Washington's welfare caseload is likely to increase. Possible changes in this program or in other programs affecting the dependent and working poor populations need to be monitored in planning the state's welfare reform.

As of this writing, it is uncertain whether a federal welfare reform, or which version of reform, will be enacted this year. Thus, the necessary interaction between federal and state programs remains unclear. Nonetheless, it is clear that these programs can work together to reduce barriers to exiting assistance, by

increasing the program incentives and improving the recipients' capacities.

B. Reducing Teenage Pregnancy—State Agencies and the Schools in Tandem

Over half of the assistance population became mothers as teenagers. The Study points to possible reasons—including the high incidence of self-reported sexual or physical abuse that recipients who were teenage mothers experienced as children. Looking at the four target groups identified in the Study research, of those who comprise the group with low education and high work hours, nearly three-fourths were teenage mothers. Of those in the least employment-ready group, those with low education and low work hours, almost two-thirds became mothers as teenagers.^{xci} Thus, those who became mothers as teenagers not only represent somewhat over half of the assistance population, but their characteristics are such that they require a disproportionately high level of expenditures to equip them for the labor market.

While education and work experience can increase successful exits from welfare for those who became mothers as teenagers, public policy that encourages girls to remain in school through high school graduation and to postpone childbirth may have a greater influence on welfare use. Affecting behavior *before* the client applies for assistance can be the most cost-effective policy. This means that the schools and the health agencies, as well as the social welfare agency, and ideally, the broader community need to work together in confronting the family and individual circumstances which contribute to dependency.

C. Client Information and Research

Better information is needed to administer the assistance program and to monitor its outcomes. The Riverside GAIN model programs highlight the importance of maintaining contact between the recipient and the labor market. The discussions of targeting and the relation between employment and a successful long-term exit point to the contributions of education and work experience. As a part of client intake, the state should collect information on each recipient's educational attainment, skills and recent work history. That information should be a regular part of the information system, and should be consulted in designing education, training and work experience programs, in assigning recipients to programs, and in linking recipients to employment possibilities.

A decade ago Washington State had scant research available on its assistance population and program. This absence of information reduced the chance of a reform measure succeeding. On a periodic basis, a careful survey of the assistance and at-risk populations might prove useful in viewing any changes in the characteristics of the population enrolled on assistance and in anticipating changes which might result from a change in law or policy. Any significant change in a program should have an evaluation component attached to it. A reform absent an understanding of its effects can miss its mark, leaving lost opportunity, or worse, in its wake.

D. Summary

Results from the Family Income Study suggest that reforming welfare is not just a welfare issue, but instead is a series of

issues affecting the dependent or at-risk populations. These issues include: employment, teenage pregnancy and health, and importantly, training and education. The low educational level of many recipients, and the risk of long-term dependency for those who are poorly educated and lacking in work experience, underlines the importance of basic education and of education in the context of employment for those with an insufficient work history.

The Family Income Study indicates that progress on the widely accepted goals of improving the welfare population's success in the labor market and reducing dependency requires the cooperation and commitment of state agencies, schools, employers, the broader community, and the recipients themselves. This report, in highlighting the work orientation of Washington's dependent population and their limited time on welfare, shows that in this state a foundation exists for progress toward these important goals.

Endnotes

ⁱ Unemployment increased year-by-year between 1979 and 1982, from 6.7 percent to 12.1 percent. By 1985, the unemployment rate had inched down to 8.1 percent but remained near that level, 8.2 percent, through 1986. Office of Financial Management, Forecasting Division, *1995 Long-term Economic and Labor Force Trends for Washington*, Olympia, June 1995.

ⁱⁱ Gregory C. Weeks et al., *Washington State's Family Income Study: Results from the First Year*, Washington State Institute for Public Policy, January 1990, Ch. 2.

ⁱⁱⁱ Ibid., Ch. 8.

^{iv} Russell M. Lidman and Gregory C. Weeks, *Washington's Families: Results from the Family Income Study*, Washington State Institute for Public Policy, October 1989. See also Weeks et al., *Results from the First Year*.

^v Carol Webster and Felix D'Allesandro, *Teenage Mothers: A Life of Poverty and Welfare?*, Washington State Institute for Public Policy, February 1991.

^{vi} Russell M. Lidman and Gregory C. Weeks, *Washington State's Family Income Study: A Summary of Results from the First Year*, Washington State Institute for Public Policy, January 1990, Fig. 1.2.

^{vii} Unpublished tabulation of Question 131 of Wave I (1988) of the Family Income Study.

^{viii} Washington State Institute for Public Policy, *How Long Do Families Stay on AFDC in Washington?*, February 1995. A median of three years means half the households are on the welfare rolls three years or longer and half three years or fewer.

^{ix} Weeks et al., *Results from the First Year*, Ch. 2, p. 9, and Fig. 2.12.

^x Washington State Institute for Public Policy, *Women in Transition: A Family Income Study Newsletter*, September 1993.

^{xi} Washington State Institute for Public Policy, *What Are the Differences Between Short-term and Long-term Welfare Users?*, March 1993. An unpublished paper, "Profiles of Women Who Received Welfare (AFDC) Before or During the Family Income Study," June 1995, reported that the primary differences between those women on welfare under a year, less than five years, and five or more years were related to education and work, not to demographic characteristics.

^{xii} Gregory C. Weeks, *Targeting Public Assistance*, Washington State Institute for Public Policy, September 1992, p. 8.

^{xiii} WSIPP, *Women in Transition*, p. 6.

^{xiv} WSIPP, *What Are the Differences Between Short-term and Long-term Welfare Users?*

^{xv} A parallel result was found in an examination of leaving assistance. Working with FIS data from 1988 through 1990, graduate student researcher Lisa Cubbins found that those who left assistance tended to have been on assistance a shorter time prior to March 1988 than those who stayed on—29.3 months vs. 39.4 on public assistance. Lisa Cubbins, *Staying Off Public Assistance: What Enables a Woman to Stay Off Assistance Once She Has Left?*, Washington State Institute for Public Policy, January 1992.

^{xvi} Washington State Institute for Public Policy, *Recent Findings*, December 1992, p. 3.

^{xvii} Gregory C. Weeks, *Leaving Public Assistance in Washington State*, Washington State Institute for Public Policy, April 1991, p. 4.

^{xviii} WSIPP, *Women in Transition*, p. 4.

^{xix} Cubbins, *Staying Off Public Assistance*.

^{xx} A woman is participating in the labor force during the time she is working or looking for work. A woman is considered attached to the labor force if her participation is regular and sustained.

^{xxi} Carol Webster, Shilin Hu and Gregory Weeks, *Pathways to Employment*, Washington State Institute for Public Policy, May 1993.

^{xxii} The average wage reported in the Study's 1988 survey for those reporting wages was \$4.53 per hour. In this report, the Consumer Price Index is used to convert from current dollars to constant, 1994 dollars.

^{xxiii} Weeks et al., *Results from the First Year*, Ch. 4.

- ^{xxiv} Carol Webster and Gregory C. Weeks with Shilin Hu, *How Much Do Education and Training Increase the Wages of Women on Welfare?* Washington State Institute for Public Policy, June 1995, p. 5.
- ^{xxv} Weeks et al., *Results from the First Year*, Ch. 4.
- ^{xxvi} Weeks et al., *Results from the First Year*, Ch. 1 (Executive Summary), p. 5 and Fig. 1.12.
- ^{xxvii} Weeks et al., *Becoming Poor: The Dynamics of Female Poverty in Washington State*, Washington State Institute for Public Policy, December 1990.
- ^{xxviii} Kate J. Stirling, *Hunger Among Public Assistance Households in Washington State*, Washington State Institute for Public Policy, September 1991.
- ^{xxix} Julia L. Hansen, *Housing Costs for Women on Public Assistance*, Washington State Institute for Public Policy, September 1991. Her report presented rent and income figures in then current dollars. In the text of this report the numbers are converted into 1994 dollars.
- ^{xxx} Lidman and Weeks, *Washington's Families: Results from the Family Income Study*, Fig. 13.
- ^{xxxi} General Educational Development test; a Certificate of Educational Competence is awarded.
- ^{xxxii} WSIPP, *Women in Transition*, p. 8.
- ^{xxxiii} Duane E. Leigh, *Training Needs of the Economically Disadvantaged and the Working Poor*, Washington State Institute for Public Policy, January 1991, Table 4.
- ^{xxxiv} Gregory C. Weeks et al., *Women, Work and Public Assistance*, Washington State Institute for Public Policy, November 1990, p. 3.
- ^{xxxv} Weeks et al., *Results from the First Year*, Ch. 4, Table 4.2.
- ^{xxxvi} Duane E. Leigh, *Education and Training Experiences of AFDC and FIP Participants*, Washington State Institute for Public Policy, October 1991. Results of three surveys, 1988-90 are included in this study.
- ^{xxxvii} Webster et al., *Pathways to Employment*, Fig. 1.
- ^{xxxviii} Washington State Institute for Public Policy, *Do Education and Training Benefit Women on Public Assistance?*, March 1993. Vocational education and training prepare a person for a particular job. It may be provided by a high school, vocational-technical institute or a community college. Excluded is any training provided by a four-year college or university. Examples include: nurse's aide, electronic technician, commercial housekeeping, among others. In the study referenced here, the sample included those women who received assistance over some period of the study, 1988-1992.
- ^{xxxix} Lidman and Weeks, *A Summary of Results from the First Year*, p. 3, Fig. 1.4.
- ^{xl} Webster and D'Allesandro, *Teenage Mothers*, Charts 2 and 3.
- ^{xli} Lidman and Weeks, *A Summary of Results from the First Year*, p. 3, Fig. 1.5.
- ^{xlii} Weeks et al., *Results from the First Year*, Ch. 4, p. 10, Table 4.8.
- ^{xliiii} Ibid.
- ^{xliiv} Webster et al., *Pathways to Employment*, pp. 4-5.
- ^{xli v} Weeks, *Leaving Public Assistance*, p. 4.
- ^{xli vi} Weeks et al., *Becoming Poor: The Dynamics of Female Poverty*, p. 5.
- ^{xli vii} WSIPP, *Recent Findings*, p. 4. Recent coverage of the evaluation of first year results of New Jersey's "family cap" indicates that even this policy had minimal impact on birthrates among assistance recipients. Under that state's child exclusion law, AFDC recipients' benefits do not increase with additional children. Women affected by the cap had a birthrate of 6.9 percent, while the rate for the control group was 6.7 percent. *Welfare-to-Work* (Newsletter), MII Publications, July 17, 1995, p. 102. Based on her review of the studies on births to teenagers, one researcher recently concluded, "...the generosity of welfare benefits has little or no effect on the probability of (teenage non-marital) birth." Barbara Wolfe, *Focus*, Institute for Research on Poverty, Summer 1995, p. 43.
- ^{xli viii} Washington State Institute for Public Policy, *Welfare in Washington: A Chartbook*, November 1993, Chart 3.
- ^{xli x} Weeks et al., *Becoming Poor: The Dynamics of Female Poverty*, p.3.
- ⁱ WSIPP, *Women in Transition*, pp. 9-10. Also see Peggy Roper and Gregory Weeks, *Child Abuse, Teenage Pregnancy, and Welfare Dependency: Is There a Link?*, Washington State Institute for Public Policy, October 1993.
- ⁱⁱ In the U.S. as a whole, a black household was 7.3 times as likely to be on assistance as a white household. In the state, while minorities are disproportionately on assistance, the rate is a third that of the nation. See Weeks et al., *Results from the First Year*, Ch. 1, Executive Summary, p. 14.
- ⁱⁱⁱ Weeks et al., *Becoming Poor: The Dynamics of Female Poverty*, p. 3.
- ⁱⁱⁱⁱ Weeks et al., *Women, Work and Public Assistance*, p. 3.
- ^{liv} Leigh, *Training Needs of the Economically Disadvantaged and the Working Poor*, pp. 34, 45.

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- ^{lv} WSIPP, *What Are the Differences Between Short-term and Long-term Welfare Users?*
- ^{lvi} Lidman and Weeks, *A Summary of Results from the First Year*, p. 16, Fig. 1.2.
- ^{lvii} Leigh, *Training Needs of the Economically Disadvantaged and the Working Poor*, pp. 34, 45.
- ^{lviii} Weeks et al., *Becoming Poor: The Dynamics of Female Poverty*, pp. 3-4.
- ^{lix} WSIPP, *What Are the Differences Between Short-term and Long-term Welfare Users?*
- ^{lx} Barbara E.M. Felver et al., *Selected Health Indicators from the Family Income Study*, Washington State Institute for Public Policy, December 1990. Rates reported here were derived from two years of surveys, 1988 and 1989, and then annualized.
- ^{lxi} Barbara E.M. Felver et al., *Selected Health Indicators from the Family Income Study*. With Medicaid, assistance households have the equivalent of medical insurance; 63 percent of the lower income portion of the comparison group and 86 percent of the higher income also report medical coverage.
- ^{lxii} Barbara E.M. Felver, *Immunization of Children in Families on Public Assistance in Washington State*, Washington State Institute for Public Policy, September 1990. Most children were receiving at least the first doses of vaccines for diphtheria, pertussis, tetanus and polio by one year of age; 90 percent of one-year-old children were reported to have been at least partially immunized for DPT and polio. Public assistance children were also receiving at least one vaccine for measles, mumps and rubella (MMR) at a rate only slightly behind recommended schedules.
- ^{lxiii} Carol Webster et al., *Pathways to Employment*, p. 5. A woman whose child experienced an overnight hospitalization was 9 percent less likely to be employed than an otherwise similar woman. Variables which were not significant in explaining the likelihood of employment include: number of overnight hospitalizations of the woman, child's disability, illnesses of the youngest child, emergency room visits for the youngest child, or indication of a recipient's depression.
- ^{lxiv} Unpublished tabulation of Question 131 of Wave I (1988) of the Family Income Study.
- ^{lxv} Carol Webster, *Child Care Use in Public Assistance Households*, Washington State Institute for Public Policy, August 1992.
- ^{lxvi} Leigh, *Training Needs of the Economically Disadvantaged and the Working Poor*, Table 8.
- ^{lxvii} Calculated from Weeks et al., *Results from the First Year*, Ch. 4, Table 4.10.
- ^{lxviii} Mary Jo Bane and David T. Ellwood, *The Dynamics of Dependence: The Routes to Self-Sufficiency*, Report to U.S. Department of Health and Human Services, 1983. Also see David T. Ellwood, *Targeting the 'Would-be' Long-Term Recipients of AFDC*, 1986.
- ^{lxix} Mary Jo Bane and David T. Ellwood, *Welfare Realities: From Rhetoric to Reform*, Cambridge: Harvard University Press, 1994.
- ^{lxx} Washington State Institute for Public Policy, *Promoting Independence: Welfare Policy Options*, January 1992; based on a conference of November 13, 1991. WSIPP, *Trends in Welfare Reform: Conference Summary*, January 1995; based on a conference of December 7, 1994.
- ^{lxxi} Also see John Burghardt and Anne Gordon, *More Jobs and Higher Pay: How an Integrated Program Compares with Traditional Programs*, The Rockefeller Foundation, New York, 1990.
- ^{lxxii} Also see Leigh, *Training Needs of the Economically Disadvantaged and the Working Poor*. In his review of CET, pp. 66 ff., Leigh notes that despite the gains in employment and earnings, AFDC payments fell, but by a statistically insignificant \$15 per month. This is the one less-than-favorable result of this demonstration which he identifies.
- ^{lxxiii} Also see Washington State Institute for Public Policy, *Five Welfare-to Work Approaches That Worked*, August 1994.
- ^{lxxiv} Also see Washington State Institute for Public Policy, *Welfare Reform Notes: Riverside County GAIN Program Achieves Best Results Yet for Large Welfare Reform Demonstration*, August 1994.
- ^{lxxv} JOBS receives highest marks yet in MDRC three-site report, *Welfare-to Work* (Newsletter), MII Publications, July 17, 1995, p. 100.
- ^{lxxvi} U.S. General Accounting Office, *Welfare to Work: State Programs Have Tested Some of the Reforms*, GAO-PMED-95-26, July 1995, p. 8. The GAO regarded the California GAIN among the most successful programs, New York's CAP in the middle group, and Washington's Family Independence Program among the least successful.
- ^{lxxvii} Robert Lerman, "Increasing the Employment and Earnings of Welfare Recipients," in Isabel V. Sawhill (ed.), *Welfare Reform: An Analysis of the Issues*, Washington, D.C., The Urban Institute, 1995.
- ^{lxxviii} The Earned Income Tax Credit is also an incentive program. Washington State Institute for Public Policy, *Earned Income Tax Credit: A Discussion*, March 1995. At \$25 billion, it is the largest incentive program. This program pays a subsidy of up to 40 percent of income through the tax system to the working poor; the maximum credit for a family with two children earning \$8900 in 1996 will be \$3560 and declines below this maximum, at the rate of 21 cents for every dollar of earnings, as the family's income exceeds \$11,620. For a perspective on recent criticisms of and support for the EITC, see "Tax Credit for Poor Comes Under Attack,"

Washington Post, July 30, 1995, p. A1. Also, "Working Poor Fear Welfare Cutbacks Aimed at the Idle Will Inevitably Strike Them, Too," *Wall Street Journal*, August 9, 1995.

^{bxxix} U.S. General Accounting Office, *Welfare to Work*, p. 10.

^{bxxx} Webster and Weeks, *How Much Do Education and Training Increase the Wages of Women on Welfare?*

^{bxxxi} Sharon K. Long, Demetra Smith Nightingale and Douglas A. Wissoker, *The Evaluation of the Washington State Family Independence Program*, Washington, D.C.: Urban Institute Press, 1994, Rpt. 94-1.

^{bxxxii} *Ibid.*, p.15.

^{bxxxiii} *Ibid.*, p. 140. Five factors which might have explained why FIP did not lead to more education and training: FIP's switch from mandatory to voluntary participation provided encouragement to not initiate activities; an additional contact with Employment Security was required to obtain authorization for the incentive payment and this added contact may have been a disincentive to participate in education and training; the size of the caseload limited staff's ability to provide FIP services; the program's failure to achieve cost neutrality deflected staff from linking participants to education and training and shifted their efforts toward identifying and recording job placement; and, finally, FIP was a complex program and participants may not have understood its features.

^{bxxxiv} *Ibid.*, p. 144. Why FIP did not bring about an increase in employment in comparison to AFDC: the environment under FIP was more permissive; clients may have been unaware of employment-related benefits under FIP; there was limited job development under FIP; and, finally, the program was not connected to the local labor market.

^{bxxxv} *Ibid.*, p. 146. Why an increase in welfare: FIP raised the earnings cutoff; it increased the attractiveness of welfare; caseload growth limited staff's ability to provide services; and, participants had only a limited understanding of transitional benefits.

^{bxxxvi} *Ibid.*, p. 148.

^{bxxxvii} Weeks, *Targeting Public Assistance*.

^{bxxxviii} The four target groups are: long-term recipients, young parents without a high school diploma, young parents without work experience, and recipients with older children.

^{bxxxix} Research on the Panel Study also identified marital status as a variable linked to exiting assistance. " ... if one were to select a single variable for targeting on the basis of predicted welfare duration, marital status (i.e. never married) would probably be the one." The 'never married' represent 43 percent of the national caseload. The authors acknowledge that politics argues against such targeting. Mary Jo Bane and David T. Ellwood, *Welfare Realities: From Rhetoric to Reform*, Cambridge: Harvard University Press, 1994, p. 61.

^{xc} Webster and Weeks, *How Much Do Education and Training Increase the Wages of Women on Welfare?* Recent research indicates that making generous health insurance benefits to all female workers would reduce AFDC caseloads by 20 to 25 percent. Cited in Robert Lerman, "Increasing the Employment and Earnings of Welfare Recipients," in Isabel V. Sawhill (ed.), *Welfare Reform: An Analysis of the Issues*, Washington, D.C.: The Urban Institute, 1995.

^{xc} Weeks, *Targeting Public Assistance*, p. 8.

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