

Executive Summary

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), passed in 1996, replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grants to states. Since that time, the federal cash assistance caseloads have dropped by over 50 percent, from 4.4 million in August, 1996 to 2.1 million in March, 2001. There is interest at the federal, state, and local levels in better understanding the circumstances of the unprecedented number of families that have left welfare, including their employment status, participation in public programs, and the overall well-being of both the leavers and their children.

A host of state and policy researchers have examined the well-being of families leaving welfare in the post-reform era. These studies vary widely in the populations they study, how they define a welfare "leaver," the outcomes that they examine and how those outcomes are measured, and in their methodological rigor. Consequently, it is difficult to use these studies to draw general conclusions about the status of TANF leavers nationwide.

In an effort to address the above questions about the circumstances of welfare leavers and to facilitate cross-state comparisons, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the United States the Department of Health and Human Services (DHHS) awarded competitive grants to select states and large counties in September, 1998, to conduct studies of families that have left the welfare rolls. This report reviews and synthesizes key findings from fifteen of the ASPE-funded leavers studies.

The studies, made possible by an earmarked Congressional appropriation to study the outcomes of welfare reform, include both administrative and survey data on the well-being of families who left welfare. This synthesis includes information on welfare leavers' employment and earnings, public assistance program participation, income and poverty status, material hardships, and child well-being. In addition to publishing reports, grantees constructed public-use files containing state or county administrative data and/or survey data. Public use data from several of the sites are analyzed in this report to examine key outcomes for subgroups that may not have been included in the grantees' published reports.

Following the devolution of welfare programs to the state level, ASPE chose a research strategy that combined local flexibility in study design with some efforts to develop comparable measures across the studies in order to facilitate cross-study comparisons. There remain important differences in welfare policies, economic conditions, and the characteristics of leavers across the fifteen study areas that may affect leavers' post-TANF experiences. However, despite these differences, some clear general patterns emerge.

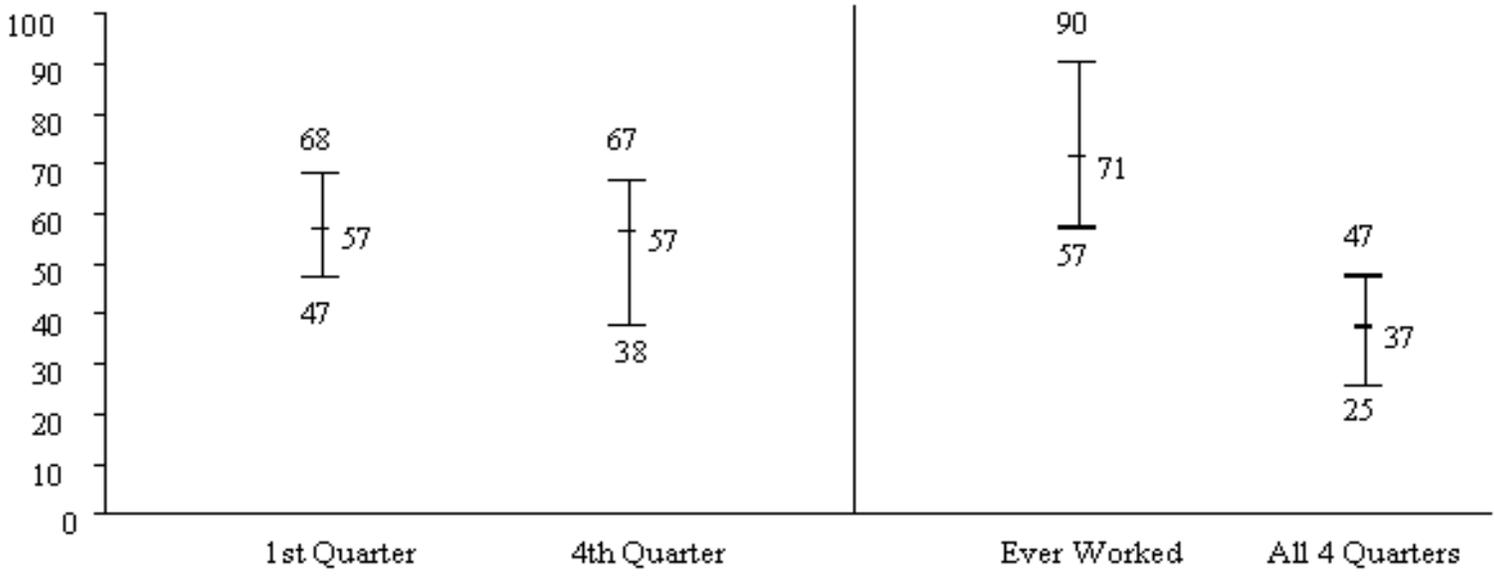
Major findings for each area are summarized below. The figures in this executive summary show the range of findings reported across the fifteen studies, focusing on the minimum, maximum, and median point of these ranges. Results for individual states appear in the full report.

Employment and Earnings

Encouraging families to move off welfare and into jobs is a goal of welfare reform. All fifteen studies collected some information about employment rates and earnings, wages, and/or employer-related benefits of families that left welfare. The major findings in this area across these studies are:

- About three-quarters of all leavers work at some point in the year after exiting TANF, on average, and about three out of five work at any given point in time. A little more than a third work in all four quarters after exiting TANF.

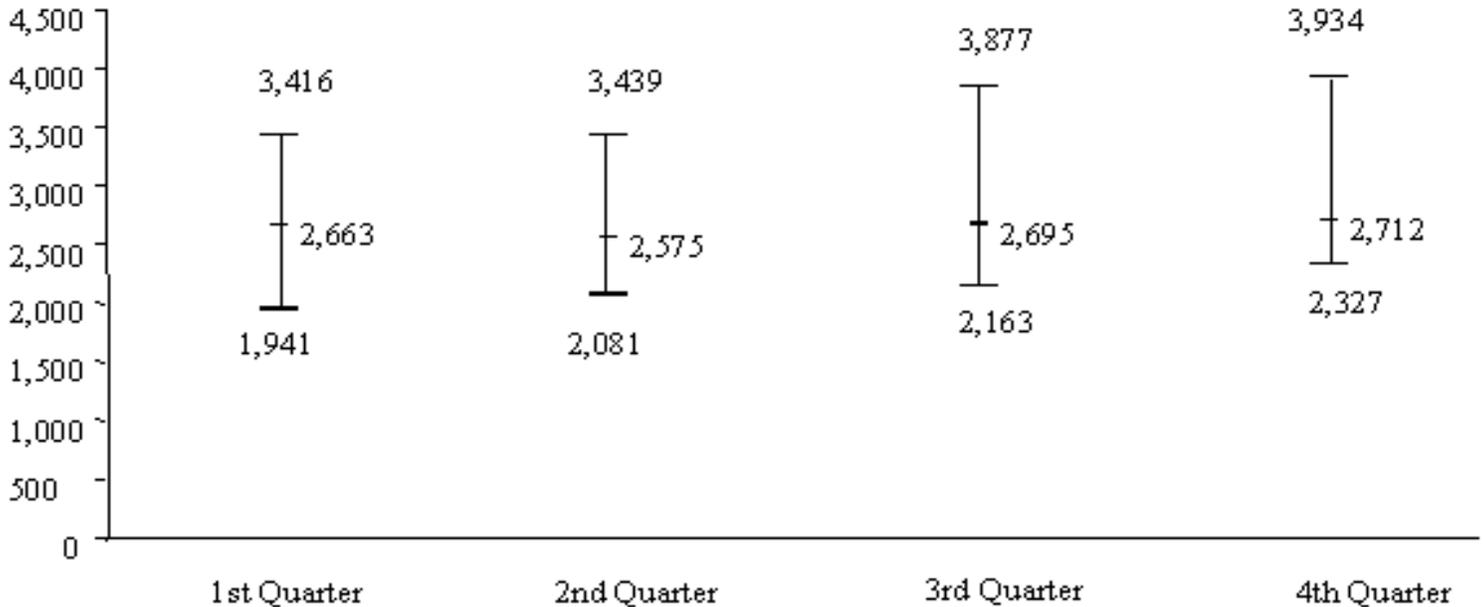
Employment Rates (%) of Single-Parent Welfare Leavers



The graph shows the minimum, maximum, and median employment rates as reported across the studies. Not all studies provide data for all post-exit quarters. The data here represent the percentage of leavers employed in the first and fourth quarters after exit, the percentage who ever worked (employed in at least one of the four quarters after exit) and the percentage who worked in all quarters. See [Table III.1](#) of the Final Synthesis Report for more details.

- Mean earnings of employed welfare leavers are about \$2,600 per quarter, according to administrative data. Most studies show an increase in quarterly earnings of at least \$200 between the first and fourth quarter after exit.

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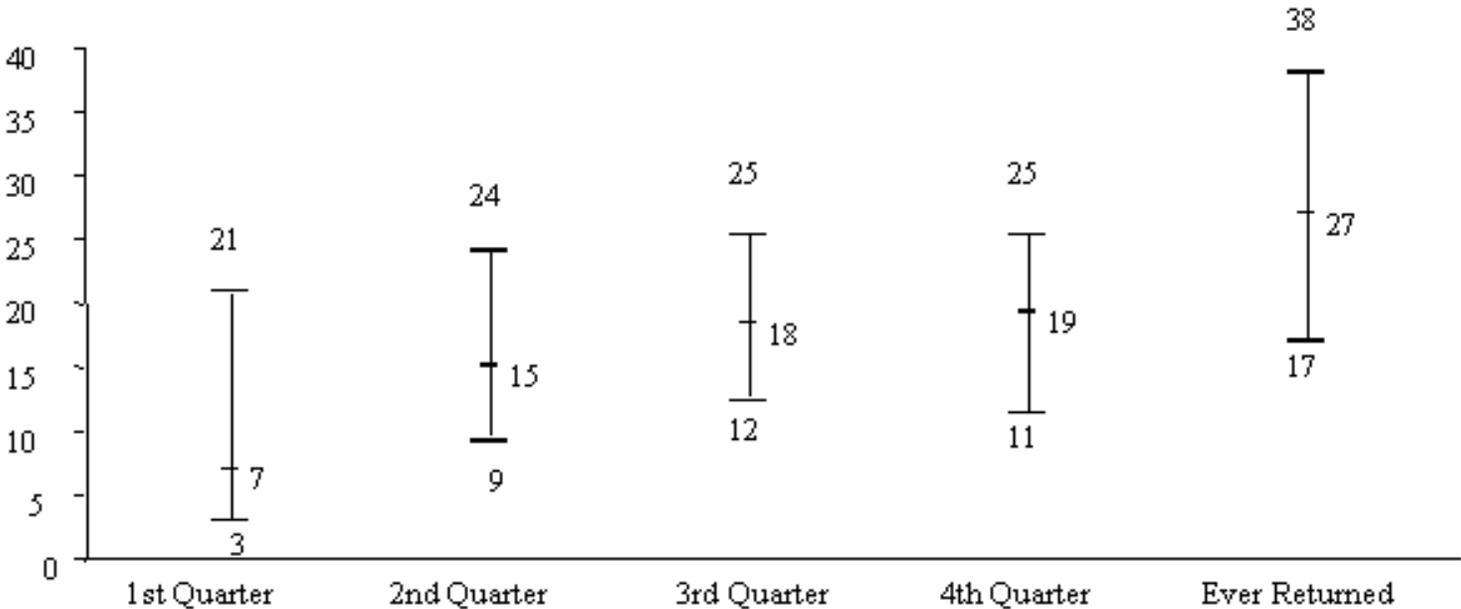
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- Working leavers' wages, averaging between \$7 and \$8 an hour, are generally above the federal minimum wage but are nevertheless low.
- Employed leavers tend to work close to full-time, on average at least 35 hours per week.
- About half of all working leavers are offered employer-sponsored health insurance through their jobs, but only about one-third actually have this coverage.
- Some leavers receive other employer-sponsored benefits. In general, no more than half have paid sick leave or pension coverage. Paid vacations days are a bit more common.
- No single barrier to work consistently affects a majority of leavers; however, a substantial minority of leavers must overcome both child care and health-related problems in order to work.
- Continuous leavers, those who did not return to TANF in the year after exit, are just as likely to have ever worked after exit as those who returned to TANF. However, continuous leavers are somewhat more likely to have worked all four quarters after exit than those who returned. Continuous leavers also have higher earnings than leavers in general.

Program Participation

Non-TANF government assistance can help families in their transition from welfare to work. However, some families return to TANF. The major findings across studies on returns to TANF and participation in other public assistance programs are summarized below.

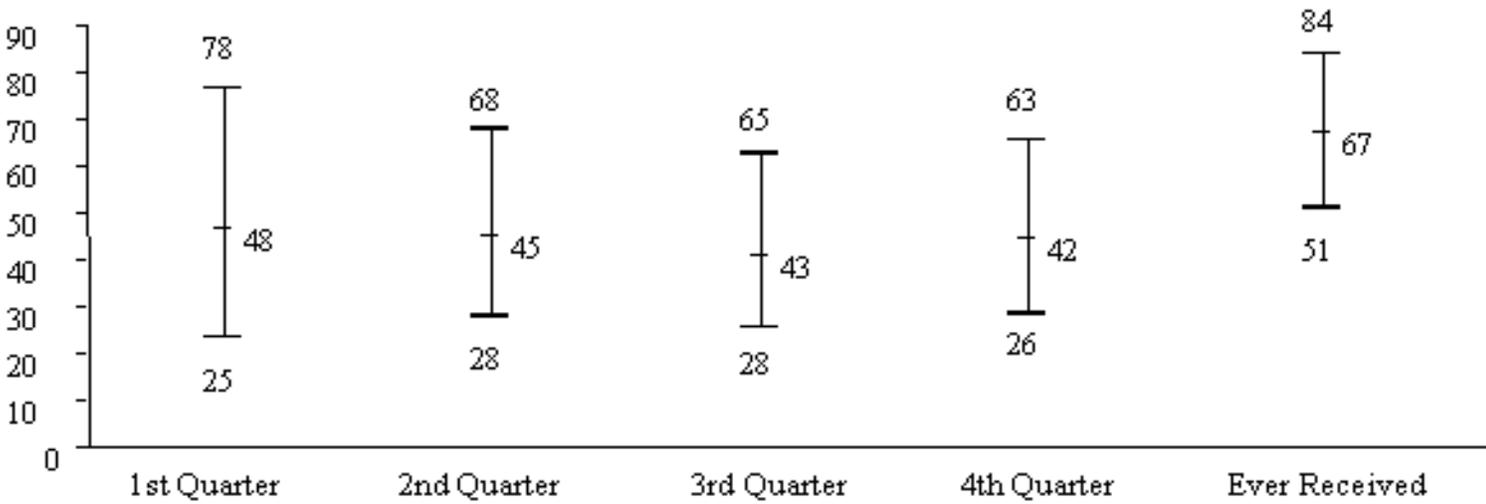
Percent of Single-Parent Welfare Leavers Returning to TANF



The graph shows the minimum, maximum, and median TANF return rates as reported for the first four post-exit quarters across the studies. Not all studies provide data for all post-exit quarters. See [Table IV.1](#) of the Final Synthesis Report for more details.

- It is not uncommon for leavers to return to TANF—a quarter to a third of families who left welfare returned to TANF at some point in the first year after exit.

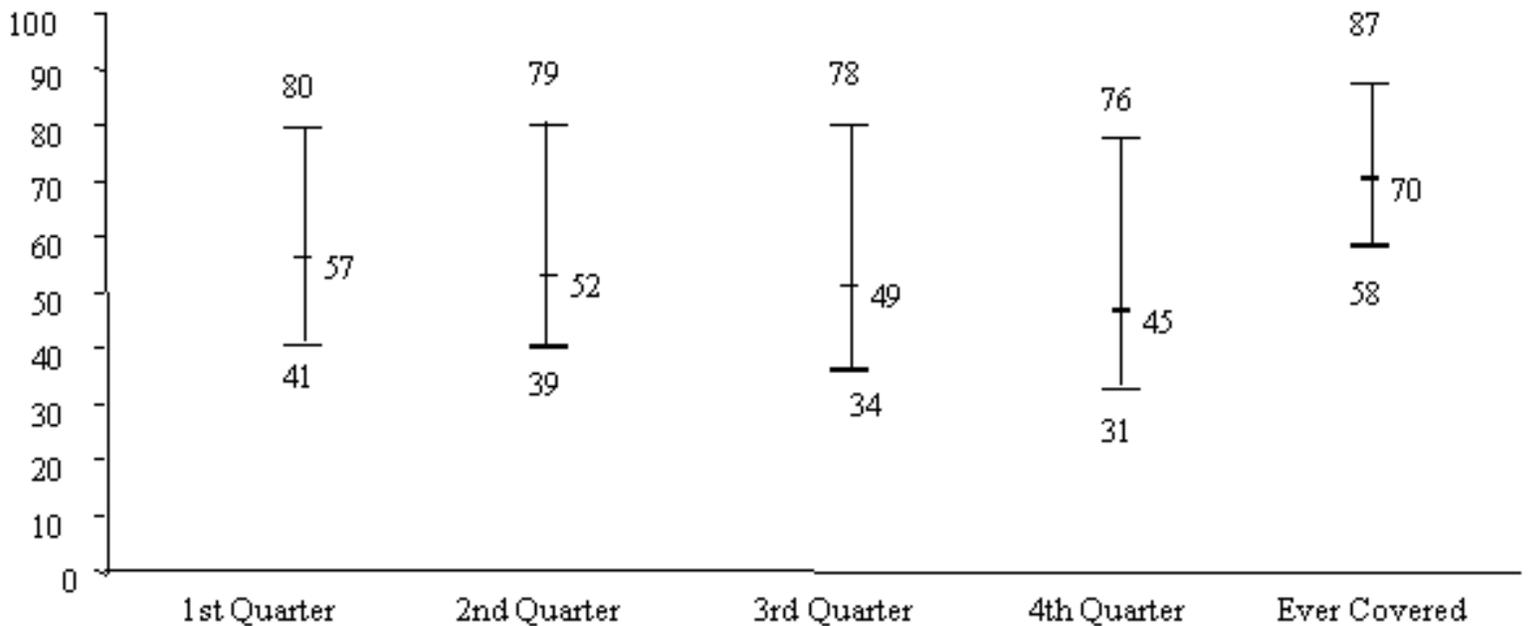
Percent of Single-Parent Welfare Leavers Receiving Food Stamps



The graph shows the minimum, maximum, and median food stamp receipt rates as reported for the first four post-exit quarters across the studies. Not all studies provide data for all post-exit quarters. See [Table IV.3](#) of the Final Synthesis Report for more details.

- About half of leaver families receive food stamps in the first quarter after exit and about two-thirds receive these benefits at some point in the year after exit.

Percent of Single-Parent Welfare Recipients Receiving Medicaid for Adults



The graph shows the minimum, maximum, and median adult Medicaid coverage rates as reported for the first four post-exit quarters across the studies. Not all studies provide data for all post-exit quarters. See [Table IV.7](#) of the Final Synthesis Report for more details.

- About three out of five leaver families have an adult enrolled in Medicaid in the first quarter after exit. Medicaid coverage of children is generally higher, ranging from 60 to 90 percent after exit.
- The percentage of leavers who receive food stamps and Medicaid at any point over the year after exit is significantly higher than the percentage receiving in any of the individual quarters, suggesting a great deal of cycling on and off these programs.
- Participation in both food stamps and Medicaid is generally lower for continuous leaver families than those who return to TANF at some point in the year after exit.
- Several studies also report on additional sources of government assistance, such as housing assistance, disability benefits, reduced-price lunches, WIC, fuel/energy assistance, unemployment compensation, and the Earned Income Tax Credit. The range of participation in these programs varies across studies.
- Food stamp and Medicaid program participation are generally higher for those who are not currently employed compared to those currently employed.

Household Income

Household income is an important indicator of the well-being of welfare leavers. Although such information is difficult to gather, a subset of studies examine income levels, sources of income, and poverty. Results for the subset of studies that examine these outcomes for the entire household are summarized below.

- Across all leaver families, own earnings are the most important single source of income, and own earnings plus the earnings of other family members together comprise over three-quarters of leaver families' incomes on average.
- Average monthly family income for leavers from all sources, including earnings, generally lies near the poverty line.
- In the four studies that explicitly examine poverty rates of leaver families, on average, over half of leavers are poor. Two of the four studies find that the majority of leavers have incomes below 185 percent of the federal poverty line.
- In the few studies that compare monthly income for subgroups, continuous leavers have considerably higher incomes than leavers in general. Employed leavers also have much greater monthly incomes than jobless leavers.

Material Hardship

A number of leaver studies go beyond earnings, employment, income, and program participation and examine the extent to which leavers experience material hardships such as hunger and housing problems and whether these hardships are different for families on and off welfare. Key findings include:

- A quarter or more leaver families experience food hardships at some point after exiting TANF—problems having enough money for food or having food last for the month—and similar percentages experience trouble paying rent or utilities.
- Although some studies show that leavers experience higher levels of food and housing-related hardship after exit relative to when on TANF, other studies show that hardships decrease or remain the same after exit.
- With regard to medical hardship (being unable to access medical care), four studies find leavers are more likely to report being unable to afford health care for their families after exit as compared with before exit.

Several studies report results on material hardship across subgroups of leavers, including workers and non-workers and those who left TANF due to sanction or time limits.

- Most studies that compare material hardship across employment status find that leavers who are working have lower levels of food, housing, and health care-related problems.
- The available evidence on whether sanctioned and time-limited families experience greater material hardships than families who left welfare for other reasons is mixed.

Child Well-Being

Although virtually all families leaving welfare have children, it is difficult to assess child well-being from either administrative data or a single interview. Thus, leaver studies contain limited information about children's outcomes and well-being. For the studies reporting this information, findings on children's health insurance coverage, health status, behavior, interaction with child welfare services, and child care arrangements are summarized below.

- Reports of children in poor or fair health are generally low, ranging from 5 to 10 percent. However, one-tenth to one-quarter of leaver families have children without health insurance.
- Although the measures of child behavior are varied, most studies that compare behaviors pre- and post-exit find that the majority of leavers report child behavior is better after exit.
- Rates of interaction with child welfare services range from 1 to 13 percent, including reports of abuse/neglect and foster care services. There is little evidence on whether the percentage of families involved in child welfare services changed after exiting TANF.
- For child care, a substantial percentage of leaver families rely on parental care. For those using non-parental care, relatives and siblings of the child are by far the most common sources of care for children.

The fifteen ASPE-funded leaver studies reviewed here provide a considerable amount of information on the status of families leaving welfare. This synthesis focuses on key outcomes and measures of well-being that are commonly reported in these studies. In addition to these common elements, the individual studies also contain a rich array of information and subgroup analyses pertinent to understanding the status of former welfare recipients in their respective geographic areas.
