EVALUATING WORKFIRST:

Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services

Steve Lerch, Ph.D.
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with
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June 28, 2000

Washington State Institute for Public Policy

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Prepared under contract for the
Joint Legislative Audit and Review Committee

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The Joint Legislative Audit and Review Committee (JLARC) staff and WorkFirst Evaluation Technical Advisory Group provided valuable suggestions on the research questions and methods. JLARC staff reviewed the report, suggested revisions, and helped draft the Executive Summary.

Debra Fabritius, Washington State Institute for Public Policy, assisted in editing the report. Her contribution is gratefully acknowledged.

EXECUTIVE SUMMARY

Each of the three chapters in this report by the Washington State Institute for Public Policy analyzes questions related to WorkFirst, Washington State's implementation of the federal Temporary Assistance for Needy Families (TANF) program. Three key questions emerged from discussions with advisory groups affiliated with the evaluation:

1. ***Is TANF Cost-Effective?*** When compared with AFDC, the government spends more per TANF household. Under TANF, however, fewer clients use welfare, and overall welfare costs are less.

2. ***Are WorkFirst Clients Becoming Harder to Employ?*** According to four specific factors that impact employment, clients on the caseload in February 2000 were no harder to employ than clients on the caseload when WorkFirst began in August 1997.

3. ***Does Participating in WorkFirst Job Search Improve Employment Outcomes?*** For those with no recent work experience, job search increases employment rates. Results for clients with a recent work history are mixed.

Since its enactment in 1997, WorkFirst has changed the nature of income assistance in Washington, replacing the Aid to Families with Dependent Children (AFDC) entitlement program.[1] WorkFirst clients are required to participate in employment, job search, or other approved activities and face lifetime limits on welfare receipt.

1. Is TANF Cost-Effective?

A comparison of annual government expenditures on specific groups of TANF and AFDC clients reveals differences in average program costs. When compared with AFDC, TANF costs more per case. Under TANF, however, fewer clients use welfare, offsetting the additional costs of the program.

2. Are WorkFirst Clients Becoming Harder to Employ?

After falling steeply for two years, the welfare caseload in Washington State leveled off in the second half of 1999, and the proportion of clients who cycle on and off welfare increased. The analysis in Chapter 2 investigates possible explanations for this trend by examining four potential barriers to employment.

[1] During the period examined, the AFDC Job Opportunities and Basic Skills (JOBS) Training Program was in effect.

Clients on the WorkFirst caseload in February 2000 were no harder to employ than clients on the caseload when WorkFirst began in August 1997. While the percentage of clients with a young child, less than high school education, or limited English-speaking ability increased slightly, the prevalence of clients with no recent work experience and those with multiple barriers decreased over the same time period. Because the proportion of clients with work experience has increased, the caseload is no harder to employ than in the past.

When faced with any one of the four barriers analyzed—presence of a young child, no recent work experience, less than a high school education, or limited English-speaking ability—individual WorkFirst clients were less likely to be employed, had lower earnings, and worked fewer hours. Additionally, the more barriers clients face, the less likely they are to be employed. If the prevalence of these barriers increases, clients may become harder to employ overall.

It should be noted that data on other potential employment barriers such as mental illness, substance abuse, domestic violence, poor basic work skills, or client motivation are not available from the administrative data systems and were not included in this analysis.

3. Does Participating in WorkFirst Job Search Improve Employment Outcomes?

Since the inception of Washington's WorkFirst program in 1997, Job Search has been one of the most frequently used WorkFirst services. The analysis shows that Job Search has been more effective for some WorkFirst clients than for others.

Job Search increases employment rates for clients without recent work experience. For clients with recent work experience, Job Search has no impact on employment rates. However, it can help some clients with recent work experience find better-paying jobs.

This report is part of an evaluation of WorkFirst mandated by the Washington State Legislature. The Joint Legislative Audit and Review Committee (JLARC) and the Washington State Institute for Public Policy (Institute) are collaboratively assessing "the success of the program in assisting clients to become employed and to reduce their use of temporary assistance for needy families" (RCW 44.28.155).

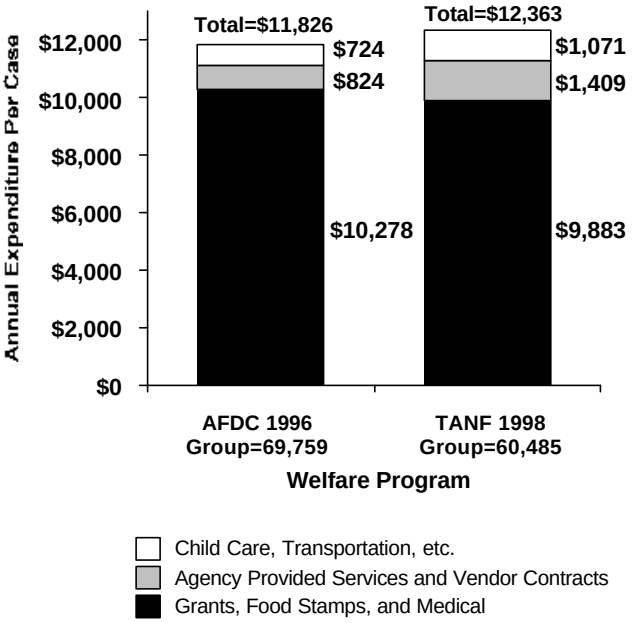
CHAPTER 1: IS TANF COST-EFFECTIVE? A COMPARISON WITH AFDC

Introduction

A comparison of annual government expenditures on specific groups[1] of Temporary Assistance for Needy Families (TANF) and Aid to Families with Dependent Children (AFDC)[2] households reveals differences in average program costs (see Exhibit 1). When compared with AFDC, TANF costs more per case.[3] Under TANF, however, fewer clients use welfare, offsetting the additional costs of the program.

In December 1999, the Washington State Institute for Public Policy (Institute) measured employment and welfare outcomes associated with the shift from AFDC to TANF. After accounting for economic and demographic changes, TANF clients had higher employment rates, earnings, and hours worked and were less likely to use welfare.[4] This chapter provides a comparison of government expenditures on the groups of AFDC and TANF households used in that analysis and estimates the cost savings attributable to TANF.

Exhibit 1
AFDC – TANF Cost Comparison: Average Case in 1996 and 1998 Groups



WSIPP 2000
All costs expressed in constant 1999 dollars.

Key Findings

- An average case in the TANF group cost the government $12,363 over the year examined, 5 percent more than an average case in the AFDC group. However, caseload reductions associated with the TANF program more than offset the additional cost per case.

- When compared with the AFDC group, average annual government expenditures for Financial Assistance for the TANF group were $395 less. In contrast, TANF expenditures were $585 higher for Agency Provided Services, such as case management and contracted services, and $347 more for child care, transportation, and other support services.

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[1] The groups are households (cases) where the adult single-parent female head of household was a grant recipient during the first quarter of 1998 for TANF and the first quarter of 1996 for AFDC. Two-parent families and males are not included because their small numbers will not yield accurate analyses.
[2] During the period examined, the AFDC Job Opportunities and Basic Skills (JOBS) Training Program was in effect.
[3] All costs are expressed in constant 1999 dollars.
[4] *Welfare and Employment Outcomes of the WorkFirst Program* (Olympia, WA: Washington State Institute for Public Policy, December 1999).

Expenditures Examined

The costs examined are welfare-related government expenditures on two groups of adult single-parent female clients: those receiving a TANF grant during any month of the first quarter of 1998 and those receiving an AFDC grant during any month of the first quarter of 1996. Expenditures[5] span three categories:

- Financial Assistance;
- Agency Provided Services; and
- Support Services.

Financial Assistance. Three sources of Financial Assistance are considered in this analysis:

- *Grants:* The TANF or AFDC grant expenditure is the total dollar amount of monthly welfare benefits paid to the case during the year.
- *Food Stamps:* The Food Stamp expenditure is the total dollar amount awarded to the case during the year, including Food Stamps clients may continue to receive after leaving AFDC or TANF.[6]
- *Medical Assistance:* The medical expenditure is the total dollar amount awarded to the case during the year, including medical assistance provided to clients after they leave AFDC or TANF.[7]

Agency Provided Services. Expenses for Agency Provided Services include the salaries and benefits of all staff, non-personnel costs associated with administering the TANF and AFDC programs, and contracts with other public agencies and private vendors.

- *DSHS Operations:* Costs considered in this analysis are the salaries and benefits of personnel at the field, regional, and headquarters levels of the Economic Services Administration (ESA) in the Department of Social and Health Services (DSHS). Other costs attributable to the TANF and AFDC programs—such as rent, equipment, telephones—are combined with staffing costs and allocated to the program according to best DSHS-available workload estimates.[8] Expenses as defined here include, but should not be confused with, administrative costs used for federal reporting and budgeting purposes.

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[5] Where possible, costs attributed to Financial Assistance and Support Services are based on records of actual expenses recorded at the case level. Estimates of Agency Provided Services costs are based on an allocation of statewide expenditures across relevant caseloads. All expenditures are in constant 1999 dollars.

[6] Food Stamp expenditures for TANF clients are based on client-level payment data from ACES (Automated Client Eligibility System). Client-level Food Stamp data are not available for AFDC clients; AFDC Food Stamp expenditures are based on Department of Social and Health Services' (DSHS) blue book averages: *Income Assistance, Social Services, and Medical Assistance: The ACES Time Series* (Olympia, WA: Department of Social and Health Services, Research and Data Analysis).

[7] Medical assistance expenditures are based on DSHS blue book averages.

[8] For AFDC, workload estimates are based on the DSHS *Random Moment Time Study*. For TANF, workload estimates are based on the *Community Service Office Workload Study*, briefing summary prepared for the Department of Social and Health Services' Economic Services Administration by Sterling Associates, Ltd., (December 1999).

- *ESD and Vendor Contracts:* The Employment Security Department (ESD), under contract with DSHS, provides job search and wage progression services to TANF and AFDC clients. DSHS also contracts with private vendors across the state for other services such as job skills training, job retention, and remedial English classes. Contract expenses are averaged over the entire TANF and AFDC caseloads to provide per-case estimates.

Support Services. Support Services' costs are direct payments to clients or vendors for goods and services which help a client become employable, find a job, and stay employed. This category of expenditures includes payments for grant recipients and for former enrollees who continue to receive assistance with such things as transportation and child care. Support Services can be organized into seven categories:

- *Child Care:* cash payments for licensed and unlicensed child care.
- *Education:* tuition, fees, and supplies for approved vocational and academic programs (including GED and ESL).
- *Personal:* purchase of clothing, haircuts, and other personal goods or services.
- *Transportation:* bus passes, automobile repairs, reimbursement of fuel expenses, and other transportation assistance.
- *Wage Subsidy:* state-supported employment.
- *Work Readiness:* fees for licensing, certification, testing, uniforms, and other goods and services.
- *Other Services:* expenditures on items such as job skills assessment, counseling, and relocation.

Costs Not Included in the Analysis. This analysis does not include social costs[9] or other government expenditures that may be associated with the TANF or AFDC programs or clients. The following are examples of government expenditures that are not included:

- Nutrition, medical, child care, or cash assistance used to divert potential TANF-eligible clients from welfare.[10]
- General Assistance or Supplemental Security Income.
- The cost of services provided by other divisions within DSHS and other agencies, such as mental health care, substance abuse treatment, child protective services, state-funded student financial aid, or vocational rehabilitation.
- United States Department of Labor's Welfare-to-Work program.
- Earned Income Tax Credit (EITC).

[9] Social costs include such things as the cost of going to work or the foregone earnings of a client attending a workshop instead of working.

[10] Diversion assistance (one-time cash payments intended to prevent future dependence on welfare and a relatively small part of the TANF program) is not included in this analysis. According to the Economic Services Administration's 1999 *Program Briefing Book*, there were 103 cases of diversion assistance per month in FY1998 and 166 per month in FY1999 (Department of Social and Health Services, Economic Services Administration, Office of Planning & Research, *Program Briefing Book, Fiscal Year 1999,* January 2000).

Expenditure Detail
(In Constant 1999 Dollars)

Over one year, an average case in the 1998 TANF group cost $537 more than an average case in the 1996 AFDC group. In addition to costing more than AFDC, TANF also altered the distribution of expenses among Financial Assistance, Agency Provided Services, and Support Services. As a result of increased emphasis on work and employment-related activities under TANF, Financial Assistance costs decreased while expenditures on Agency Provided Services and Support Services increased. The expenses shown in Exhibit 1 are presented in greater detail in Exhibits 2 through 4.

Annual Expenditures Per Case: AFDC and TANF

Exhibit 2
Financial Assistance

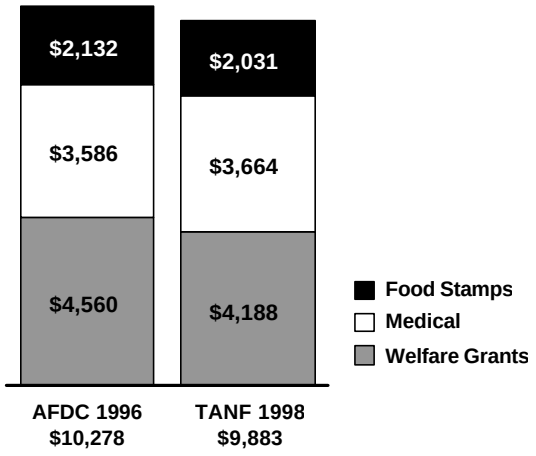


Exhibit 3
Agency Provided Services

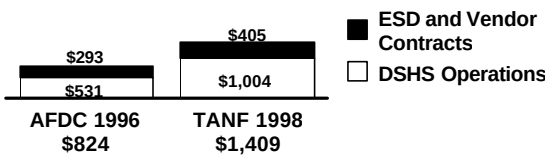
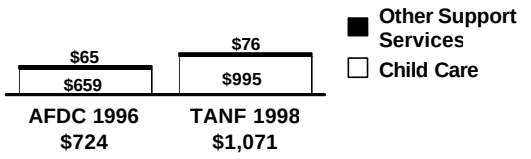


Exhibit 4
Support Services



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All costs expressed in constant 1999 dollars.

Financial Assistance (Exhibit 2). TANF cases used less Financial Assistance. Average annual expenditures for Financial Assistance were $395 (4 percent) less per TANF case than under AFDC, a result of the lower annual welfare grant and Food Stamp amounts under TANF. Medical assistance costs were slightly lower for AFDC cases.

Agency Provided Services (Exhibit 3). TANF cases required more Agency Provided Services. Under TANF, annual Agency Provided Services were $585 (71 percent) more per case than under AFDC. DSHS Operations expenses and contract costs were $473 (89 percent) and $112 (38 percent) more per TANF case.

Support Services (Exhibit 4). TANF cases used more Support Services. Annual costs were $347 (48 percent) more per TANF case. This difference in Support Service expenditures is primarily a result of the greater use of child care subsidies under TANF. Over one year, TANF child care costs were $336 more per case than under AFDC.

Additional detail on AFDC and TANF costs per case is shown in Exhibits 6 and 7 of this report.

Conclusion

The December 1999 analysis completed by the Institute indicated that significant differences in employment and welfare outcomes can be associated with overall differences between the AFDC and TANF programs (see Exhibit 5).

While there are social benefits and costs associated with each of these outcomes, this analysis focuses on government costs and cost savings. The last outcome shown in Exhibit 5, *TANF clients were 21 percent more likely to be off welfare,* generates enough government cost savings to offset the additional expenditures per TANF case. Exhibit 6 compares the total annual cost of the 1996 AFDC group with the total expected cost if that group had been in the TANF program instead of AFDC.[11]

Exhibit 5
Outcomes Associated With TANF

Compared with AFDC, TANF clients

. . . were 56% more likely to be employed

. . . earned $263 more per quarter

. . . worked 23 more hours per quarter

. . . were 21% more likely to be off welfare

Exhibit 6
Comparison of AFDC and TANF Costs
Incorporating a Simulation of Caseload Reductions Associated With TANF
Not intended for budgeting purposes

Cost Scenario	Total Annual Cost in Millions
At AFDC cost per case ($11,826 x 69,759)	$825
At TANF cost per case adjusted for caseload reduction attributed to TANF ($12,363 x 65,922)	$815

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All costs expressed in constant 1999 dollars.

After accounting for the caseload reduction associated with the TANF program, the total cost of the 1996 AFDC group would have been slightly less under the TANF scenario ($815 million) than under AFDC ($825 million).

[11] The caseload reduction attributed to TANF may have occurred at once (in reaction to new TANF regulations and requirements) or in the last quarter of the year. The December 1999 analysis by the Institute did not reveal this pattern. For this simulation, the caseload reduction associated with TANF was distributed linearly over the entire year, from zero reduction at the start of the first quarter to a 21 percent reduction by the end of the fourth quarter.

Supporting Tables

Average costs per case for each expenditure category and its components are detailed in Exhibits 7 and 8. Exhibit 7 provides a direct comparison of the average annual cost estimates between TANF and AFDC cases. Exhibit 8 separates TANF and AFDC costs and shows where there have been changes in the type of expenditures associated with TANF and AFDC. The averages shown include zero dollar amounts for cases with clients who may not have received child care or transportation services or who did not receive an AFDC or TANF grant during one or more months of the year examined.

Exhibit 7
Change in Average Annual Expenditure Per Case
1996 AFDC and 1998 TANF Groups

	Annual Expenditures Per Case			
	1996 AFDC Group	**1998 TANF Group**	**Change**	**Percent Change**
Financial Assistance				
Welfare Grants	$4,560	$4,188	-$372	-8%
Food Stamps	$2,132	$2,031	-$101	-5%
Medical	$3,586	$3,664	$78	2%
Subtotal Financial Assistance	**$10,278**	**$9,883**	**-$395**	**-4%**
Agency Provided Services				
DSHS Operations	$531	$1,004	$473	89%
ESD and Vendor Contracts	$293	$405	$112	38%
Subtotal Agency Provided Services	**$824**	**$1,409**	**$585**	**71%**
Support Services				
Child Care	$659	$995	$336	51%
Transportation	$35	$38	$3	9%
Other Services	$30	$38	$8	26%
Subtotal Support Services	**$724**	**$1,071**	**$347**	**48%**
Average Annual Expenditure	**$11,826**	**$12,363**	**$537**	**5%**

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Sources: ACES, JAS, SSPS, DSHS Budget Division, DSHS blue books, Warrant Roll.
All costs expressed in constant 1999 dollars.

These estimates were created to compare specific groups of TANF and AFDC cases and should not be used for budgeting purposes. Though AFDC is no longer in operation, TANF is an active and frequently changing program. Therefore, the TANF cost estimates do not represent costs associated with the program during other phases of implementation. For example, TANF post-employment services (e.g., career advancement, employment retention, and the WorkFirst Post-Employment Labor Exchange [WPLEX]), though relatively uncommon in calendar year 1998, became increasingly important the following year.[12]

[12] The number of clients associated with these activities averaged 1,400 a month in 1998 and over 12,000 a month in 1999.

Exhibit 8
Average Annual Expenditures Per Case
Adult Single-Parent Female Clients Who Began the Year as Welfare Recipients

AFDC Calendar Year 1996

Cost Components	Average Annual Expenditure Per Case		
Financial Assistance	**Amount**	**Percent of Subtotals**	**Percent of Total Expenditures**
Welfare Grants	$4,560	44%	39%
Food Stamps	$2,132	21%	18%
Medical	$3,586	35%	30%
Subtotal Financial Assistance	**$10,278**	**100%**	**87%**
Agency Provided Services			
DSHS Operations	$531	64%	4%
ESD and Vendor Contracts	$293	36%	2%
Subtotal Agency Provided Services	**$824**	**100%**	**6%**
Support Services			
Child Care	$659	91%	6%
Transportation	$35	5%	<1%
Other Services	$30	4%	<1%
Subtotal Support Services	**$724**	**100%**	**7%**
Average Annual Expenditure	**$11,826**		**100%**

TANF Calendar Year 1998

Cost Components	Average Annual Expenditure Per Case		
Financial Assistance	**Amount**	**Percent of Subtotals**	**Percent of Total Expenditures**
Welfare Grants	$4,188	42%	34%
Food Stamps	$2,031	21%	16%
Medical	$3,664	37%	30%
Subtotal Financial Assistance	**$9,883**	**100%**	**80%**
Agency Provided Services			
DSHS Operations	$1,004	71%	8%
ESD and Vendor Contracts	$405	29%	3%
Subtotal Agency Provided Services	**$1,409**	**100%**	**11%**
Support Services			
Child Care	$995	93%	8%
Transportation	$38	3.5%	<1%
Other Services	$38	3.5%	<1%
Subtotal Support Services	**$1,071**	**100%**	**9%**
Average Annual Expenditure	**$12,363**		**100%**

WSIPP 2000
Sources: ACES, JAS, SSPS, DSHS Budget Division, DSHS blue books, Warrant Roll.
All costs expressed in constant 1999 dollars.

CHAPTER 2: ARE WORKFIRST CLIENTS BECOMING HARDER TO EMPLOY? AN EXAMINATION OF FOUR BARRIERS TO EMPLOYMENT

Introduction

After falling steeply for two years, the welfare caseload in Washington State began leveling off in the second half of 1999. This recent change in the welfare caseload is commonly assumed to be the consequence of early exits of work-ready clients, leaving behind a caseload of persons who have more barriers to employment. This view was reflected in interviews of WorkFirst case managers who suggested that clients remaining on the caseload were harder to serve because they had more impediments to employment.[1]

This chapter investigates possible explanations for this trend by examining four potential barriers to employment: the presence of a young child, no recent work experience, less than a high school education, and limited English-speaking ability. **The overall finding is that—for the barriers observed—clients on the welfare caseload in February 2000 were no more difficult to employ than clients on the caseload in August 1997, when WorkFirst began.**

Key Findings

For purposes of analysis, clients are divided into three categories: *New* clients are those who have no record of receiving benefits during the past 24 months, *Repeating* clients have been off the caseload for at least one of the last 24 months, and *Continuing* clients have been on the caseload during all previous 24 months.

- **The Rate of Caseload Reductions Has Slowed Down.** Since the middle of 1999, the rate of decline in TANF cases has leveled off. From July 1997 through June 1999, the caseload fell 33 percent. Since June 1999, however, the caseload has decreased only slightly.

- **The Welfare Caseload Mix Has Changed.** From July 1997 to February 2000, the proportion of clients with continuous welfare stays fell from 39 to 23 percent. Among those who cycle on and off welfare (repeaters), the proportion increased from 58 to 72 percent. The proportion of clients new to welfare rose from 3 to 5 percent during the same time period.

- **There Are Mixed Trends in Potential Barriers to Employment.** Four factors that may be barriers to client employability—the presence of a young child, no recent work history, less than a high school education, and limited English-speaking ability—are identified in state administrative data.[2] Since WorkFirst began, the

[1] *WorkFirst Evaluation: Phase II Process Study: Proposed Final Report* (Olympia, WA: Joint Legislative Audit and Review Committee, December 1999).
[2] Information on other potential employment barriers such as mental illness, substance abuse, domestic violence, poor basic work skills (e.g., punctuality and reliability), or client motivation is not uniformly available from state administrative data systems.

proportion of clients with no recent work experience declined, the prevalence of the other three barriers increased slightly, and the incidence of clients with two or more of the barriers did not change significantly.

- **Barriers Affect Client Employment Outcomes.** After accounting for economic conditions and other factors, the presence of one or more of the four barriers was shown to impact client employment outcomes.

  - **Barriers Reduce the Likelihood of Employment.** Less than a high school education or no recent work experience reduced the likelihood of employment for New, Repeating, and Continuing WorkFirst clients. Limited English-speaking ability or the presence of a young child reduced employment rates for New and Continuing welfare recipients but had no impact on the employment rate of Repeating clients who cycle on and off welfare. The more barriers clients had, the less likely they were to be employed.

  - **Barriers Have Mixed Impacts on Earnings and Hours Worked.** Once employed, clients with less than a high school education or no recent work experience worked fewer hours and earned less than other employed clients. Limited English-speaking ability or the presence of young children did not reduce earnings or hours worked when compared with other employed welfare clients.

- **Changes in Barriers Over Time Are Not Making Clients Less Employable Overall.** In terms of the four barriers examined, clients in February 2000 were no more difficult to employ than clients in August 1997 (after accounting for economic conditions and other factors).

- **Other Barriers.** Data on other potential employment barriers such as mental illness, substance abuse, domestic violence, poor basic work skills (e.g., punctuality and reliability), or client motivation are not available from the administrative data systems.

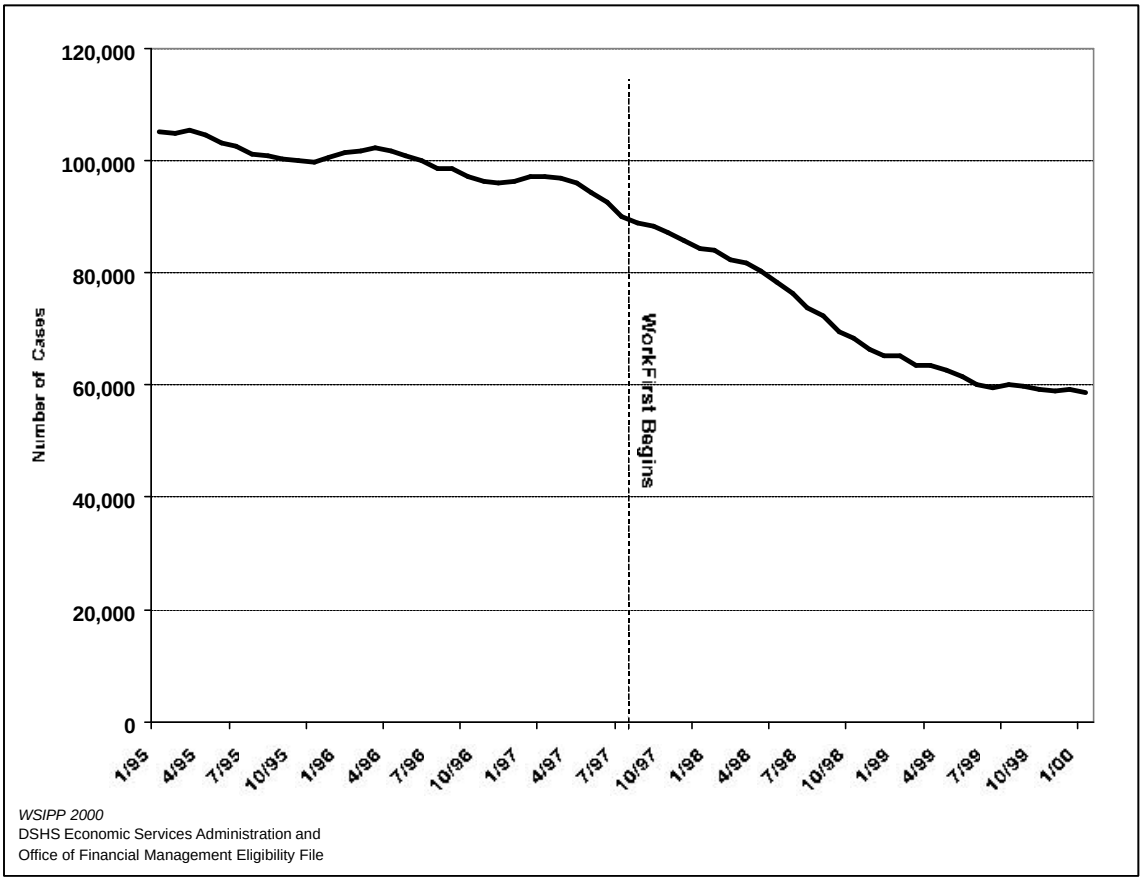
Approach

This analysis proceeds in four steps. The first step, *Caseload Trends,* provides a brief overview of recent changes to the caseload. Step two*, Four Barriers to Employment: Definitions and Prevalence*, identifies four potential barriers to employment that are available for study in WorkFirst administrative data and examines the prevalence of those barriers in the caseload over time. Step three, *The Impact of the Four Barriers on Employment Outcomes*, estimates how each of the barriers affects the likelihood of employment, earnings, and hours worked for New, Repeating, and Continuing WorkFirst clients. The fourth step, *Are Changes in Barriers Making Clients Harder to Employ Overall?,* combines findings of the preceding steps to answer the question, *Is the caseload becoming harder to employ?*

Caseload Trends

Declining Caseload. Since the August 1997 implementation of WorkFirst, the number of families receiving Temporary Assistance for Needy Families' (TANF) benefits has fallen substantially. In July 1997, 90,205 families were on the TANF caseload (Exhibit 1). By June 1999, the number of TANF cases had fallen to 60,031, a 33 percent decline. Since that time, however, the total TANF caseload has decreased only slightly. In February 2000, 59,545 families were on Washington's TANF caseload.

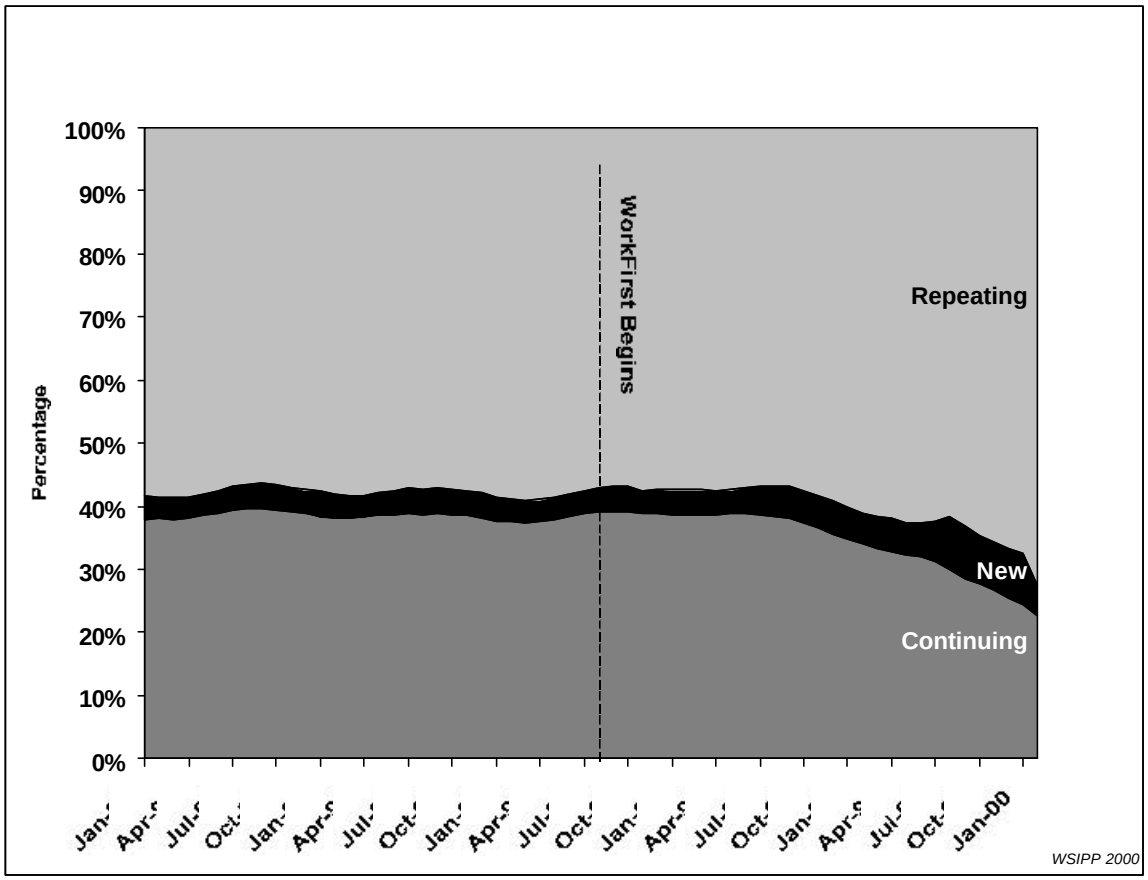
Exhibit 1
Washington State AFDC and TANF Caseload
January 1995 – February 2000



Recent Slowdown in Caseload Reduction. The slowdown in the decline of the caseload has heightened interest in the characteristics and experiences of clients remaining on welfare. An analysis of trends in client characteristics may show whether clients remaining on the caseload are more difficult to employ and therefore more likely to remain on welfare.

Changing Composition of the Caseload. Exhibit 2 shows that the mix of New, Repeating, and Continuing welfare cases changed only slightly during the two years prior to WorkFirst implementation (January 1995 to July 1997). Since WorkFirst began, however, the caseload composition has changed significantly.

Exhibit 2
New, Repeating, and Continuing AFDC and TANF Clients as a Percentage of the Entire Caseload January 1995 – February 2000



From July 1997 (caseload = 90,205) to February 2000 (caseload = 59,545), three changes in the WorkFirst caseload composition are notable:

- The proportion of Continuing clients decreased from 39 percent to 23 percent.
- The proportion of Repeating clients increased from 58 percent to 72 percent.
- The proportion of New clients increased from 3 percent to 5 percent.

The next sections examine the prevalence and impact of the four barriers to employment as they relate to these three groups of WorkFirst clients.

Four Barriers to Employment: Definitions and Prevalence

Definitions. This analysis focuses on four factors identified in current research—and available for analysis in WorkFirst administrative data[3]—that may affect the employability of WorkFirst clients:

- **Presence of a young child:** a child in the household under 2 years of age.
- **No recent work experience:** no employment during the last two years.
- **Less than a high school education:** less than 12 years of education (with or without passing the General Educational Development test).
- **Limited English-speaking ability:** speaking a primary language other than English.

National research indicates that these four characteristics are strongly associated with lower employment rates.[4] Other characteristics such as mental health problems and drug and alcohol dependence may also be associated with lower employment rates. Information on barriers other than the four covered in this paper were not available in the state's administrative data at the time of this analysis.

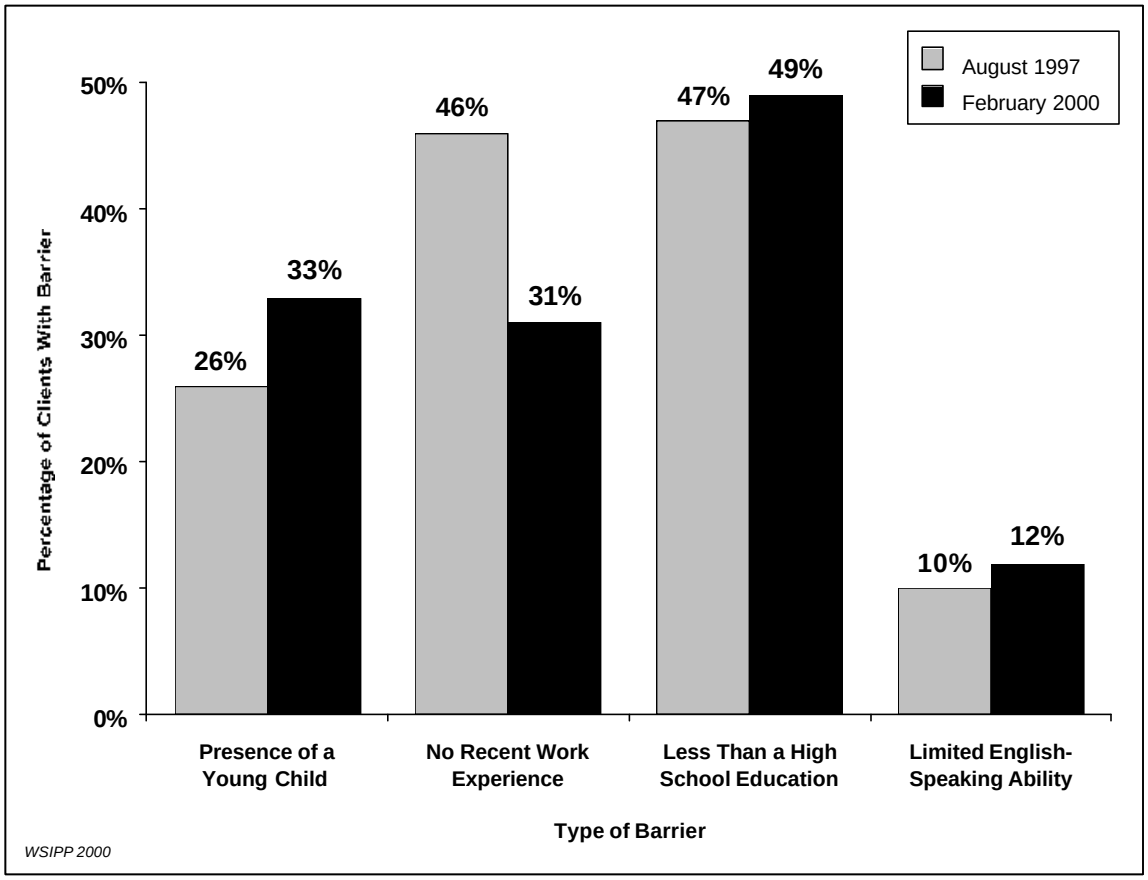
[3] Automated Client Eligibility System (ACES), Jobs Automated System (JAS), and Unemployment Insurance (UI) wage file.

[4] S.R. Zedlewski, *Work-Related Activities and Limitations of Current Welfare Recipients*, Discussion Paper 99-06, (Washington, DC: The Urban Institute, August 1999). Gretchen Kirby, et al., *Integrating Alcohol and Drug Treatment Into a Work-Oriented Welfare Program: Lessons From Oregon*, (Mathematica Policy Research, Inc., June 1999), http://38.150.5.70/oregon.pdf. Sandra Danzinger, et al., *Barriers to Employment of Welfare Recipients*, (Ann Arbor, Michigan: University of Michigan Poverty Research and Training Center, February 2000).

Prevalence of the Four Potential Barriers to Employment. Seventy-nine percent of clients in August 1997 and 75 percent of clients in February 2000 had at least one of the barriers to employment examined. Exhibit 3 displays the prevalence of the four employment barriers as of August 1997 and February 2000.[5] Three of the four employment barriers—presence of a young child, less than a high school education, and limited English-speaking ability—have become slightly more prevalent. However, the percentage of clients with no recent work experience has fallen sharply from 46 to 31 percent of the caseload during the same time period. Because clients may have more than one barrier, percentages may add up to more than 100 percent.

Exhibit 3

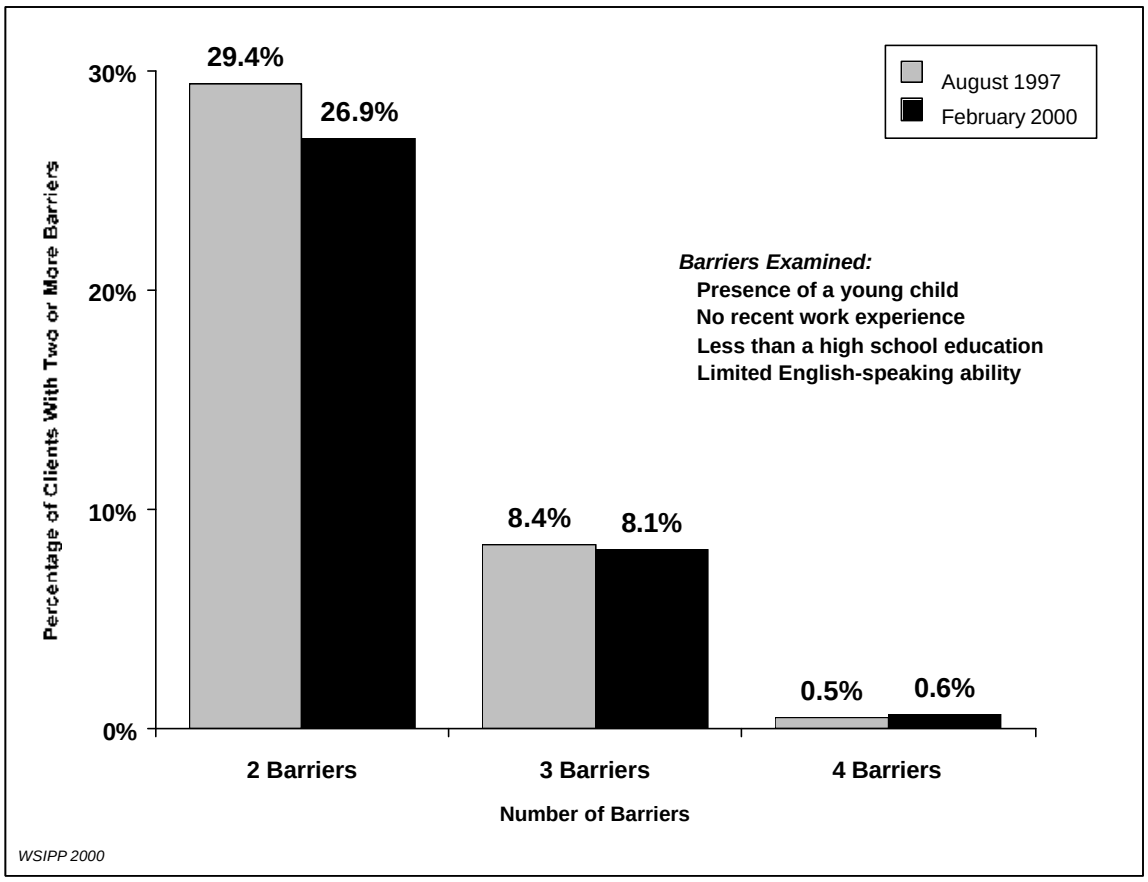
Prevalence of Selected Employment Barriers Among WorkFirst Clients August 1997 and February 2000



[5] The February 2000 "no recent work experience" barrier is based on fourth quarter 1999 data. The August 1997 "no recent work experience" barrier is based on third quarter 1997 data. All other barriers are as of August 1997 and February 2000.

Prevalence of Multiple Barriers to Employment. Some clients have more than one of these four barriers to employment. The distributions of clients with two, three, or four barriers are displayed in Exhibit 4. As the number of barriers increase, the percentage of the client population represented decreases: less than 1 percent have all four barriers.

Exhibit 4
Prevalence of Multiple Employment Barriers Among WorkFirst Clients
August 1997 and February 2000



There has been no notable increase in the percentage of clients with two *or more* of the four barriers. Instead, the number of clients with two or three of the identified barriers has decreased slightly. In August 1997, 29 percent of clients had at least two of the four employment barriers. By February 2000, 27 percent of clients had at least two of the four employment barriers.

Mixed Trends in the Prevalence of Individual and Multiple Barriers. Exhibits 3 and 4 show that the prevalence of three *individual* barriers has increased over time (presence of a young child, less than a high school education, limited English-speaking ability) while one (no recent work experience) has decreased. However, the incidence of multiple barriers has fallen slightly.

Multivariate analytical techniques are employed in the following section to disentangle these mixed trends and to estimate their combined influence on client employability over time.

The Impact of the Four Barriers on Employment Outcomes

The previous discussion illustrates that many WorkFirst clients face possible barriers to employment. To measure the actual impact of these barriers, two models were developed that account for economic conditions and other factors.[6] The first model examined the specific influence of each of the four barriers on employment, earnings, and hours worked in the quarter after clients entered the WorkFirst program. The second model examined the impact of multiple barriers on employment outcomes only. The analysis included female clients who started WorkFirst at any time between August 1997 and September 1999 and was conducted separately on New, Repeating, and Continuing clients. Exhibits 5 and 6 summarize the results of the two models.

Exhibit 5
The Impact of Barriers on Employment, Earnings, and Hours Worked During the Quarter Immediately After Starting WorkFirst

Barrier	New Clients			Repeating Clients			Continuing Clients		
	Impact on			Impact on			Impact on		
	Work	Earnings	Hours	Work	Earnings	Hours	Work	Earnings	Hours
Presence of a Young Child	-3%	$0	0	0%	$0	0	-2%	$0	0
No Recent Work Experience	-4%	-$212	0	-7%	-$301	-25	-7%	$0	0
Less Than a High School Education	-7%	-$310	-23	-6%	-$220	-15	-5%	$0	0
Limited English-Speaking Ability	-8%	$0	+39	0%	+$448	+63	-8%	+$257	+44

Earnings and hours impacts are measured for employed clients only.
Statistically significant at a 90% confidence level.

The Impact of the Four Barriers on the Likelihood of Employment

- **Presence of a Young Child:** Compared with clients who did not have a young child, the presence of a child under age 2 reduced the likelihood of employment by 3 percent for New clients and 2 percent for Continuing clients. The presence of a young child did not impact employment rates of Repeating clients.

- **No Recent Work Experience:** Lack of recent work experience reduced the likelihood of employment by 4 to 7 percent compared with individuals who had worked some time during the two years prior to entering WorkFirst.

[6] See "Employment Barriers and Job Search Analyses: Chapters 2 and 3" in the Appendix.

- **Less Than a High School Education:** Having fewer than 12 years of education reduced the likelihood of employment by 5 to 7 percent relative to clients with more education.

- **Limited English-Speaking Ability:** Compared with clients whose primary language is English, speaking a primary language other than English reduced the likelihood of employment by over 8 percent for New and Continuing clients. It did not impact employment for Repeating clients.

The Impact of the Four Barriers on Employed Clients' Quarterly Earnings and Hours Worked

- **Presence of a Young Child:** Having a child under age 2 had no impact on earnings or hours worked for any group compared with clients who did not have a young child.

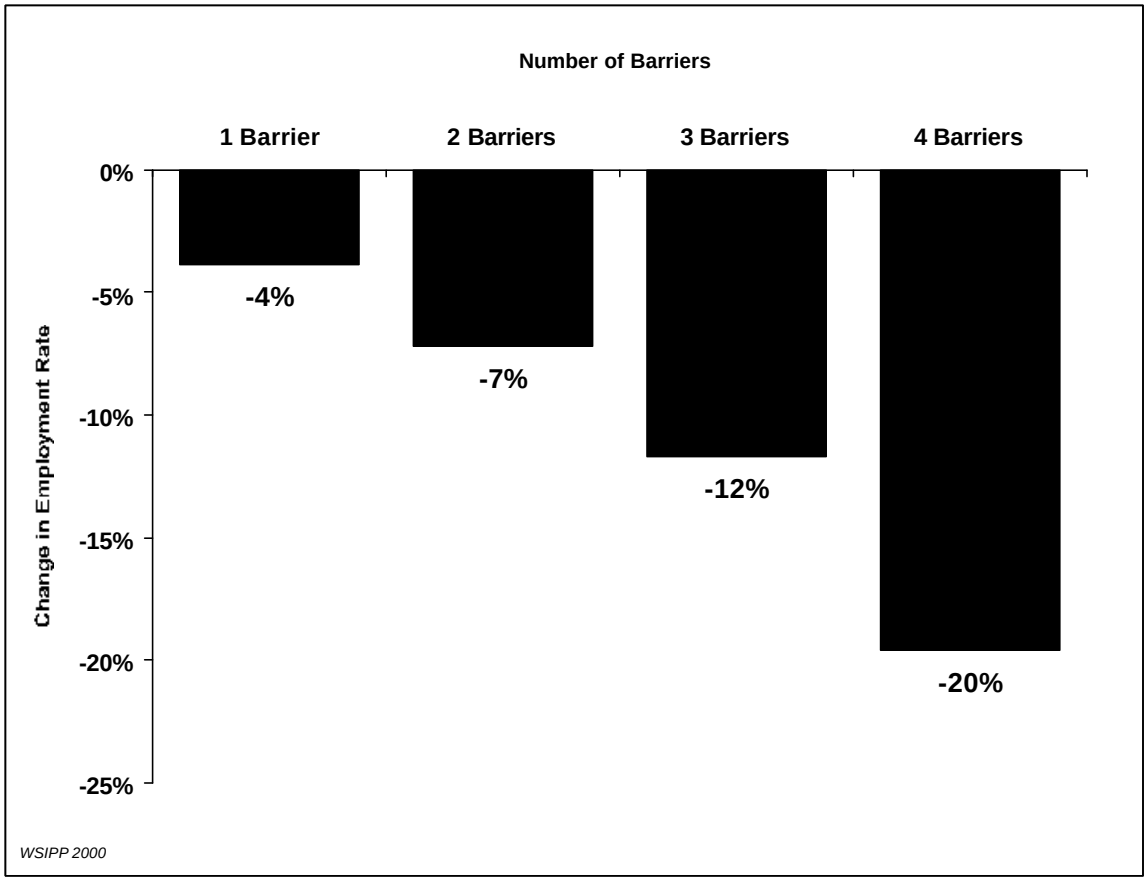
- **No Recent Work Experience:** Lack of recent work experience reduced earnings for New and Repeating clients and reduced hours worked for Repeating clients relative to clients who worked some time during the two years prior to entering WorkFirst. It had no impact on Continuing clients.

- **Less Than a High School Education:** Not completing high school reduced earnings and hours worked for New and Repeating clients compared with clients with more education. No impact was found for Continuing clients.

- **Limited English-Speaking Ability:** Speaking a primary language other than English was associated with higher earnings for Continuing and Repeating clients and more hours worked for all three groups relative to clients whose primary language is English.

The Impact of Multiple of Barriers on Employment. Exhibit 6 shows the cumulative influence of multiple barriers on employment. The more barriers a client faced, the less likely the client was employed in the follow-up quarter. A single barrier reduced the likelihood of employment by 4 percent compared with clients experiencing none of the barriers. Facing all four barriers reduced the likelihood of employment by 20 percent.

Exhibit 6
The Impact of Multiple Barriers on WorkFirst Client Employment Rates One Quarter After Beginning WorkFirst



Are Changes in Barriers Making Clients Harder to Employ?

In the previous sections, we showed the impact of the four barriers on employment outcomes, and we also showed the prevalence of employment barriers in the caseload over time. With that information, it is possible to compare the expected employment rates of two caseloads, one where employment barriers are as prevalent as they were at the start of the WorkFirst program (August 1997) and another where barriers are as prevalent as they were in February 2000. This comparison can then be used to determine if the caseload is becoming harder to employ with respect to the four barriers examined.

After controlling for changes in other client characteristics and economic conditions, the comparison indicates that clients on the caseload in February 2000 were no more difficult to employ than clients on the caseload when WorkFirst began. On the contrary, due to the increase in the percentage of clients with recent work experience (see Exhibit 3), clients became slightly more employable overall. Exhibit 7 summarizes the results of the analysis.

Exhibit 7

How Did the Employment Barriers Affect Employment Rates?

	August 1997 Caseload	February 2000 Caseload	Change in Prevalence of Barriers	Estimated Impact on Employment Rates*
Barriers	**Prevalence of Barriers**	**Prevalence of Barriers**		
Individual Barriers				
Presence of a Young Child	26%	33%	+7%	-0.1%
No Recent Work Experience	46%	31%	-15%	+0.9%
Less Than a High School Education	47%	49%	+2%	-0.1%
Limited English-Speaking Ability	10%	12%	+2%	-0.1%
Combined Impact on Employment Rate				+0.6%

Statistically significant at a 90% confidence level.

** Estimates are based on the econometric models developed for this analysis.*

CHAPTER 3: DOES PARTICIPATING IN WORKFIRST JOB SEARCH IMPROVE EMPLOYMENT OUTCOMES?

Introduction

Since the inception of Washington's WorkFirst program in 1997, *Job Search* has been one of the most frequently used WorkFirst services. How effective has Job Search been in accomplishing the legislative goals of increasing the employment, earnings, and hours worked of WorkFirst clients? The analysis presented in this chapter shows that Job Search is effective for some WorkFirst clients.

In particular, Job Search increases employment rates for clients *without* recent work experience. Job Search helps clients *with* recent work experience find better-paying jobs, but it does not improve their employment rates.

Key Findings

- **Clients *without* recent work history** are more likely to be employed if they participated in Job Search in the preceding quarter. The range of outcomes depends on a client's recent welfare history.

- **Clients *with* recent work history** are not more likely to be employed after participating in Job Search. If these clients become employed, however, some of them find better-paying jobs if they participate in Job Search.

Approach

This finding is based on a statistical comparison of two groups of WorkFirst clients. The first group consists of female clients who participated in Job Search during their first quarter as a WorkFirst client. The second group includes female clients who were *referred to but did not participate in* Job Search during their first quarter in WorkFirst. All clients referred to Job Search during the first two years of the program are examined.

What Is WorkFirst Job Search?

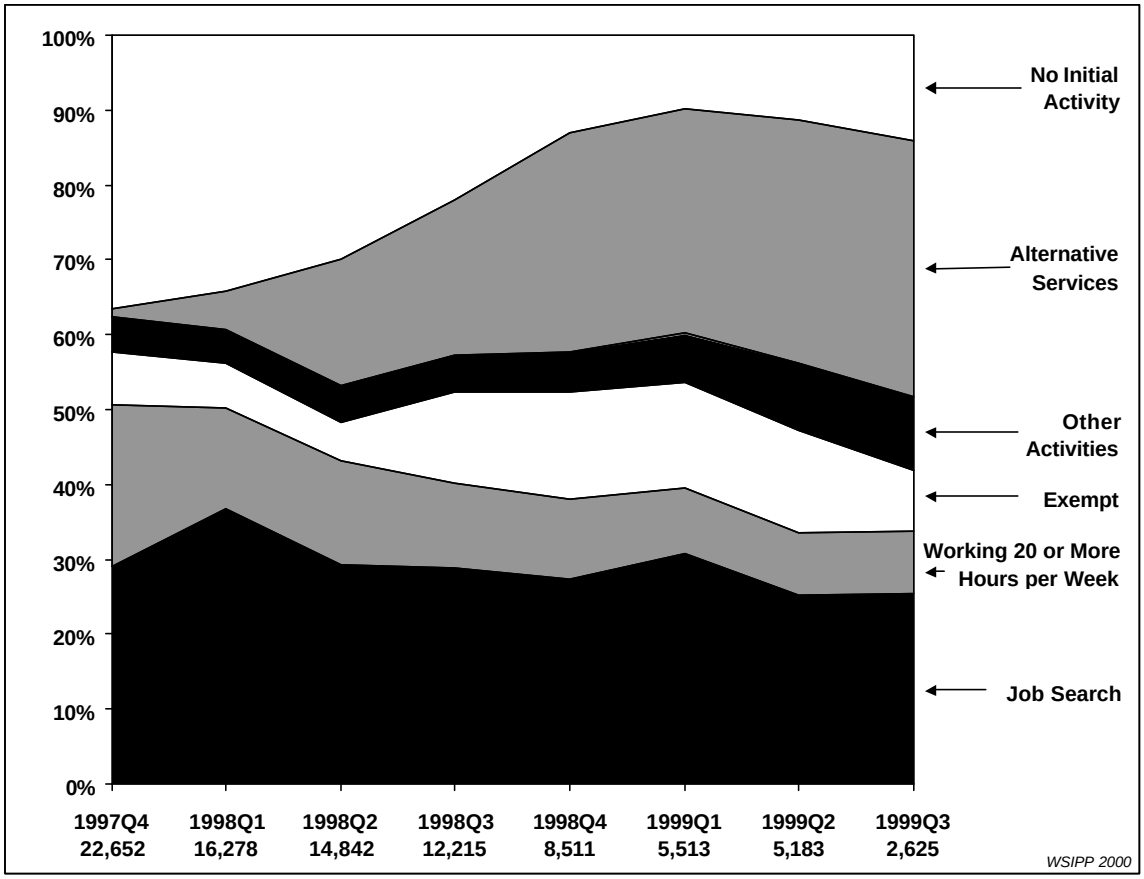
When WorkFirst clients begin the program, they are referred to the Employment Security Department for Job Search, where they must actively seek employment by making a minimum number of contacts as specified by the local WorkFirst office. Services provided during Job Search may include a Job Search workshop where clients are taught job search skills in a classroom setting. Job Search clients also have access to a resource room with personal computers and printers; hands-on help with job applications, letters, and resumes; job postings; and organized hiring events.

Clients may participate in WorkFirst Job Search more than once. For example, a client unsuccessful at Job Search may enter subsidized employment, receive vocational training, and return to Job Search after learning new skills. This analysis controls for participation in other activities; however, it does not focus on the impact of multiple or delayed Job Search episodes.

Job Search: A Common Starting Activity

Upon starting WorkFirst, clients can be engaged in a number of activities which may or may not include Job Search.[1] Exhibit 1 shows the changes over time of starting activities for WorkFirst clients from the last calendar quarter of 1997 through third quarter 1999. Starting activities are initial WorkFirst activities[2] that clients participate in within the first 28 days of beginning WorkFirst.

Exhibit 1
Initial Activities of WorkFirst Clients Change Over Time



[1] As WorkFirst was phased in, Repeating and Continuing TANF clients were gradually placed in WorkFirst activities along with New clients.
[2] Definitions of WorkFirst initial activities are located at the end of this chapter.

Over 25 percent of all clients begin WorkFirst by participating in Job Search, which remains an important starting activity over time.[3] The early implementation of Job Search, its stability over time, and the emphasis of WorkFirst on working or looking for work makes Job Search an important focus of analysis.

Subgroups and Outcomes Examined

Because Job Search may influence some clients more than others, the analysis considers six subgroups. Clients are first separated into two main categories: those who have worked and those who have not worked some time in the previous two years. Clients are then divided into the following subgroups: *New* (no record of receiving benefits during the past 24 months), *Repeating* (have been off the caseload for at least one of the last 24 months), and *Continuing* (have been on the caseload during all previous 24 months).

Comparisons are based on the following legislatively directed outcomes, measured one quarter after a client begins the WorkFirst program: (1) likelihood of employment during the quarter, (2) quarterly earnings, and (3) quarterly hours worked.

Job Search Employment Outcomes

The immediate impact of Job Search was analyzed by evaluating female welfare recipients' employment, earnings, and hours worked in the quarter after they began the WorkFirst program. This analysis included 47,449 clients who started WorkFirst between August 1997 and September 1999 and were referred to Job Search. After statistically controlling for client demographics, local economic conditions, and other characteristics,[4] the services provided to Job Search clients are estimated to have a positive impact on the employment rates and earnings (but not on hours worked) of some, but not all, clients.

Exhibit 2 shows whether Job Search improves employment, earnings, and hours worked for each of the six subgroups examined.

[3]Alternative Services has grown to become the most common starting activity of clients beginning WorkFirst. Alternative Services is a classification for clients unable to work or look for a job because of problems such as substance abuse, domestic violence, temporary disabilities, or dependent care.
[4] Because this analysis uses non-experimental data, a statistical control for selection bias is employed.

Exhibit 2
Does Job Search Improve Employment, Earnings, and Hours Worked for Different Types of Clients?

Type of Client (by Work and Welfare History)		Employment Gains	Increased Earnings	Increased Hours Worked	
Work History	**Welfare History**				
No recent work experience	**New**	**Yes**	No	No	N = 4,091
	Repeating	**Yes**	No	No	N = 7,130
	Continuing	**Yes**	No	No	N = 9,095
Recent work experience	**New**	No	**Yes**	No	N = 4,646
	Repeating	No	**Yes**	No	N = 17,310
	Continuing	No	No	No	N = 5,177

As shown in Exhibit 2, Job Search improved the employment outcomes of some subgroups of clients. Job Search increased the likelihood of employment for clients without recent work experience, but not for those with recent experience. Once employed, the impact of Job Search on earnings varied according to both employment and welfare history. However, once employed, Job Search clients did not work more hours than non-participants. Exhibit 3 provides a more detailed description of the immediate impact of Job Search.

Exhibit 3
How Much Does Job Search Influence Employment, Earnings, and Hours Worked in the First Follow-up Quarter?

Type of Client (by Work and Welfare History)		Employment Rate		Quarterly Earnings		Quarterly Hours Worked	
Work History	**Welfare History**	**No Job Search**	**Job Search**	**No Job Search**	**Job Search**	**No Job Search**	**Job Search**
No recent work experience	**New**	26%	**55%**	$1,940	*ns*	276	*ns*
	Repeating	25%	**35%**	$1,691	*ns*	229	*ns*
	Continuing	23%	**42%**	$1,990	*ns*	236	*ns*
Recent work experience	**New**	57%	*ns*	$1,643	**$2,117**	213	*ns*
	Repeating	52%	*ns*	$1,600	**$1,910**	222	*ns*
	Continuing	52%	*ns*	$1,717	*ns*	211	*ns*

ns = no statistically significant difference at a 90% confidence level.

Interpreting Exhibit 3: Employment outcomes are statistically significant differences in employment rates between Job Search participants and non-participants. For example, among New clients with no recent work experience, employment rates were 55 percent for Job Search participants and 26 percent for non-participants. Earnings outcomes are the difference in quarterly earnings between Job Search participants and non-participants. For example, among New clients with work experience, Job Search participants earned $474 ($2,117 minus $1,643) more in the quarter after beginning WorkFirst than did non-participants.

The impacts of Job Search on employment, earnings, and hours worked as shown in Exhibits 2 and 3 are summarized for clients without and with recent work history.

- **Clients *without* recent work history:** Regardless of welfare history, all clients without recent work history are more likely to be employed if they participated in Job Search in the preceding quarter. The range of outcomes depends on the subgroup studied. Job search was most effective for New clients without recent work experience.

- **Clients *with* recent work history:** Job Search services do not improve employment rates of clients with recent work experience. If these clients become employed, however, Job Search helps some of them find better-paying jobs.

  - Job Search services do not improve employment rates, earnings, or hours worked for **Continuing clients with recent work experience**.

  - Once they obtained a job, **New and Repeating clients with recent work experience** earned more in the follow-up quarter as a result of participation in Job Search.

Definitions of WorkFirst Initial Activities From Exhibit 1

- **No Initial Activity:** For the purpose of this analysis, clients who are receiving a welfare grant, have been referred to a WorkFirst activity, but have not participated in any activity for over 28 days are characterized as having No Initial Activity.[5]

- **Alternative Services:** Clients unable to work or look for a job because of problems with substance abuse, domestic violence, temporary disabilities, or dependent care are placed in Alternative Services. Some clients in this category receive specific services, such as substance abuse treatment. Other clients in this category may not be receiving services, but they may be caring for a disabled family member or unable to find child care.

- **Other Activities:**

  - **Work Preparation:** Clients unable to find unsubsidized employment may be directed to unpaid work experience, on-the-job training, subsidized employment, job-specific vocational education, job skills training, or other services designed to improve employability. Before participating in Work Preparation activities, however, clients are supposed to engage in Job Search.

  - **Post-Employment Services:** Employed clients on the caseload have access to mentors, job-specific education, career planning, and other services intended to help them stay employed and find higher-paying jobs.

[5] Department of Social and Health Services case managers are alerted if clients have not started an assigned activity within 28 days of referral. According to administrative practice, caseworkers may issue written warnings to inactive clients before beginning the sanction process.

- **Sanctioned:** Non-exempt clients who refuse to participate in required activities and do not show good cause for deferral into Alternative Services are subject to financial sanction.

- **Exempt:** Single parents with children 3 months of age and younger may elect to use an exemption from the work requirement. A parent may not claim a child care exemption for longer than one year. The maximum age for this exemption dropped from 12 months to 3 months in July 1999.

- **Working 20 or More Hours a Week:** This category comprises clients who work 20 or more hours a week at an unsubsidized job. Clients working less than 20 hours a week are supposed to participate in Job Search or another program component.

- **Job Search:** Clients are referred to the Employment Security Department for Job Search, where they must actively seek employment by making a minimum number of contacts as specified by the local WorkFirst office. Services may include a Job Search workshop where clients are taught job search skills in a classroom setting. Job Search clients also have access to a resource room with personal computers and printers; hands-on help with job applications, letters, and resumes; job postings; and organized hiring events.

APPENDIX: METHODOLOGY

How Costs Are Estimated in Chapter 1

For Chapter 1, only case records that fit the following **client profile** are considered: **female, 18 years of age or older, head of household of a single-parent AFDC (TANF) assistance unit who received an AFDC (TANF) grant sometime during the first quarter of 1996 (1998).** All costs are converted into constant 1999 dollars.

Financial Assistance

For TANF recipients, average annual expenditures on grants and Food Stamps associated with each case are based on case-level[1] records from the Automated Client Eligibility System (ACES) and are summed over calendar year 1998 for each case fitting the client profile. For AFDC clients, average annual expenditures on grants are based on merged case-level records from the Warrant Roll and ACES. Because case-level data on Food Stamps are not available for AFDC clients, Food Stamp expenditures are based on average monthly amounts reported in DSHS blue books for 1996.[2]

Agency Provided Services

Operating expenses are estimated based on information on the allocation of staff time among different economic services caseloads, salaries and benefits, contract expenditures, and other non-salary Economic Services Administration (ESA) expenditures not accounted for at the client level. Agency provided services—Employment Security Department (ESD) and vendor contracts and DSHS operations—are estimated as follows.

- **ESD and Vendor Contracts:** Average contracting costs are estimated by dividing monthly ESD and private vendor contract expenditures during the calendar year by the number of cases served during the same month. The average monthly contract cost is multiplied by 12 to arrive at the figures reported.

- **DSHS Operations:**

  1. Operating expenses include all expenditures for wages and salaries, employee benefits, personal service contracts, goods and services, travel, rent, and intra-agency reimbursement unless they are exclusively for a non-AFDC or non-TANF program. Operating expenses include staff, equipment, and facility expenditures for ESA headquarters, regional offices, and community service offices.[3]

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[1] Case-level expenditures refer to costs that can be directly attributed to a specific client at a specific point in time.

[2] *Income Assistance, Social Services, and Medical Assistance: The ACES Time Series* (Olympia, WA: Department of Social and Health Services, Research and Data Analysis). The blue book provides separate average monthly Food Stamp amounts for grant recipients and non-recipients. A weighted average was calculated based on actual participation rates of clients in the AFDC cohort throughout the year.

[3] Data source: total ESA (program 060) expenditures for CY1996 and CY1998 by month of service (DSHS Forecasting Office).

2. Costs *excluded* from the DSHS operations estimate:

   a) All appropriation transfers (subobject 9999).

   b) All expenditures for non-AFDC or non-TANF subprograms (General Assistance, Refugee, SSI Supplementation, etc.).

   c) All expenditures identified as solely AFDC or TANF expenditures (grants, Food Stamps, contracts, and support services) through case-level or accounting data. These expenditures are accounted for elsewhere in the cost analysis.

   d) Expenditures for depreciation/amortization/bad debts.

3. DSHS operating expenses are allocated two ways. For TANF, operating expenses are allocated according to workload measures developed for an ESA staff allocation model.[4] The measures indicate how much time field office staff spend on different types of ESA assistance units in a month.[5] For AFDC, these expenses are allocated according to the agency's Random Moment Time Study used to account for staff time for federal reporting purposes.

   The following, along with Exhibit 1, provides an example of how costs are allocated using this method. The example is for TANF but parallels the method used to allocate operating costs under AFDC.

   a) Average hours per assistance unit (case) are displayed in column B.

   b) Total hours worked (column D) is calculated by multiplying average hours per assistance unit (column B) by the number of assistance units in each DSHS program (column C).

   c) Average monthly operating expenditures per assistance unit (column E) are calculated by multiplying total operating expenses ($104.8 million over the period examined) by the ratio of total hours worked by assistance unit (column D) over total hours worked overall (sum of column D) and then dividing by the number of assistance units (column C). For this analysis, the operating expense of interest, for a single-parent (TANF - 1 Parent) case, is $115 per month.

   d) It is assumed that ESA operating costs are incurred only if clients are on the caseload (those receiving a grant).[6] According to their grant payment records, clients fitting the client profile were on the caseload for 82 percent of the total possible client months[7] in calendar year 1998. Adjusting for the likelihood of being on the caseload and converting into 1999 dollars results in the annual DSHS operating cost estimate of $1,157 per client. This amount is combined

[4] The workload measures are based on the *Community Service Office Workload Study* briefing summary prepared for the Department of Social and Health Services, Economic Services Administration by Sterling Associates, Ltd., (December 1999).

[5] This allocation method assumes that all costs, including rent, phones, equipment, etc., are proportional to the time staff spend on AFDC-related or TANF-related activities.

[6] Some DSHS operating expenses may be incurred by clients who have left the caseload. For instance, case managers may refer former clients to job retention services or information on child care assistance. The frequency of these occurrences is unknown at this time.

[7] Client months: the number of clients multiplied by the number of months each client is on the caseload.

with the contract estimate to arrive at the $1,561 estimate of annual Agency Operating Expenses.

Exhibit 1

Estimated Monthly Operating Expenditure by Type of ESA Assistance Unit (AU)

A	B	C	D	E
Type of Assistance Unit	Hours/AU per Month (1)	Total AUs (2)	Total Hours	Dollars/AU Per Month (3)
ADATSA	3.23	4,973	16,063	$168
Child Care	0.39	203,646	79,422	$20
General Assistance (4)	2.3	95,193	218,944	$120
Medical-Spend Down	0.78	51,074	39,838	$41
NA Food Stamps (5)	1.07	365,645	391,240	$56
PA Food Stamps (6)	0.19	463,825	88,127	$10
Refugee Assistance	4.16	3,710	15,434	$217
TANF - 1 Parent	**2.21**	**307,708**	**680,035**	**$115**
TANF - 2 Parent	4.86	42,873	208,363	$253
TANF - Child Only	0.35	9,368	3,279	$18
All MAA except Spend Down	0.09	3,038,862	273,498	$5

(1) Hours/AU from *Community Service Office Workload Study*, 23. MAA cases except Medical-Spend Down (medically needy) are assumed to require the same number of hours per AU as Medical-Family. Additional Requirements cases are excluded due to lack of data. For AFDC, these data are based on the DSHS Random Moment Time Study.
(2) Caseload data from the CARD CPE table and the DSHS blue books. Due to errors in recording one- and two-parent TANF cases, estimates are based caseload patterns from June through October 1998.
(3) Based on total operating expenses of $104.8 million over the months used to calculate the average.
(4) General Assistance = GA-U, GA-X, GA-H, and GA-S cases.
(5) NA (non-income assistance) Food Stamps cases = total Food Stamp caseload less TANF, General Assistance, ADATSA, and Refugee cases.
(6) PA (income assistance) Food Stamps = total Food Stamp cases less NA Food Stamps.

Support Services

Average annual expenditures on child care and other support services associated with each case are based on case-level records from two sources:

- Records of child care expenses from the Social Services Payment System (SSPS) are summed over the calendar year for each individual fitting the client profile.
- Case-level expenditures on all other support services (transportation, personal, work readiness, education, wage subsidy, etc.) are extracted from the JOBS Financial System (JFS) and summed over the calendar year for the same group of clients.

Employment Barriers and Job Search Analyses: Chapters 2 and 3

The statewide implementation of the WorkFirst program rules out an experimental (random assignment) design for analyzing the impact of Job Search or other program services. Multivariate statistical techniques are employed to compensate for the lack of experimental data. Statistical models are developed to estimate employment rates, earnings, and hours worked of WorkFirst clients while accounting for client characteristics, local economic conditions, and program participation.

Statistical Controls

The Job Search analysis in Chapter 3 controls for a variety of factors so that the employment impacts estimated for Job Search do not simply reflect the effects attributable to client characteristics or the state of the local economy. The analysis accounts for such things as client demographic characteristics (such as age and education level), household composition (family size and age of youngest child), local economic conditions (county employment growth or unemployment rate), and client welfare and employment history. Similarly, for the analysis of employment barriers in Chapter 2, the estimated impacts of a single barrier do not reflect the effects of other client characteristics or levels of program participation.

Selection Bias

Despite accounting for factors mentioned above, it is possible that clients who do or do not participate in Job Search do not reflect the average WorkFirst recipient. Therefore, the analysis uses additional statistical adjustments to correct for any potential selection bias. A similar adjustment is used to account for a client's decision to participate in the labor force. To further reduce the problems associated with selection bias, separate analyses are conducted on subgroups of clients (as defined in Chapters 2 and 3) based on their recent welfare and employment history.

Study Population and Data

The Automated Client Eligibility System (ACES) was used to identify adult female welfare recipients who began the WorkFirst program between August 1997 and September 1999. ACES also provided data on client demographics, family composition, and welfare history. These records were matched with two other administrative information systems: the JOBS Automated System (JAS) provides information on Job Search participation and additional demographic data, and the Unemployment Insurance (UI) wage file provides information on quarterly earnings and quarterly hours worked.

The analyses examined all persons referred to a Job Search activity within three months of entering WorkFirst. However, clients may or may not have participated in Job Search during that time. This population includes 73 percent of non-exempt adult female WorkFirst clients between August 1997 and September 1999. The same population is used to estimate the average impact of each of the employment barriers examined. However, in Chapter 2, the simulations used to determine if clients on the overall caseload are becoming harder to employ are based on the prevalence of barriers in the entire WorkFirst caseload.