

Employment and Earnings Among Welfare-to-Work Participants in Los Angeles County, 1998-2001



COUNTY OF LOS ANGELES
Chief Administrative Office
Service Integration Branch

David E. Janssen, Chief Administrative Officer

Alisa Drakodaidis
Acting Assistant Administrative Officer
Service Integration Branch

Research and Evaluation Services

Manuel H. Moreno, Ph.D., Principal Investigator

Halil Toros, Ph.D.

Vandana Joshi, Ph.D.

Max Stevens, Ph.D.

and

Julie Beardsley, M.P.H.

Robert Ranney

Nancy Salem, M.P.H.

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PREFACE

This report is part of a multi-year evaluation effort initiated by the Los Angeles County Department of Social Services (DPSS). The aim of the evaluation project, which is entitled, Evaluating CalWORKS in Los Angeles County, is to analyze the impact of welfare reform in Los Angeles County. The Project follows guidelines established in the CalWORKs Performance Monitoring and Evaluation Plan approved by the Los Angeles County Board of Supervisors in 1998.

This report evaluates employment and earnings outcomes for participants in three cohorts who entered DPSS' Greater Avenues for Independence (GAIN) program during the second quarters of 1998, 1999, and 2000. The employment and earnings outcomes of these cohorts were followed through March 2001. The report provides policy recommendations based on the research findings.

The present report greatly benefited from comments received by members of the CalWORKs Advisory Group on an earlier draft of this report. In response to insightful comments made by Advisory Group members, a number of suggestions were incorporated into the report findings. The suggested comments helped us to improve the report by clarifying and expanding upon some of our findings.

Some of the suggested revisions included accounting for the self-selection bias among GAIN participants who took part in Job Clubs. Without survey data it was not possible for us to determine why some GAIN participants participated or did not participate in Job Clubs. However, we conducted further regression analysis of Job Club participation and its interaction with various factors related to employment. These results are reported in Appendix-A (Table A-18 and Table A-19). In addition, suggestions to examine age differences among older GAIN participants led to a better understanding of the implications of our findings.

Manuel H. Moreno, Ph.D.
Principal Investigator

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EXECUTIVE SUMMARY

In 1996, passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Aid to Needy Families (TANF) program. With the passage of this act, much of the administrative responsibility for welfare programs was shifted from the Federal government to individual states.

To comply with TANF requirements, California passed Assembly Bill 1542 (AB 1542) which created the California Work Opportunity and Responsibility to Kids (CalWORKs) program in January 1998. CalWORKs imposes work participation requirements and time limits on aid recipients. The Welfare-to-Work component of Los Angeles County's CalWORKs program is called Greater Avenues for Independence (GAIN). The GAIN program is a mandatory work-first program for CalWORKs welfare participants that requires participation in work or work-related activities and provides support services designed to move welfare participants from welfare to work.

The Department of Public Social Services (DPSS) implemented the GAIN program under CalWORKs in January 1998. The Research and Evaluation Services (RES) unit within the Service Integration Branch (SIB) of Los Angeles County's Chief Administrative Office (CAO) was charged with the responsibility of tracking and evaluating outcomes for the County's GAIN participants. The Los Angeles County Board of Supervisors adopted a CalWORKs evaluation plan in January 1998.

This evaluation focuses on the employment and earnings of GAIN participants in Los Angeles County. Factors that affect employment and earnings, employment durations, and employment stability are analyzed along with a description of the demographic characteristics of the County's GAIN population.

Primary data sources for this report are DPSS administrative data and State of California unemployment insurance records. A cohort study was designed to sample and track three cohorts of GAIN participants. These cohorts are groups of participants categorized by their time of entry into the GAIN program following the implementation of CalWORKs. The cohorts analyzed in this report include individuals who entered the GAIN program during the second quarter (April, May, and June) of 1998, 1999, and 2000. Each cohort was tracked until the end of March 2001.

The first cohort, which began in 1998, has data available for the entire three years. The second cohort has data available for two years, and because data was only available for one year on the third cohort, it was not included in some of the analyses.

Key Findings

- ✓ **The average GAIN participant is a single woman about forty years of age with two children.**

For all the cohorts, about sixty percent of the participants were Hispanic; however, fifty-five percent of the population reported English as their primary language. The level of education did not differ across the cohorts, with most participants having less than or only a High School education.

- ✓ **The majority of GAIN participants in the 1998 cohort were employed at some time during the cohort period.**

For the 1998 cohort, 84 percent of participants held at least one job during the observation period. However, almost 40 percent of these participants were unemployed at the end of the last quarter, March 2001.

- ✓ **Nearly two-thirds of GAIN participants studied here were employed in stable jobs during their cohort periods and the remaining one-third were semi-employed or unemployed.**

For both the 1998 and the 1999 cohorts, about 60% of GAIN participants had stable employment. However, about 40% of the participants were not able to sustain stable employment, or were unemployed.

- ✓ **Half of the County's Welfare-to-Work participants take more than six months to find a job.**

The 1998 cohort participants took an average of 11 months to find employment. The 1999 cohort participants took 9 months to find employment.

- ✓ **The average GAIN participant moves to a new job every year. As participants change jobs, earnings tend to increase.**

On average, participants in the 1998 cohort held three different jobs over the three-year period. For the majority of these participants, earnings increased by approximately 20 percent each time they changed jobs.

- ✓ **GAIN participants in each cohort tended to increase their earnings over time. Participants with stable employment had the greatest increases.**

For all cohorts, earnings showed double digit increases annually. For the 1998 cohort, earnings increased by an average of 56 percent for participants who held stable employment. Even participants who were semi-employed saw their earnings rise by an average of 35 percent in three years.

- ✓ **Despite the overall increase in earnings, only 40 percent of all GAIN participants crossed the Federal Poverty Thresholds (FPT) with earnings alone.**

Only 40 percent of employed participants in the 1998 cohort crossed FPTs (calculated on family size) with earnings alone, suggesting that the majority of the GAIN population held low paying jobs.

- ✓ **Almost half of all GAIN participants were still dependent on aid, despite being employed most of the time.**

Almost half of all the participants in all three cohorts continued receiving aid to support their families even though a majority of this group worked most of the time. The low paying jobs available to many GAIN participants do not provide enough income to support a family.

- ✓ **GAIN participants who left CalWORKs had favorable employment and earnings outcomes.**

Over half of the 1998 cohort participants (56 percent) left the welfare rolls in the first two years. Employment rates, employment stability, and earnings were much higher among those who left CalWORKs after finding a job.

- ✓ **Prior work experience was positively associated with finding and retaining a job.**

The findings indicate that prior work experience was an important predictor of the likelihood of finding and retaining a job.

- ✓ **Participation in the Welfare-to-Work activities in the GAIN program had a positive impact on finding employment, retaining a job, and earning increases.**

Participation in Job Clubs and training activities was shown to have a positive impact on reaching GAIN goals. Receiving training had a greater impact on men in finding employment and retaining a job than it did for the women.

- ✓ **For all cohorts, levels of participation in Job Club are low.**

The study found that even though participation had a positive impact on the GAIN goals, participation in Job Club was low. In both the 1998 and 1999 cohorts, only 25 percent of the GAIN participants completed Job Club, while 54 percent did not participate at all.

- ✓ **The availability of child care services played a key role in finding and retaining a job.**

Child care was strongly associated with finding employment and job retention. Among the 1998 cohort, welfare participants who received child care increased their likelihood of finding a job by 59 percent. Child care services had a greater impact on women being able to find employment and retain a job when compared with men.

Conclusions and Policy Implications

The majority of GAIN participants obtain employment during their time in the program. However, a significant number of these participants are unemployed at the end of their cohort period. This suggests a need to improve job placement programs to assist participants in obtaining employment and increasing the job retention rate of welfare participants.

Participation in Welfare-to-Work activities, such as Job Club, has a positive impact on the ability GAIN participants have to find a job, retain a job, and increase earnings. But the available data suggests that the level of participation in Job Club and other job search components needs improvement. For example, only half of the 1998 cohort participated in Job Club or one of the other GAIN job search components, and only half of those who participated in these components completed them. It is proposed that additional research is needed to determine the causes of non-participation, since an improvement in Job Club attendance is likely to increase the proportion of GAIN participants obtaining stable employment.

This evaluation shows that the earnings of GAIN participants generally increased between 1998 and 2001. But while almost half of these participants were employed either full or part-time, their earnings were not enough to leave aid. Participant earnings increases are encouraging, but only about 30 percent of the GAIN participants observed here were able to cross the Federal Poverty Thresholds (FPTs) based on earnings alone. This suggests that GAIN participants are improving their circumstances but nevertheless continue to work at low-paying jobs.

The majority of the GAIN welfare participants have less than, or only a High School diploma, suggesting that increasing participation rates in training and educational programs may help participants learn skills that will enable them to produce earnings sufficient to support their families.

During the observation period of the evaluation, nearly one in five participants were never able to find a job. For this group, the reduction in CalWORKs cash aid upon reaching their 60-month time limit will have a significant impact. Programs and services designed to identify barriers to employment are underutilized by the general GAIN population, and increasing participation in these programs will increase the likelihood of participants finding and retaining jobs.

This evaluation found that the continued availability of child care was crucial in helping participants retain employment. Child care is available as a Post Employment Service for only 24 months after the CalWORKs time limit is reached, and then only if the participant remains employed. Should welfare participants lose their job, and thus their child care, a potential conflict may arise between the welfare participants' need to prioritize the search for work and the needs of the children.

The CalWORKs 60-month limit on receiving cash aid began in January 2003. Approximately 2,100 GAIN participants reached their time limit for receiving cash aid. For those welfare participants who have not been able to transition off welfare and are now reaching time limits, policies need to be reviewed to ensure they do not exacerbate poverty, or lead to disruptions within the family such as homelessness, child neglect, or gaps in school attendance. Further research is necessary to determine what the future consequences of welfare reform will be for the residents of Los Angeles County. However, the following recommendations are presented based on the current research study.

- ✓ **Overall levels of participation in Job Club and training programs are low and need to be increased.**
- ✓ **The “work-first” orientation may compel welfare participants into low-paying jobs that ultimately limit their ability to leave aid. A greater emphasis on training and education is needed to enable participants to earn wages above FPT levels.**
- ✓ **Job retention services need to be augmented for participants in unstable employment – especially child care.**
- ✓ **Special job placement services need to address the problems of the chronically unemployed.**
- ✓ **Additional research is needed to determine the continuing effect CalWORKs time limits will have on families who reach the 60-month limit.**
- ✓ **The availability of child care for CalWORKs participants needs to be continued.**

CHAPTER I

Los Angeles County Welfare-to-Work Overview

Background

Welfare Reform

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into Federal law. The objective of PRWORA was to help move the nation's welfare recipients from welfare to work by promoting self-sufficiency. In keeping with this goal, PRWORA replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Aid to Needy Families (TANF) program. In addition, related programs known as Job Opportunities and Basic Skills Training and the Emergency Assistance program were replaced by TANF.

TANF differs from AFDC in a number of ways, the most important of which is the inclusion of a work requirement of 30 hours for single welfare participants and a time limit of 60 months on Federal cash aid receipt. The Federal government also distributes welfare assistance funds to the States through block grants. This new distribution mechanism is part of the more general effort that PRWORA makes to shift the implementation of welfare reform measures from the Federal government to the states. The existing TANF program must be renewed after the five-year initial implementation period. The initial five-year period is now coming to a close and the TANF reauthorization legislation is under review.

Passage of PRWORA led to further changes in the welfare reform process at both the State and County levels. Responding to the Federal PRWORA initiative, the California Legislature passed Assembly Bill 1542 (AB 1542), also known as the Welfare-to-Work Act of 1997. AB 1542 created the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs has been in effect since January 1998. CalWORKs also imposes time limits on welfare eligibility for adult recipients and provides a number of services to support employment through the Greater Avenues for Independence (GAIN) program that goes significantly beyond what the Federal law requires. The CalWORKs work requirement is 32 hours for single parents and 35 hours for married welfare participants.

Well before the passage of TANF, Los Angeles County experimented with various welfare reform strategies through pilot or demonstration projects. In 1988, the County launched the GAIN program. GAIN assigned long-term welfare recipients to basic education and training programs (i.e., preparation courses for the General Educational Development exam, English as a Second Language classes, remedial math and English classes). The goal of the GAIN program was to prepare recipients for employment. However, some evaluations of GAIN concluded that the program did not effectively meet this objective. In January 1995, GAIN was replaced with Jobs-First GAIN. Jobs-First GAIN prioritized work over training by requiring recipients to comply

with work requirements. Education was now something to be pursued only after participants found steady employment. As a “work first” program, Jobs-First GAIN was centered around job search activities and made the receipt of aid conditional upon efforts of recipients to obtain and sustain employment. The County’s Jobs-First GAIN program design already included a number of the policy objectives later stipulated in the Federal PRWORA program. Jobs-First GAIN was replaced in 1998 with the CalWORKs version of GAIN, but continues to be characterized by a “work first” orientation.

CalWORKs differs from programs implemented by other States in that it continues to support children when their welfare participants do not comply with work requirements. In addition, CalWORKs provides aid to children even after the parent(s) have reached the time limit on aid receipt. CalWORKs also has less stringent penalties for failure to comply with program requirements.

AB 1542 encourages each county in the State of California to evaluate its progress towards meeting the goals of the law. These goals are to enable welfare recipients to obtain employment that allows them to provide for their families and to promote self-sufficiency. For the purposes of this report, self-sufficiency is defined as the ability to (1) find employment; (2) retain a job; and (3) earn wages above the poverty threshold.¹ To comply with the component of the law that calls for ongoing evaluation, in January 1998 the Los Angeles County Board of Supervisors adopted a welfare evaluation plan to evaluate the CalWORKs program implemented in the County. In particular, an evaluation is to be made of the ability of the County’s CalWORKs program to improve the quality and lives of children and families by assisting adults to become economically self-sufficient.

Studies on Welfare Reform

This report places particular focus on the employment and earnings of GAIN participants under CalWORKs in Los Angeles County. The focus on employment and earnings in this study will help move the discussion of welfare reform beyond a narrow account of caseload dynamics.

Welfare caseloads in California, and the nation more generally, declined precipitously after PRWORA was signed into law in 1996. If the caseload figures are judged independently of other data, then one can conclude that welfare reform programs have generally been a success up to now. But a number of scholarly researchers, policy advocates, and government fact finders have questioned whether or not general caseload decline is indicative of an increased degree of self-sufficiency among the general welfare population. The California Budget Project frames this issue quite clearly in noting that “consensus is emerging that steep caseload reductions are not sufficient to consider welfare reform a success; helping families attain self-sufficiency once off welfare is just as important.”²

In analyzing the effects of welfare reform, a number of researchers have thus turned the focus from declining caseloads to the question of self-sufficiency. In the process, many

of these researchers have detected a more troubling picture emerging from what initially appeared to be a successful policy initiative. Equal Rights Advocates (ERA), a San Francisco-based advocacy organization, has articulated one of the most direct statements in this vein. “Now that welfare reform has gone into effect,” ERA’s researchers have written, “many welfare recipients and their families view it as a broken promise. They have neither received help to access decent jobs, nor experienced economic independence...The consistent thread from our interviews is that welfare reform has not met its promise. The line of employers waiting to hire off the welfare rolls does not exist.”³ Variations on this critical orientation towards welfare reform are found in the work of Edelman, Edin and Lein, and Ellwood.⁴

Bloom and Michalopoulos have gathered findings from a number of evaluations of different Welfare-to-Work programs around the country and drawn conclusions that are more ambiguous.⁵ They note that the evaluated programs have tended to have a modest affect on income. More specifically, in four programs that were analyzed closely, three-fourths of the participants held full-time employment in their most recently held jobs after two years in these programs.⁶ The authors note that “...(T)he programs changed the composition of participants’ income by reducing reliance on public assistance, but they did not make participants financially much better off than they would have been in the absence of the programs.”⁷ In fact, in some cases the effect of the program on income was negative.

An equally mixed picture based on a review of studies of TANF recipients has recently been painted by Savner, et al. They report, on one hand, that the percentage of adults working while receiving TANF assistance increased substantially between 1994 and 1999. The authors put particular emphasis on large increases in employment among low-income single mothers during this period.⁸ On the other hand, Savner, et al. point out that much of the employment gains correlated with TANF have primarily been in low-wage jobs that usually do not offer employer-provided benefits. Furthermore, while there has been earnings growth over time, earnings have remained low for TANF recipients.⁹

Of particular interest for this analysis are evaluations that have focused specifically on Welfare-to-Work issues in Los Angeles County. Freedman, et al., for example, have completed a comprehensive evaluation of the results that the County’s Jobs-First GAIN program produced in the 1990s, prior to the passage of AB 1542 and the implementation of CalWORKs. One of the evaluation’s key findings is that the transition to a “work first” model embodied in the implementation of Jobs-First GAIN produced better employment and earnings increases than the previous training and education-based model that was in place in the County. According to the evaluation, Jobs-First GAIN generally led to sizable two-year increases in the employment and earnings of participants – this finding holds for both single welfare participants and two-parent families.¹⁰ However, the percentage of participants who were working and off welfare after two years was small. This is an especially important finding because it is a clear measure of self-sufficiency. Connected to this is the evaluation’s finding that after

two years, only 13 percent of participants in the study's experimental group stayed above the FPT on earnings alone.¹¹

This report will attempt to expand on the types of employment and earnings issues addressed in the evaluation by Freedman, et al. In the area of employment, for example, what proportion of GAIN participants under CalWORKs obtain stable employment? What proportion hold multiple jobs in any given year?¹² What is the typical unemployment gap between jobs? Taken together, answers to these types of questions can create a portrait of the degree of job stability GAIN participants have once they enter the labor markets.¹³

Los Angeles County Studies

The CAO's first Welfare-to-Work report was released in January 1999 and was based on administrative data covering the initial implementation period of the CalWORKs version of GAIN from April to August 1998.¹⁴ The report analyzed data on the years immediately leading up to the initial implementation of the CalWORKs Welfare-to-Work program in Los Angeles County. The purpose of this report was to look at caseload dynamics and employment and income trends during the early implementation phase of CalWORKs and immediately before it.

The report found that, between March 1995 and August 1998, the AFDC/CalWORKs caseload in Los Angeles County dropped by 23 percent. Between January 1996 and August 1998, AFDC/CalWORKs cases with earned income climbed from 16 percent to 31 percent. Furthermore, the average hourly wage for GAIN participants who found jobs in August 1998, five months after the implementation of the CalWORKs program, was slightly higher than the minimum wage. The report also noted that moving families from welfare to economic self-sufficiency was increasingly difficult as the caseload declined because participants with skills and work experience moved into the labor market, while longer-term welfare recipients with greater employment barriers were left behind and remained on aid.¹⁵

In 1999, the CAO issued a report entitled, "Monitoring the Implementation of CalWORKs: Welfare Reform and Welfare Service Provision in Los Angeles County," which evaluated the implementation of the CalWORKs program in the County. The report concluded that participants saw an improvement in GAIN staff and felt positive about the GAIN orientation process. Welfare participants felt hopeful about the County's Welfare-to-Work program but felt that the "work first" emphasis of GAIN would leave them stranded in low-paying jobs. Survey respondents also voiced a desire for more individual attention.¹⁶

In November 2000, the CAO issued a report to the Board of Supervisors identifying the transportation needs of the Welfare-to-Work population in Los Angeles County. The report, entitled "Assessing the Transportation Needs of Welfare-to-Work Participants in Los Angeles County," matched transportation needs against available transportation services. The report noted the following transportation gaps and deficiencies:

(1) neighborhood deficiencies; (2) mode of transportation deficiencies; (3) family related trip deficiencies; and (4) Welfare-to-Work stage deficiencies. Neighborhood deficiencies were defined by the geographical characteristics of neighborhoods that limited access to transportation services and therefore limited access to potential places of employment. Mode of transportation deficiencies existed when the demand for a particular mode of transportation (public transit, private cars, and passenger related trips) was greater than the supply. Family related trip deficiencies existed when participants faced transportation barriers that made it difficult for welfare participants to travel to destinations other than their places of work, such as child care centers and health care related travel. Finally, the Welfare-to-Work stage deficiencies were defined as transportation barriers that GAIN participants faced as they met the job search travel demands imposed by Job Clubs.¹⁷

In July 2002, a report on the early impacts of welfare reform on families and communities in Los Angeles County was released to the Board of Supervisors. The report highlighted the strengths of the CalWORKs program in the first 21 months of its implementation along with identifying the positive or unintended consequences for CalWORKs families and the communities in which they lived. The report found some initial success with a 31 percent decline in caseload between January 1998 and October 1999. While employment rates did not increase appreciably among aided adults, participation in the Welfare-to-Work programs increased significantly in the first two years. Extreme poverty declined by about 2 percent among two-parent aided families but increased by about 1 percent among single-parent families. The proportion returning to CalWORKs aid within six months also declined from 23 percent in 1998 to 18 percent in 1999.¹⁸

The varied research findings, interpretations, and viewpoints, generated by organizations both inside and outside Los Angeles County, underscore the complexity of welfare reform and its results up to now.

The Purpose of this Report

Due to the timing of the first evaluation of the CalWORKs program, which was only five months after its adoption, it was not possible to conduct an in-depth analysis of the employment patterns of GAIN participants at that time. Most of the data analyzed was from the pre-CalWORKs period and could describe only short-term trends in employment. These trends included changes in the County's caseload dynamics, earned wages, employment rates and the number of participants transitioning into jobs or simply dropping out of the County's GAIN program in the first five months of CalWORKs implementation.

In this evaluation, employment and earnings trends among GAIN participants are analyzed from April 1998 to March 2001. By this time, the County's CalWORKs program has reached a mature stage of implementation, enabling a clearer understanding of the effectiveness of the GAIN program under CalWORKs.

This report focuses on the employment and earnings of GAIN participants under the CalWORKs program. Principal questions to be addressed in this evaluation have been designed to understand the extent to which the County's GAIN participants have moved towards economic self-sufficiency under the CalWORKs program. The research questions examined in this report are as follows:

- ✓ **What proportion of the GAIN participants obtained jobs after the implementation of CalWORKs?**
- ✓ **How long did it take GAIN participants to find jobs after they registered in the County's GAIN program?**
- ✓ **What proportion of the County's GAIN participants have earnings above poverty thresholds?**
- ✓ **What are the trends in participants' earnings?**
- ✓ **What proportion of the GAIN participants were able to obtain stable employment under the CalWORKs program?**
- ✓ **How do employment and earnings patterns differ between sanctioned and non-sanctioned GAIN participants?**
- ✓ **How do employment and earnings patterns differ between GAIN participants who leave CalWORKs and GAIN participants who do not leave CalWORKs?**
- ✓ **Does participation in Welfare-to-Work activities help GAIN participants secure employment, retain jobs and attain higher earnings?**

Welfare Reform in the Context of an Expanding Economy

The economic conditions under which social policies are implemented affects the outcomes these policies generate. As the economy grew and labor markets tightened during the 1990s, substantial segments of the welfare population were given a unique opportunity to move increasingly toward self-sufficiency, presumably by substituting work and employment for welfare. This implies that the results correlated with Welfare-to-Work initiatives during the 1990s (i.e., caseload declines, employment trends, earnings trends, etc.) were at least in part a product of economic growth, and therefore not entirely attributable to policy changes.

One way to isolate the confounding impact of the economy is to study similar cohorts during a period of economic downturn.¹⁹ However, these conditions were not present at the time of this study. Therefore, it is important to make it explicit that the current report offers a detailed analysis of the impact of CalWORKs Welfare-to-Work program on the earnings and employment of GAIN participants, under the conditions of a period of economic expansion.²⁰

Whereas the CAO's first Welfare-to-Work report dealt with the first months of CalWORKs implementation in Los Angeles County, the present report will make use of data that will enable an analysis of CalWORKs over a three-year period that ended in March 2001. By conducting a cohort analysis over this three-year period, as elaborated below, the study is able to analyze the dynamics of finding and retaining employment as well as improving the economic self-sufficiency of welfare families.

Structure of the Evaluation: Cohort Analysis

Economic self-sufficiency is defined in this report as the ability of participants to support their families by not only finding a job, but also retaining a job that allows them to earn wages above the federally defined poverty thresholds. The 1999 Federal Poverty Threshold (FPT) for a family consisting of an adult with two children was \$13,523. Larger families have higher thresholds. This report classifies the earnings of the participants as above the poverty threshold when they exceed these thresholds for at least three consecutive quarters. The GAIN program is designed to provide participants with the tools to achieve economic self-sufficiency, such as job training, remedial education, job search activities, etc. These aspects of program effectiveness can only be understood by tracking a group of individuals over a period of time and observing changes over time.

This report uses a cohort research design to track three groups (cohorts) of participants who were registered in the GAIN program during three points of time between April 1998 and March 2001. The first group or cohort is the group of GAIN participants who were registered in the GAIN program in the second quarter of 1998. This cohort's employment and earnings patterns are tracked every quarter or every three months through March 2001, a three-year period. The first cohort is a unique group because it mostly includes participants who were already registered in the welfare system prior to implementation of the CalWORKs program. Therefore, the first cohort consists mostly of "old" registrants and some "new" registrants entering the system.

To fully understand the Welfare-to-Work program effects on both "old" and "new" registrants in the GAIN program, a second group of participants who were registered in the second quarter of 1999 were selected and tracked for two years. Based on the same rationale, a third cohort of participants was also selected. The third cohort included GAIN participants who were registered in the second quarter of 2000 and who were observed each quarter for one year, from April 2000 until the end of the study period in March 2001.

The distribution of participants' background characteristics such as age, gender, ethnicity, marital status, educational level, household information, etc., was examined for all three cohorts and is reported in Chapter Two. Trends in employment and earnings for the three cohorts are reported in Chapter Three. The cohort analysis applied in Chapter Three followed a monitoring or a descriptive approach where various aspects related to trends in employment and earnings among GAIN cohorts were

examined. Each cohort was tracked for their respective observation period to understand factors such as the proportion of participants able to find jobs, the length of time it took participants to find jobs, job stability, job turnover and earnings. The use of cohort analysis not only lends itself to evaluate the employment and earnings of welfare recipients over time but also provides a baseline for future follow-up studies. Due to the different lengths of each cohort observation period, the varied welfare histories of the members of each cohort, and the varied economic conditions characterizing each cohort observation period, comparisons across cohorts should be made with caution.

Although monitoring does not entail the attribution of direct causes to changes in outcomes over time, it allows for conclusions to be drawn about changes that occur under new policy conditions. It also provides warnings if the outcomes across cohorts are significantly different.

In Chapter Four, the study moves beyond a descriptive approach by applying multivariate models in an effort to look at the relationship between welfare reform program components and the employment and earnings of GAIN participants in Los Angeles County. More specifically, there are three key issues to which multivariate models are applied in this chapter: (1) the amount of time it takes participants to find their first job; (2) the length of participant's employment duration; and (3) the likelihood that participant's earnings will cross the poverty thresholds. Taken together, examination of these issues shows which GAIN activities have helped participants obtain steady employment and move towards economic self-sufficiency. (See Appendix B for technical details on regression analysis). The multivariate results are reported in Chapter Four. This analysis was run using data from the 1998 and 1999 cohorts. Participants registered in April 2000 (the third cohort) were not examined in the regression analysis due to its shorter observation period. Chapter 5 provides a conclusion, policy recommendations, and outlook.

Data Sources

The primary data sources for this study were administrative data received from the various DPSS offices. Participation in the various Welfare-to-Work activities is recorded in the GAIN Employment Activity Reporting System (GEARS) maintained by the GAIN office. This data is an individual-based, automated system that tracks the County's GAIN participants and their activities on a monthly basis.

The GEARS data system is linked with participants' demographic information contained in the FOCUS database and the Los Angeles Eligibility Automated Determination and Evaluation Reporting (LEADER) system. FOCUS data contains records of recipients who were receiving aid under AFDC. FOCUS was eventually replaced by LEADER. Both FOCUS and LEADER contain information on families and individuals that received aid from AFDC and the CalWORKs program respectively.²¹

Employment and earnings records were generated by merging GEARS, FOCUS/LEADER, and unemployment insurance records provided by the State

Department of Social Services (CDSS).²² The unemployment insurance records contain quarterly earnings for all residents of California, including welfare recipients, with the exception of those individuals who are self-employed or Federal employees. Since self-employed and Federal employees are not included in these records, their employment rates and earnings levels are underreported. By supplementing unemployment insurance records with data from GEARS and LEADER, a more complete employment database was generated. In addition, the Business Establishment List (BEL 202) received from CDSS was used to identify industry characteristics of employers.

CHAPTER II

Los Angeles County Welfare-to-Work Program Requirements and Participant Profile

Los Angeles County Welfare-to-Work Program Components: Goals, Requirements, and Strategies

This chapter provides a brief description of GAIN program components, as well as an overview of the basic demographics of the GAIN population.

After submitting a CalWORKs application and receiving approval for cash assistance, applicants in Los Angeles County are referred to the orientation and appraisal components of the GAIN program. During the appraisal interview, recipients receive general information about GAIN and self-help motivational advice. This is followed by an appraisal, during which recipients are interviewed by a DPSS GAIN Service Worker (GSW). Participants are screened for mental illness, substance abuse, domestic violence, and GSWs gather additional information regarding the recipients' work, education, and welfare histories.

Upon completion of the orientation and appraisal phase of the program, GSWs refer participants to the Job Club component of GAIN. Job Club begins approximately one week after the GAIN appraisal phase, and lasts for three weeks. During this time, participants learn about work norms and are taught skills to help them in their search for employment. For example, participants learn the appropriate guidelines for dress at work, participate in practice interviews with employers, and learn how to write a resume. Participants spend four hours of their time each day at Job Club conducting a supervised job search and then travel to locations throughout the County to submit job applications and interview with potential employers of their own choosing.

If participants fail to get a job offer after the initial three-week Job Club employment search, they are given a vocational assessment in which their skills and work histories are reviewed to identify issues that need to be addressed to make them employable. Vocational assessors help GAIN participants develop an employment plan based on this review. The plan states the participant's employment objectives and identifies the services necessary to achieve these objectives. If the vocational assessment reveals barriers to employment such as substance abuse, mental illness, or domestic violence victimization, the participant is referred to clinical assessment for supportive services so that they may receive the appropriate intervention. Clinical assessment and supportive services are also offered to participants during their participation, whenever they self-declare that they are victims of domestic violence, have mental health problems or substance abuse issues.

The employment plan also serves as the basis for a Welfare-to-Work plan that can steer participants in a number of directions when they fail to get a job while attending Job

Club. Some participants are referred back to an additional two-week supervised employment search. Others are either referred to a non-salaried “work experience” component that provides exposure to typical workday routines and conditions, or they are referred to a vocational program or remedial education before being assigned back to another supervised employment search.

Once the Welfare-to-Work plan is completed, participants are asked to sign it. The signing of the Welfare-to-Work plan begins the 18- or 24-month period during which Welfare-to-Work services will be available to the participant.²³ If participants have not gained full-time employment after two years in GAIN, they are assigned to unpaid community service.

Sanctions

When participants fail to comply with GAIN program requirements, they receive an official Notice of Action (NOA) that requires them to meet with a GSW to determine the cause of their noncompliance. The noncompliance appointment must take place within 20 calendar days from the day the NOA is sent. If participants fail to either meet with or contact their GSW within this time frame, they receive a “sanction”. A financial sanction is a GAIN penalty in which the participant is excluded from the CalWORKs assistance unit along with his/her portion of the cash grant. For an exempt participant who volunteers, a sanction consists of the participant being excluded from participation in the GAIN program until the participant becomes a mandatory participant. Sanctions are only applied to eligible adults who do not comply with program requirements and not to eligible children.

If the GSW determines that there is good cause for the participant’s noncompliance, the participant’s records are updated to reflect this, and the participant is assigned back to the same activity, assigned to a more appropriate activity, or exempted from participation.²⁴ When the GSW determines that there is no good cause for the participant’s noncompliance, a compliance plan is developed that attempts to resolve the issues related to the participant’s noncompliance. Both the participant and the GSW sign the compliance plan.

If the participant fails to fulfill the terms of the compliance plan, the GSW determines whether there is good cause for this failure. This determination is made on the basis of information available to the GSW – no additional appointment is scheduled with the participant. If there is good cause for the participant’s failure to meet the requirements of the compliance plan, the GSW determines whether the participant should be recommended for an exemption. If no exemption is granted, the participant is assigned to resume the activities called for in the compliance plan. If the GSW determines that there is no good cause for failure to meet the requirements in the compliance plan, a sanction NOA is issued to the noncompliant participant.

The sanction period varies depending on the sanction history of the noncompliant participant. A financial sanction for the first instance of noncompliance continues until

the participant performs the activities that were not performed. A financial sanction for the second instance of noncompliance lasts for either three months or until the participant performs the activities that were not performed, whichever is longer. A financial sanction for a third instance of noncompliance lasts either six months or until the participant performs the activities that were not performed, whichever is longer.

Supportive Services

A number of supportive services are offered to CalWORKs participants, each of which is designed to facilitate the transition from welfare to employment. This report has not evaluated these supportive services, however, a brief description of some of the supportive services that are available as described by DPSS is provided below.

✓ Child Care

Under CalWORKs, child care services are available to all welfare participants enrolled in GAIN. Recipients can make use of several different types of child care providers: (1) Child Care Centers; (2) Family Day Care; and (3) License Exempt Care.²⁵ Child care is guaranteed for all children up to age 10. Child care for children through the age of 12 is subject to available funding. Children with special needs may receive childcare until they reach age 18. The rates charged for child care vary depending upon whether the parent is employed full or part-time or is otherwise participating in County-approved Welfare-to-Work activities on a full or part-time basis.²⁶

✓ Transportation Assistance

DPSS provides funds to cover transportation costs necessary for participation in Welfare-to-Work activities. According to DPSS, the need for transportation exists when the participant would have to use personal or CalWORKs funds to cover transportation costs for a GAIN activity.²⁷

✓ Domestic Violence Services

If a CalWORKs applicant/participant is identified or declares him/herself as a past or present victim of domestic violence, a designated supportive services worker will help the applicant in gaining access to CalWORKs assistance and domestic violence services in the community.²⁸

✓ Mental Health Services

DPSS offers treatment referral services to CalWORKs recipients with mental health disabilities. If it is determined at the clinical assessment that a participant has mental health problems and the participant chooses to seek treatment, the Clinical Assessor refers the participant to a County contracted mental health provider.²⁹

✓ **Substance Abuse Services**

DPSS offers treatment referral services to CalWORKs recipients with substance abuse problems. If it is determined at the clinical assessment that a participant has substance abuse problems, the Clinical Assessor refers the participant directly to a substance abuse provider contracted with the County Department of Health Services for mandatory treatment.³⁰

✓ **Post-Employment Services**

GAIN participants who leave CalWORKs due to an increase in wages qualify for two years of child care and one year of transportation services. Participants may also qualify for Post-Employment Services that are designed to increase job retention. Some of these services include: education/training, substance abuse services, mental health services, domestic violence services, and mentoring services.

Exempt Provisions

CalWORKs recipients may ask to be exempted from participation in Welfare-to-Work activities for a variety of reasons. An exempt recipient is not required to complete any of the GAIN program components. GSWs determine whether recipients are eligible for an exemption and/or to receive support services. Recipients receive exemptions if they are less than 18 or more than 60 years old, mentally or physically incapacitated, pregnant, providing continuous care for an ill household member, or caring for a child under six months of age (one year if it is the first child). Participants may be referred for clinical assessment if the GSW believes a recipient has substance abuse and/or mental health problem. Furthermore, when the need is identified, participants are referred to domestic violence services. Participants involved in these supportive services may qualify for a waiver from their Welfare-to-Work activities while receiving supportive services.

“Leavers”

A CalWORKs “leaver” is a participant who exits from the CalWORKs financial aid rolls. Participants exit CalWORKs for several reasons such as finding a job, moving out-of-County, etc. “Leavers” are defined in this report as participants who have been off aid for one year and subsequently did not return.³¹

Participants who obtain employment, are earning at least minimum wage and working a minimum of 32 hours per week, are required to stay in GAIN for at least three months. Intensive job-retention case management services is mandatory for the first three months of full time employment. The GSW is to support the participant in the transition to a working lifestyle by aiding in the resolution of any barriers to continued employment and to refer the participant for additional post-employment services to support job retention as needed and requested. Following the initial three month period, the GSW offers post-employment services, if applicable, to the participant and evaluates and documents whether there is a need for continued case management.

Cohort Specific Participant Profile

This section provides some descriptive information about the CalWORKs recipients in Los Angeles County who participated in GAIN during the three-year period ending March 2001 and who were sampled for inclusion in the three cohorts analyzed in this report.

The first cohort is the group of GAIN participants who were registered in the GAIN program in the second quarter of 1998. This cohort was tracked every quarter, or every three months, through March 2001, a three-year period. A second group of participants who were registered in the second quarter of 1999 were selected and tracked for two years, and a third cohort was observed each quarter for one year, from April 2000 until the end of the study period in March 2001. In the course of analyzing each cohort, this study only looks at mandatory participants. As long as data is available, earnings and employment data for every participant in all three cohorts is tracked for the full cohort period, even if and after a participant leaves aid. When no records are available for participants who leave aid, these participants are assumed to be unemployed. This means that actual employment rates may be slightly under-reported since leavers who moved out of state or became self-employed are considered unemployed.

The GAIN population can be divided into participants who were in GAIN prior to the implementation of CalWORKs, (they received aid under the former AFDC program) and participants who were newcomers in any of the three given post-reform years covered in this report. Approximately 92 percent of participants were pre-reform participants in the 1998 cohort. In the 1999 cohort, 68 percent of participants were pre-reform participants. The proportion of pre-reform participants dropped to roughly 40 percent in the 2000 cohort.

The descriptive statistics presented in Table 2.1 show that women comprised over two thirds of the participants registered in the GAIN program on or after April 1998. The age distribution shows that the proportion of the GAIN population between the ages 18 to 25 years increased from 7 percent in the 1998 cohort to 18 percent in the 2000 cohort. The ethnicity data for each cohort shows that about 60 percent were Hispanics. African-Americans made up between 23 and 25 percent and Whites were between 8 and 11 percent of the GAIN population. The category Asian/Other made up approximately 6 percent of the total population, and although it is not shown in the Table, the largest single ethnic group in this category was Vietnamese.

The statistics on marital status show that about four-fifths of the GAIN participants were either single or divorced or separated and the remainder was currently married. This marital status information underscores the fact that most GAIN participants are single welfare participants. Indeed, in each cohort, aid type data indicates that approximately four-fifths of GAIN participants in Los Angeles County were single-parent cases (FG – Family Group), while the balance were two-parent cases (U – Unemployed Parent).

The primary language for the majority of the participants was English, with about 40 percent reporting Spanish as their primary language. Armenian, Vietnamese and Chinese were among the other primary languages spoken by groups in the population. In terms of educational achievement, approximately one-half of the population had only a High School diploma. Only 7.5 percent had attended college or completed a college degree, and the remaining 40 percent did not have a High School diploma.

Table 2.1
Demographic Characteristics of GAIN Participants
in Los Angeles County by Cohort: 1998 to 2001

	1998-2001 GAIN Cohort Participants	1999-2001 GAIN Cohort Participants	2000-2001 GAIN Cohort Participants
Sample Size	41,762	36,165	30,021
Average Age	39.0	38.2	36.3
Age			
18-25	7.0	10.0	17.8
26-35	29.2	28.5	29.7
36-45	39.9	39.4	33.1
46-65	23.9	22.1	19.4
Gender			
Male	23.6	23.6	23.1
Female	76.4	76.4	76.9
Ethnicity			
African-American	23.4	24.0	25.1
White	11.2	11.1	8.3
Hispanic	59.9	59.1	60.7
Asian/Other	5.5	5.8	5.9
Marital Status			
Married	22.0	21.9	20.7
Single	70.7	70.6	71.8
Separated	5.0	5.1	5.2
Divorced	2.3	2.4	2.3
Primary Language			
Spanish	39.2	39.1	41.5
English	55.8	56.1	55.1
Other	5.0	4.8	3.4
Aid Type¹			
Single-parent (FG)	80.4	79.2	77.2
Two-parent (U)	19.6	20.8	22.8
Education²			
Less than High School	43.1	40.7	40.4
High School	50.7	52.5	52.1
Some College	3.5	3.8	4.0
College degree	2.7	3.0	3.5

¹ DPSS refers to single parents as FG: Family Group and Two-parent as U: Unemployed parent.

² Education data is missing for approximately one-third of participants in the three cohorts. The data presented in Table 2.1 should be interpreted with this limitation.

Source: Department of Public Social Services, FOCUS, GEARS, and LEADER, 1998-2001.

The average number of persons in each household was over 3. The average number of children was approximately 2. Although two-thirds reported that they lived in single parent households, this data allows one to infer that an additional adult is living in a significant proportion of single-parent GAIN households (see Table 2.2).

Table 2.2
Household Data of GAIN Participants in
Los Angeles County by Cohort: 1998 to 2001

	1998-2001 GAIN Cohort Participants	1999-2001 GAIN Cohort Participants	2000-2001 GAIN Cohort Participants
Number of Children per GAIN Household			
Mean	1.9	1.9	1.9
Number of Adults per Household			
Mean	1.6	1.6	1.4
Number of People per Household			
Mean	3.5	3.5	3.3

Source: Department of Public Social Services, FOCUS, GEARS, and LEADER, 1998-2001.

Participation in the GAIN program components was low. In the 1998 and 1999 cohorts, more than half (54 percent) of the GAIN participants never went to Job Club. Among those who participated, only half completed the required duration of Job Club attendance. Participation in training activities was also quite low and no more than eighteen percent reported receiving these services. (see Table 2.3).

Table 2.3
Participation in Welfare-to-Work Activities
Among GAIN Participants in Los Angeles County by Cohort:
1998 to 2001¹

Activities	1998-2001 GAIN Cohort Participants		1999-2001 GAIN Cohort Participants		2000-2001 GAIN Cohort Participants	
	Number	Percent	Number	Percent	Number	Percent
Job Club						
Not Completed	8,488	20.3	7,753	21.4	4,914	16.4
Completed	10,527	25.2	8,839	24.5	5,542	18.5
Did Not Participate	22,747	54.5	19,573	54.1	19,565	65.2
Training						
Not Completed	3,683	8.8	3,732	10.3	2,477	8.3
Completed	3,857	9.2	2,554	7.1	1,259	4.2
Did Not Participate	34,222	82.0	29,879	82.6	26,285	87.5

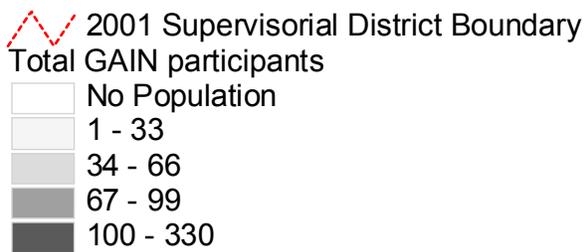
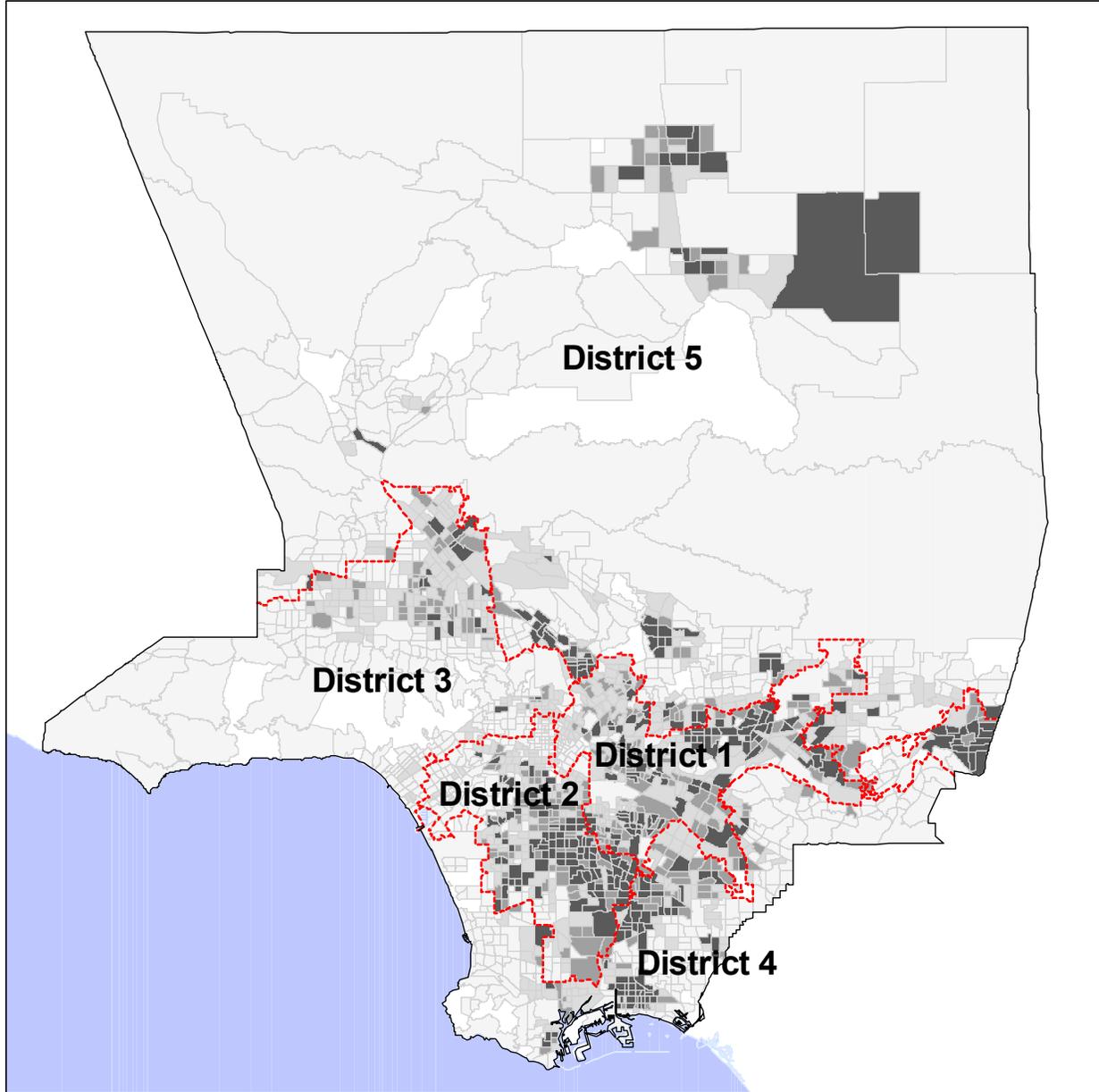
¹ The total number of participants for each category in this table (Job Club and Training) adds up to 41,762, 36,165, and 30,021 for the 1998, 1999, and 2000 cohort respectively.

Source: Department of Public Social Services, GEARS, 1998-2001.

While the GAIN population is geographically dispersed throughout the County, it tends to be concentrated in specific geographic areas as shown in Map 1. Welfare-to-Work welfare participants are concentrated in the central portion of the County, along with other clusters in Long Beach, Hollywood, Pomona, Lancaster, and Palmdale (see Map1).

Map 1

Residential Distribution of GAIN Participants in Los Angeles County by Supervisorial Districts April 1998 – March 2001



Summary

The data in this chapter shows that the GAIN population in Los Angeles County is predominantly single, female, and has an average close to the age of 40 years. While about 60 percent of the GAIN participants were Hispanic, roughly 40 percent reported Spanish as their primary language. Only half of the participants had a High School diploma and no more than 7.5 percent had some college education. Education rates did not differ between cohorts registered in different time-periods. The average number of adults and children in each household remained relatively the same over the three-year period, approximately 1.6 and 1.9, respectively.

Just under 80 percent of the GAIN participants were either single or divorced or separated and only a fifth were currently married. This was reflected in the type of CalWORKs aid classification of these participants where only a fifth were two-parent cases and the remaining were single-parent cases.

Job club participation remained under 50 percent among all the three cohorts and less than a fifth utilized vocational training programs. The number of GAIN participants in the CalWORKs program that had never participated in the previous AFDC welfare program increased substantially from April 1998 to March 2001 (from 8 to 60 percent) as new recipients came into the GAIN program.

In summary, the statistics presented in this chapter indicate that there has been little or no change in the demographic characteristics of the GAIN population over the observation period. Low participation rates in the Welfare-to-Work program activities reflect serious challenges faced by GAIN participants on their road to economic self-sufficiency.

CHAPTER III

Employment Experience

How have welfare recipients in Los Angeles County fared under the CalWORKs version of the GAIN program in terms of their employment and earnings opportunities? This chapter examines employment and earnings patterns among three cohorts of participants who were registered in the GAIN program in Los Angeles County after the implementation of CalWORKs in 1998. Employment patterns such as employment stability, length of time to find a job, and the number of employment and unemployment durations were examined for the observation period. In addition, employment and earning patterns were examined and compared between sanctioned and non-sanctioned participants as well as between participants who left CalWORKs aid and those who remained in the program.

Employment Rates

For each cohort analyzed in this chapter, there was an increase in the employment rate after one year of observation.³² These findings are illustrated in Table 3.1 and indicate that 83.8 percent of the 1998 GAIN cohort participants were employed for at least one month during the cohort period and 16.2 percent were never employed during the observation period. In the same cohort, the employment rate increased from 57.2 percent to 62.7 percent during the first year, and remained relatively the same in the second and third years.

The increase in the overall employment rate was quite low because all the GAIN cohorts included two types of participants; i.e., those who were registered in GAIN prior to the implementation of CalWORKs, as well as those who were registered in GAIN for the first time after the implementation of CalWORKs. Participants who are older and have longer welfare histories tend to take much longer to find employment and comprise a larger proportion of each of the cohorts. When employment rates were considered separately for these two populations, the increase over three years was much higher among participants who registered in the GAIN program for the first time after the implementation of the CalWORKs program. Employment rates increased from 34 percent to 52 percent for new registrants within the 1998 cohort participants. (These last figures are not tabulated in Table 3.1).

Table 3.1

**Employment Rate Among GAIN Participants in Los Angeles County
by Cohort: 1998 to 2001**

	1998-2001 GAIN Cohort Participants ¹		1999-2001 GAIN Cohort Participants ²		2000-2001 GAIN Cohort Participants ³	
	Number	Percent	Number	Percent	Number	Percent
Participants employed for at least one month during the cohort period						
Yes	35,005	83.8	28,165	77.9	20,282	67.6
No	6,757	16.2	8,000	22.1	9,739	32.4
Total	41,762	100.0	36,165	100.0	30,021	100.0
Participants employed in the first quarter of the cohort period						
Yes	23,893	57.2	20,023	55.4	15,394	51.3
No	17,869	42.8	16,142	44.6	14,627	48.7
Total	41,762	100.0	36,165	100.0	30,021	100.0
Participants employed in the last quarter of the first year						
Yes	26,185	62.7	21,084	58.3	17,021	56.7
No	15,577	37.3	15,081	41.7	13,000	43.3
Total	41,762	100.0	36,165	100.0	30,021	100.0
Participants employed in the last quarter of the second year						
Yes	26,101	62.5	21,662	59.9	--	--
No	15,661	37.5	14,503	40.1	--	--
Total	41,762	100.0	36,165	100.0	--	--
Participants employed in the last quarter of the third year						
Yes	26,268	62.9	--	--	--	--
No	15,494	37.1	--	--	--	--
Total	41,762	100.0	--	--	--	--

--" represents data not applicable.

¹ This cohort includes participants who were registered in the GAIN program in April 1998 and are observed for three years (for 12 quarters through March 2001).

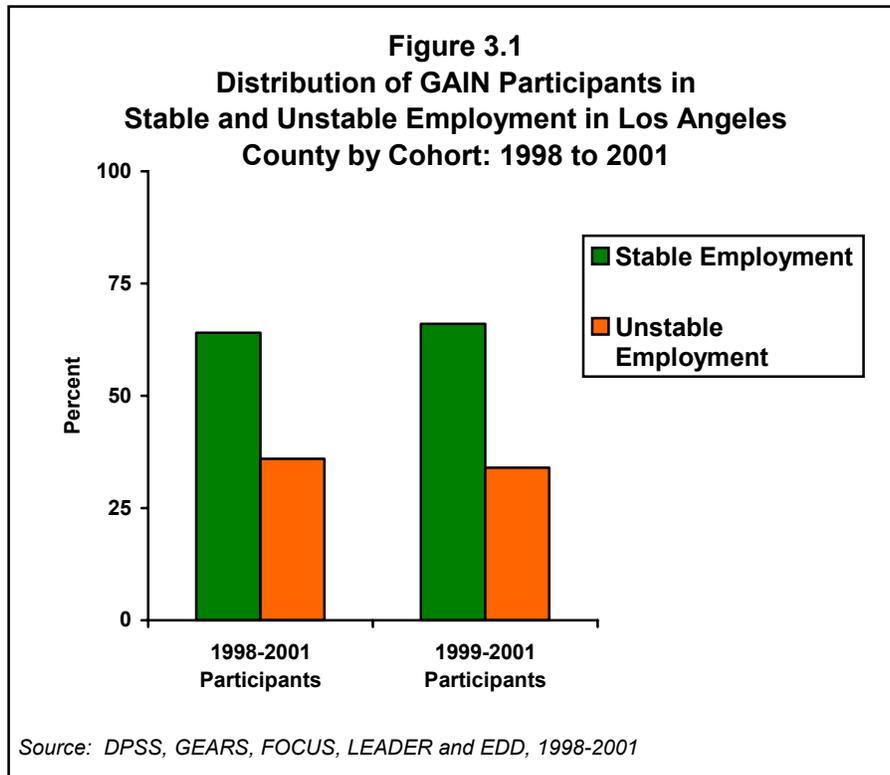
² This cohort includes participants who were registered in the GAIN program in April 1999 and are observed for two years, (for 8 quarters through March 2001).

³ This cohort includes participants who were registered in the GAIN program in April of 2000 and are observed for one year, (for 4 quarters through March 2001).

Source: DPSS; GEARS, FOCUS, LEADER and EDD, 1998-2001.

Employment Stability

Employment stability is a strong indicator of participants' progress towards economic self-sufficiency. GAIN participants were referred to as stably employed when they were employed during at least three quarters and were employed for at least seventy percent of their remaining time in the cohort period. Figure 3.1 indicates that a majority or two-thirds of the employed GAIN participants in the 1998 and 1999 cohorts experienced stable employment.



Employment Patterns

Employment patterns were examined for two different groups of GAIN participants within the 1998 and the 1999 cohorts. The first group included GAIN participants who were already employed at the beginning of their cohort period. Their employment patterns are reported in Table 3.2a.³³ The second group included participants who were unemployed at the beginning of the cohort period. The outcomes for this group are reported separately in Table 3.2b. It should be noted that although the analysis in this chapter was conducted using quarterly data, the information was converted into months for clarity of presentation. The average length of employment among participants employed in the first quarter was 31 months for the 1998 cohort and 21 months for the 1999 cohort (see Table 3.2a).

The data shows that for both cohorts, the length of employment was substantially long and uninterrupted. Among the 1998 cohort, 8.4 percent were employed for less than one year, 11.7 percent were employed for between one and two years, and 79.9 percent were employed for more than two years. Almost two-thirds of the participants in both the cohorts remained employed during the entire cohort period. These findings suggest that the majority of the employed participants were able to maintain their employment.

Table 3.2a

Employment Patterns of GAIN Participants in Los Angeles County Employed in the First Quarter of the Cohort Period: 1998 to 2001

	1998-2001 GAIN Cohort Participants			1999-2001 GAIN Cohort Participants		
	Number	Percent	Mean	Number	Percent	Mean
Average number of months employed	23,893		31	20,023		21
Average length of time employed during the cohort period						
1 -12 months	2,007	8.4		2,783	13.9	
13 -24 months	2,795	11.7		17,240	86.1	
25 - 36 months	19,091	79.9		--	--	
Total	23,893	100.0		20,023	100.0	
Employed continuously through the cohort period						
Yes	14,885	62.3		13,355	66.7	
No	9,008	37.7		6,668	33.3	
Total	23,893	100.0		20,023	100.0	

The symbol -- represents data not applicable.

¹ The 1998-2001 GAIN participants were observed for three years; 1999-2001 GAIN participants were observed for two years.

Source: DPSS; GEARS, FOCUS, LEADER, and EDD, 1998-01.

Table 3.2b illustrates the employment patterns of participants who were unemployed at the beginning of the cohort period but were subsequently employed. It took an average of 11 months for the 1998 cohort and 9 months for the 1999 cohort participants to find employment. About a third of the 1998 cohort participants and a fifth of the 1999 cohort participants found employment after one year.

The average length of employment was 17 and 12 months for the 1998 and the 1999 cohort participants respectively. About a third of the participants in both cohorts were able to retain their employment for only six months. Slightly over half the 1998 cohort participants were employed for more than one year (50.9 percent), while 43.1 percent of the 1999 cohort participants were employed for the same length of time.

Table 3.2b

**Employment Patterns Among GAIN Participants in Los Angeles County
Unemployed in the First Quarter of the Cohort Period: 1998 to 2001¹**

	1998-2001			1999-2001		
	GAIN Cohort Participants Number	Percent	Mean	GAIN Cohort Participants Number	Percent	Mean
Average number of months to find employment			11			9
Length of time to find employment						
1- 6 months	5,456	49.1		4,308	52.9	
7-12 months	2,021	18.2		2,045	25.1	
13+ months	3,635	32.7		1,789	22.0	
Total	11,112	100.0		8,142	100.0	
Average length of employment during cohort period (months)			17			12
Length of employment during cohort period						
1-6 months	3,644	32.8		2,882	35.4	
7-12 months	1,811	16.3		1,751	21.5	
13+ months	5,657	50.9		3,509	43.1	
Total	11,112	100.0		8,142	100.0	
Employed continuously during the cohort period						
Yes	5,145	46.3		4,136	50.8	
No	5,967	53.7		4,006	49.2	
Total	11,112	100.0		8,142	100.0	

¹ The 1998-2001 GAIN participants are observed for three years; 1999-2001 GAIN participants are observed for two years.

Source: DPSS; GEARS, FOCUS, LEADER, and EDD, 1998-01.

Employment and Unemployment Durations

The available employment data used in this evaluation was reported on a quarterly basis. Hence, it was not possible to capture the number of times participants disrupted their employment within a quarter. The length of continued employment and unemployment between each quarter is defined as employment or unemployment duration. An interval refers to a minimum of one quarter, and employment duration refers to continuous employment intervals. Unemployment duration refers to continuous unemployment intervals. An employment duration ends when a participant is not employed for at least one quarter.

On average, participants in both cohorts had slightly more than one employment duration. (see Table 3.3). The average length of employment among participants with one employment duration was 28 and 22 months in the 1998 and 1999 cohorts respectively. Among participants with multiple employment durations, the average length of employment was 11 months and 9 months in the 1998 and the 1999 cohorts. Participants in both cohorts experienced, on average, slightly more than one unemployment duration. The majority of both cohort participants experienced one unemployment duration (76.8 and 86.3 percent). The average length of unemployment among participants with one unemployment duration was 13 and 9 months for the 1998 and 1999 cohorts (see Table 3.3).

It may also be noted that over 75 percent of GAIN participants in the 1998 cohort were re-employed following their first unemployment duration. For 28 percent of this group, it took three months to find another job, while the remaining 72 percent waited more than three months for re-employment. (These figures are not tabulated in Table 3.3).

Table 3.3

Employment and Unemployment Duration Patterns Among GAIN Participants in Los Angeles County by Cohort: 1998 to 2001

	1998-2001 GAIN Cohort Participants			1999-2001 GAIN Cohort Participants		
	Number	Percent	Mean	Number	Percent	Mean
Employment Durations						
Average Number of Durations			1.3			1.2
Distribution of Durations						
One Duration	26,393	75.4	28.0	23,429	83.2	22.0
Multiple Durations	8,612	24.6	11.0	4,736	16.8	9.0
Total	35,005	100.0		28,165	100.0	
Unemployment Durations						
Average Number of Durations			1.2			1.1
Distribution of Durations						
One Duration	11,513	76.8	13.0	8,742	86.3	9.0
Multiple Durations	3,477	23.2	7.0	1,393	13.7	5.0
Total	14,990	100.0		10,135	100.0	

Source: DPSS; GEARS, FOCUS, LEADER, and EDD, 1998-2001.

Job Turnover

Job turnover can have both a positive and a negative impact on employment. Job turnover can measure employment instability when participants frequently change jobs because they are unable to retain their job. On the other hand, job turnover can

measure employment stability when participants change jobs for better opportunities. The impact of job turnover on an individual's employment opportunities largely depends on the skill level of the population. In a population with fewer skills and lower education rates, a change of job may actually be a positive outcome. Participants may change jobs as they receive more training and become qualified for more skilled and/or higher paying jobs.

In order to explore whether the impact of job turnover on the participants' ability to be economically self-sufficient was positive or negative, this report explored the earnings patterns associated with job turnover among the GAIN participants using employer identification numbers from unemployment insurance records. These results are reported in Table 3.4.

Among the 1998 cohort participants, 79.4 percent held multiple jobs, and among the 1999 cohort participants, 70.4 percent held multiple jobs. Multiple jobs refers to holding more than one job in a given quarter. It does not necessarily mean holding two jobs simultaneously. It is an indicator of job turnover within the same quarter. On average, the 1998 cohort participants held 3.3 jobs, and the 1999 cohort participants held 2.6 jobs during the cohort period.

Overall, job turnover had a positive impact on the earnings of over half the participants. At the same time, however, job turnover had a negative impact on close to 40 percent of the participants. Among participants who changed jobs, earnings increased by 18 percent among the 1998 cohort and 21 percent among the 1999 cohort.

Table 3.4

**Job Turnover Among GAIN Participants in Los Angeles County
by Cohort: 1998 to 2001**

	1998-2001 GAIN Cohort Participants			1999-2001 GAIN Cohort Participants		
	Number	Percent	Mean/ Median	Number	Percent	Mean/ Median
Number of jobs held during the cohort period ¹						
One job	6,480	20.6		7,292	29.6	
More than one job	25,046	79.4		17,306	70.4	
Total	31,526	100.0		24,598	100.0	
Average number of jobs held during the cohort period						
	31,526		3.3	24,598		2.6
Change in earnings among participants who changed jobs						
Increased	14,075	56.2		8,964	51.8	
Decreased	9,592	38.3		7,389	42.7	
No change	1,379	5.5		953	5.5	
Total	25,046	100.0		17,306	100.0	
Participants who changed jobs experienced an average increase in earnings of:						
			+18.0		+21.0	

¹ 1998-2001 GAIN participants are observed for three years, from April 1998 through March 2001.
1999-2001 GAIN participants are observed for two years, from April 1999 to March 2001.

Source: EDD, 1998-2001.

Employment by Sector

Table A-1 in Appendix A tabulates the industries in which the 1998 cohort participants were employed. Industries are shown based on Standard Industrial Classification (SIC) codes. Given the similar patterns between the 1998 and 1999 cohort participants' industry codes, only the 1998 cohort participants' industry code is presented in Table A-1. The most common employers for the 622,000 jobs held within the cohort were in service industries. The five industries that employed the largest proportion of participants were business services (15.7 percent), eating and drinking places (7.8 percent), health services (7.5 percent), educational services (6.7 percent), and general merchandise stores (4.8 percent). The administrative datasets used in this

report did not have complete information on the participants' occupation and hence were not analyzed.

Earnings Patterns of GAIN Participants

GAIN participants experienced a small but steady increase in their earnings each year during the observation period. The median quarterly earnings among the 1998 cohort participants increased by 16 percent after one year, by 18 percent in the second year, and by 12 percent in the third year (see Table 3.5). Median quarterly earnings among the 1999 cohort increased by 18 percent after one year, and by 12 percent after the second year. Median quarterly earnings among the 2000 GAIN cohort participants increased by 18 percent after one year.

Table 3.6 shows earnings distributions of GAIN participants at the end of the first, second and third years of the observation period. The earnings distributions were quite similar between cohorts. In all the three cohorts, by the end of the first year, only about 10 percent were earning more than \$5,000 per quarter while approximately 62 percent of the participants were earning less than \$3,000 per quarter. The participants' earnings patterns in the second and third years were very similar to the earnings patterns in the first year.

Table 3.5

**Median Earnings Among GAIN Participants in Los Angeles County
by Cohort: 1998 to 2001¹**

	1998-01 GAIN Cohort Participants		1999-01 GAIN Cohort Participants		2000-01 GAIN Cohort Participants	
	Median	Percent	Median	Percent	Median	Percent
Earnings during the first year						
Median earnings in first quarter of the cohort period	\$2,430		\$2,521		\$2,415	
Median earnings in the last quarter of the first year	\$2,818		\$2,974		\$2,850	
percent change in median earnings in the last quarter of the first year		+16%		+18%		+18%
Earnings during the second year						
Median earnings in the last quarter of the second year	\$3,315		\$3,328		--	
Percent change in median earnings between year 1 and year 2		+18%		+12%		--
Earnings during the third year						
Median earnings in the last quarter of the third year	\$3,709		--		--	
percent change in median earnings between year 2 and year 3		+12%		--		--

--" represents data not applicable.

¹ 1998-2001 GAIN participants are observed for three years from April 1999 through March 2001; 1999-2001 GAIN participants are observed for two years from April 1999 through March 2001; 2000-2001 GAIN participants are observed for one year, from April 2000 to March 2001.

Source: DPSS; GEARS, FOCUS, LEADER, and EDD, 1998-2001.

Table 3.6

**Earnings Distribution Among GAIN Participants in Los Angeles County
by Cohort: 1998 to 2001**

	1998-01 GAIN Cohort Participants		1999-01 GAIN Cohort Participants		2000-01 GAIN Cohort Participants	
	Number	Percent	Number	Percent	Number	Percent
Earnings distribution in the last quarter of the first year						
Below \$1,000	2,761	8.6	2,592	8.9	2,457	9.4
\$1,000-\$1,999	7,972	24.8	7,272	25.0	6,829	26.0
\$2,000-\$2,999	9,146	28.4	7,724	26.6	7,034	26.8
\$3,000-\$3,999	6,199	19.1	5,593	19.2	4,531	17.3
\$4,000-\$4,999	3,080	9.6	2,879	9.9	2,483	9.5
Over \$5,000	3,053	9.5	3,036	10.4	2,882	11.0
Total	32,211	100.0	29,096	100.0	26,216	100.0
Earnings distribution in the last quarter of the second year						
Below \$1,000	2,294	6.5	2,174	6.7	--	--
\$1,000-\$1,999	7,777	21.9	7,176	22.1	--	--
\$2,000-\$2,999	10,062	28.2	8,774	27.1	--	--
\$3,000-\$3,999	7,300	20.5	6,680	20.6	--	--
\$4,000-\$4,999	4,000	11.2	3,602	11.1	--	--
Over \$5,000	4,144	11.7	4,013	12.4	--	--
Total	35,577	100.0	32,419	100.0	--	--
Earnings distribution in the last quarter of the third year						
Below \$1,000	1,895	5.1	--	--	--	--
\$1,000-\$1,999	7,231	19.4	--	--	--	--
\$2,000-\$2,999	10,253	27.5	--	--	--	--
\$3,000-\$3,999	7,962	21.4	--	--	--	--
\$4,000-\$4,999	4,486	12.1	--	--	--	--
Over \$5,000	5,415	14.5	--	--	--	--
Total	37,242	100.0	--	--	--	--

--" represents data not applicable.

Source: DPSS; FOCUS, GEARS, LEADER, and EDD, 1998-2001.

Employment and Earnings Patterns Among GAIN Participants in Relation to Employment Stability

GAIN participants who achieved employment stability were more likely to reduce their dependence on aid. A comparison of GAIN participants' household incomes that included cash aid, Food Stamps, and earnings, revealed that CalWORKs aid was around 20 percent of total household income among participants with stable employment, while it constituted more than 50 percent of the household income among participants with unstable employment. (These last figures are not tabulated in Table 3.7a).³⁴

A comparison of employment and earnings patterns between participants with stable and unstable employment shows that the 1998 cohort participants with stable employment were employed for 94.5 percent of the time during the cohort period. In contrast, participants with unstable employment were employed for only 48.5 percent of the time (see Table 3.7a).

A much higher proportion of participants in the 1998 cohort who were stably employed were able to earn above the poverty threshold (54.2 percent), compared with participants who experienced unstable employment (18.9 percent). Median quarterly earnings among participants who obtained stable employment were almost 40 percent higher than those who obtained unstable employment. The findings for the 1999 cohort were similar to the 1998 cohort (see Table 3.7b).³⁵

Map 2 shows the average earnings of welfare participants (based on residence) who obtained stable employment, by Supervisorial Districts. Districts 3 and 4 had a higher percentage of participants who earned more than \$4,000 per quarter compared with the other Supervisorial Districts in Los Angeles County.

Table 3.7a

**Employment and Earnings Differences by Employment Stability Among
1998 GAIN Cohort Participants in Los Angeles County¹**

	Participants with Stable Employment ²			Participants with Unstable Employment		
	Number	Percent	Median	Number	Percent	Median
Percent time employed during cohort period		94.5			48.5	
Employed in the first quarter of the cohort period						
Yes	19,074	84.6		4,819	38.7	
No	3,473	15.4		7,649	61.3	
Total	22,547	100.0		12,458	100.0	
Employed in the last quarter of the cohort period						
Yes	21,127	93.7		6,304	50.6	
No	1,420	6.3		6,154	49.4	
Total	22,547	100.0		12,458	100.0	
Earnings above poverty thresholds						
Yes	12,220	54.2		2,355	18.9	
No	10,327	45.8		10,103	81.1	
Total	22,547	100.0		12,458	100.0	
Earnings						
Median quarterly earnings during cohort period			\$3,363			\$2,423
Median quarterly earnings in the first employed quarter			\$2,401			\$1,643
Median quarterly earnings in the last employed quarter			\$3,751			\$2,211

¹ 1998-2001 participants are observed for three years.

² Stable employment is defined as employed for at least three quarters and over 70 percent of the time during the cohort period.

Source: DPSS; FOCUS, GEARS, LEADER, and EDD, 1998-2001.

Table 3.7b

**Employment and Earnings Differences by Employment Stability Among 1999
GAIN Cohort Participants in Los Angeles County¹**

	Participants with Stable Employment ²			Participants with Unstable Employment		
	Number	Percent	Median	Number	Percent	Median
Percent time employed during cohort period		94.9			52.6	
Participants employed in the first quarter of the cohort period						
Yes	16,312	87.2	3,708	39.2		
No	2,394	12.8	5,751	60.8		
Total	18,706	100.0	9,459	100.0		
Employed in the last quarter of the cohort period						
Yes	17,565	93.9		5,458	57.7	
No	1,141	6.1		4,001	42.3	
Total	18,706	100.0		9,459	100.0	
Earnings above poverty thresholds						
Yes	8,474	45.3		842	8.9	
No	10,232	54.7		8,617	91.1	
Total	18,706	100.0		9,459	100.0	
Earnings						
Median quarterly earnings during cohort period			\$3,195			\$2,227
Median quarterly earnings in the first employed quarter			\$2,535			\$1,600
Median quarterly earnings in the last employed quarter			\$3,447			\$2,167

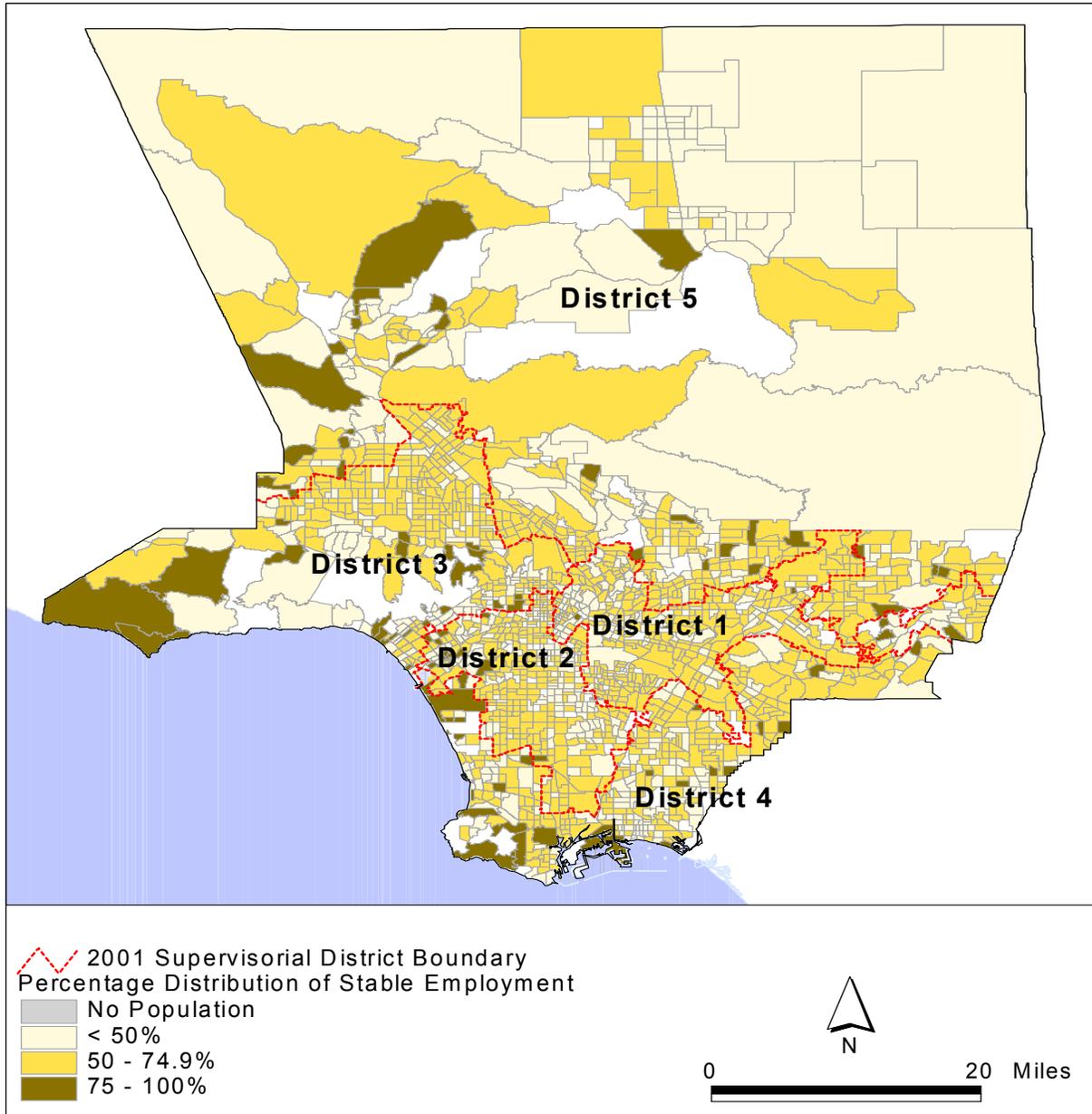
¹ 1999-2001 participants are observed for two years.

² Stable employment is defined as employed for at least three quarters and over 70 percent of the time.

Source: DPSS; FOCUS, GEARS, LEADER, and EDD, 1998-2001.

Map 2

**Average Earnings of GAIN Participants Obtaining Stable
Employment in Los Angeles County by Supervisorial Districts
April 1998 – March 2001**



Earnings in Relation to Compliance with Program Participation

Employment and earnings outcomes are different among the sanctioned and non-sanctioned population. These differences were compared among the 1998 and the 1999 cohort participants and are reported in Tables 3.8a and 3.8b. Approximately 21 percent of the GAIN participants in the 1998 cohort were sanctioned for at least 30 days during their cohort period.

Among the 1998 cohort participants, there was a small difference between sanctioned and non-sanctioned participants' employment and earnings patterns (see Table 3.8a). The sanctioned welfare participants when compared with the non-sanctioned welfare participants had slightly higher unemployment rates (23.3 percent versus 14.4 percent), higher employment instability rates (29.6 percent versus 17.1 percent), and fewer average months of employment during the cohort period (27 months versus 30 months). A smaller proportion of sanctioned welfare participants were earning above poverty thresholds compared with non-sanctioned welfare participants (24.7 percent versus 33.1 percent).

Table 3.8a

Employment and Earnings Among Sanctioned and Non-Sanctioned 1998 GAIN Cohort Participants in Los Angeles County

	Sanctioned			Non-Sanctioned		
	Number	Percent	Mean/ Median	Number	Percent	Mean/ Median
Participants employed for at least one month during the cohort period						
Yes	6,575	76.7		28,430	85.6	
No	1,993	23.3		4,764	14.4	
Total	8,568	100.0		33,194	100.0	
Average number of months Employed during cohort period						
			27			30
Participants with stable employment¹						
Yes	4,630	70.4		23,572	82.9	
No	1,945	29.6		4,858	17.1	
Total	6,575	100.0		28,430	100.0	
Participants earning above poverty threshold						
Yes	1,625	24.7		9,405	33.1	
No	4,954	75.3		19,035	66.9	
Total	6,579	100.0		28,430	100.0	
Earnings						
Median quarterly earnings during cohort period ²			\$2,565			\$3,084
Median quarterly earnings in the first employed quarter during cohort period			\$1,739			\$2,208
Median quarterly earnings in the last employed quarter during cohort period			\$2,565			\$3,084
Distribution of quarterly earnings during cohort period						
Less than \$1,000	532	8.1		1,165	4.1	
\$1,000-1,999	1,676	25.5		4,846	17.0	
\$2,000-2,999	1,887	28.7		7,619	26.8	
\$3,000-3,999	1,190	18.1		6,402	22.5	
\$4,000-4,999	579	8.8		3,783	13.3	
\$5,000 +	711	10.8		4,621	16.2	
Total	6,577	100.0		28,436	100.0	

¹ Stable employment is defined as employed for more than 70 percent of the cohort period, i.e., for more than 25 months.

² 1998-2001 participants are observed for three years.

Source: DPSS; GEARS, FOCUS, LEADER and EDD, 1998-2001.

Table 3.8b

Employment and Earnings Among Sanctioned and Non-Sanctioned 1999 GAIN Cohort Participants in Los Angeles County

	Sanctioned			Non-Sanctioned		
	Number	Percent	Mean/ Median	Number	Percent	Mean/ Median
Participants employed for at least one month during the cohort period						
Yes	3,934	68.5		24,231	79.6	
No	1,806	31.5		6,194	20.4	
Total	5,740	100.0		30,425	100.0	
Average number of months employed			19			
Participants with stable employment¹						
Yes	2,570	65.3		19,070	78.7	
No	1,365	34.7		5,161	21.3	
Total	3,935	100.0		24,231	100.0	
Participants earning above poverty threshold						
Yes	854	21.7		7,342	30.3	
No	3,081	78.3		16,889	69.7	
Total	3,935	100.0		24,231	100.0	
Earnings						
Median quarterly earnings during cohort period ²			\$2,385			\$2,905
Median quarterly earnings in the first employed quarter during cohort period			\$1,809			\$2,284
Median quarterly earnings in the last employed quarter during cohort period			\$2,329			\$3,045
Distribution of quarterly earnings during cohort period						
Less than \$1,000	424	10.8		1,379	5.7	
\$1,000-1,999	1,091	27.7		4,935	20.4	
\$2,000-2,999	1,064	27.0		6,394	26.4	
\$3,000-3,999	700	17.8		5,249	21.7	
\$4,000-4,999	319	8.1		2,940	12.0	
\$5,000 +	337	8.6		3,333	13.8	
Total	3,935	100.0		24,230	100.0	

¹ Stable employment is defined as employed for more than 70 percent of the cohort period, i.e., for more than 16 months.

² 1999-2001 participants are observed for two years.

Source: DPSS; GEARS, FOCUS, LEADER and EDD, 1998-2001.

Utilization of Aid

On average, GAIN participants in the 1998 cohort received cash aid and food stamps for more than 20 months during the three-year cohort period (see Table 3.9).

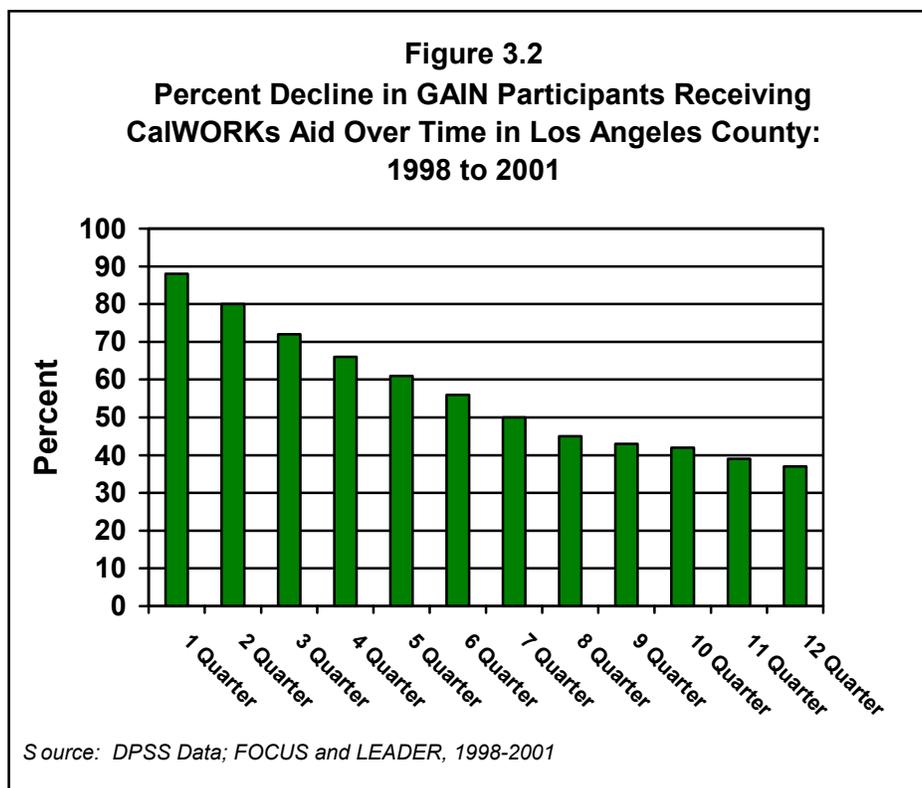
Table 3.9

Utilization of Aid by Category Among GAIN Participants in Los Angeles County by Cohort: 1998-2001

	1998-2001 GAIN Cohort Participants	1999-2001 GAIN Cohort Participants	2000-2001 GAIN Cohort Participants
Cash Aid			
Average length of cash receipt (in months)	21	15	9
Percent participants receiving cash aid	91%	89%	88%
Food Stamps			
Average length of Food Stamp receipt (in months)	21	15	9
Percent of participants receiving Food Stamps	88%	87%	85%

Source: DPSS; GEARS and FOCUS, 1998-2001.

Figure 3.2 shows that among the 1998 cohort participants, the proportion receiving CalWORKs aid dropped substantially from about 90 percent in the first quarter to 40 percent at the end of the three years. The decline in the percentage of participants receiving CalWORKs aid over time was primarily due to participants leaving the CalWORKs aid program.



Participants Earnings After Leaving CalWORKs Aid

GAIN participants who left CalWORKs aid during the cohort period were referred to as “leavers”. Participants who never left CalWORKs aid or left and returned during the cohort period were referred to as “stayers”. About 51.5 percent of the 1998 cohort participants and 36 percent of the 1999 cohort participants left CalWORKs (see Figure 3.3).

Employment and Earnings Patterns between “Leavers” and “Stayers”

In order to explore the extent to which participants that left CalWORKs aid were close to economic self-sufficiency, their economic outcomes after leaving CalWORKs were compared for the duration of the cohort period with the economic outcomes of participants who stayed in the CalWORKs program.

Participants in both cohorts who were able to leave CalWORKs program had better employment and earnings outcomes than those who stayed and continued to receive assistance (see Tables 3.10a and 3.10b).

About two-thirds of the “leavers” (64.5 percent) in the 1998 cohort were employed continuously during the cohort period after leaving CalWORKs (see Table 3.10a). By contrast, less than half of the “stayers” (41.7 percent) were employed continuously

during the cohort period (see Table 3.10b).³⁶ The stable employment rate in the 1998 cohort was higher among “leavers” compared with “stayers” (77.6 percent versus 62.9 percent). About half of the “leavers” were able to earn above poverty thresholds, while only about 15 percent of the “stayers” earned above poverty thresholds. These differences were also observed for the “leavers” in the 1999 cohort.

Earnings differences were also quite substantial between the “leavers” and “stayers”. While nearly half the 1998 cohort participants (48.4 percent), were able to earn more than \$4,000 per quarter, only 12.8 percent of the “stayers” in the same cohort were able to achieve the same level of earnings.

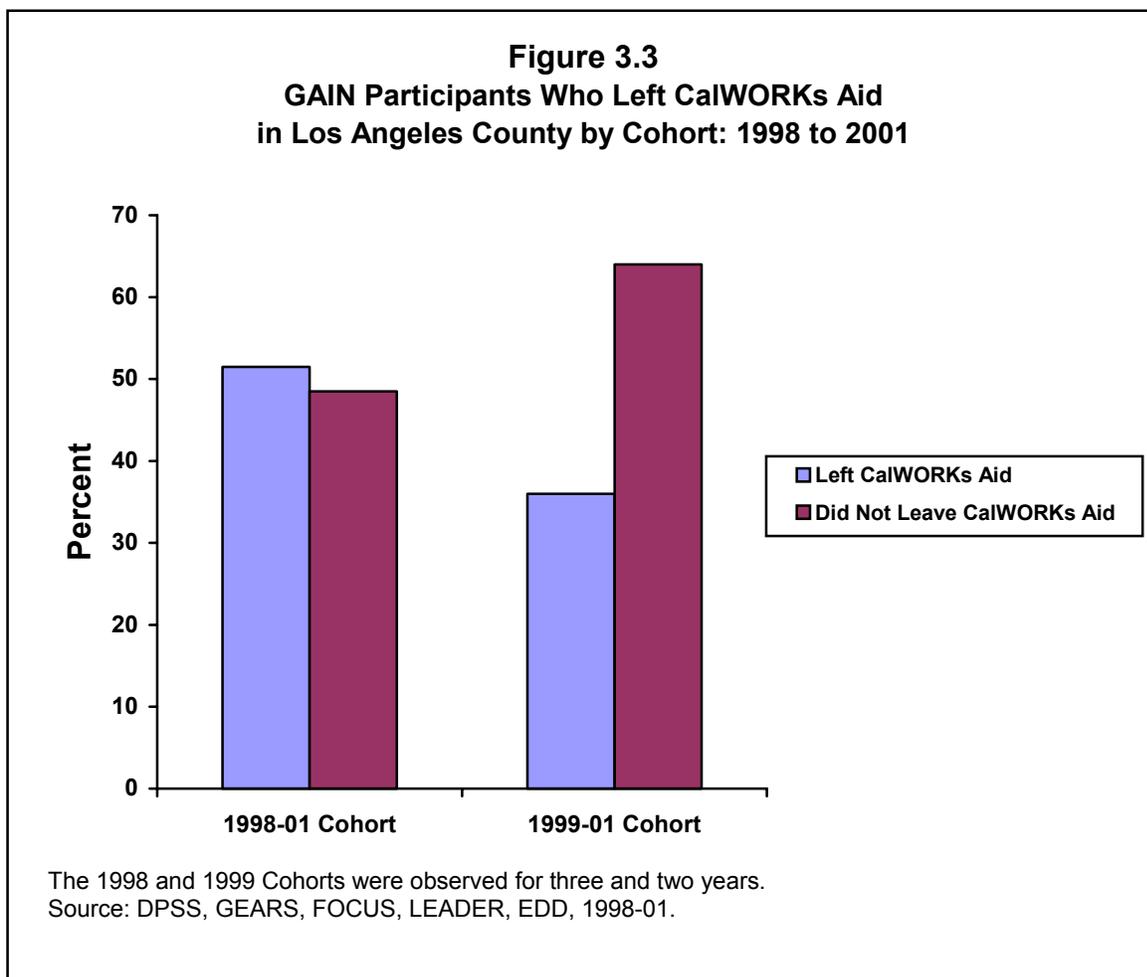


Table 3.10a

Employment and Earnings Patterns Among GAIN Participants in Los Angeles County After leaving CalWORKs Program by Cohort: 1998 to 2001¹

	1998-2001			1999-2001		
	GAIN Cohort Participants Number	Percent	Median	GAIN Cohort Participants Number	Percent	Median
Continuously employed after leaving CalWORKs program						
Yes	8,700	64.5		4,448	66.0	
No	4,788	35.5		2,292	34.0	
Total	13,488	100.0		6,740	100.0	
Percent time employed during cohort period after leaving CalWORKs program						
		82.3			84.2	
Stable employment after leaving CalWORKs program						
Yes	10,467	77.6		5,250	77.9	
No	3,021	22.4		1,490	22.1	
Total	13,488	100.0		6,740	100.0	
Earnings above poverty threshold after leaving CalWORKs program						
Yes	7,135	52.9		3,505	52.0	
No	6,353	47.1		3,235	48.0	
Total	13,488	100.0		6,740	100.0	
Earnings after leaving CalWORKs program						
Median quarterly Earnings during cohort period			\$3,918			\$3,798
Median quarterly earnings in the first employed quarter			\$3,501			\$3,494
Median quarterly earnings in the last employed quarter			\$4,015			\$3,888
Average distribution of quarterly earnings after leaving CalWORKs						
Less than \$1,000	498	3.7		302	4.5	
\$1,000-\$1,999	1,463	10.8		800	11.9	
\$2,000-\$2,999	2,354	17.5		1,200	17.8	
\$3,000-\$3,999	2,647	19.6		1,321	19.6	
\$4,000-\$4,999	2,115	15.7		1,085	16.1	
More than \$5,000	4,411	32.7		2,032	30.1	
Total	13,488	100.0		6,740	100.0	

¹The 1998-01 cohort was observed for three years. The 1999-01 cohort was observed for two years.

Source: DPSS; GEARS, FOCUS, LEADER and EDD, 1998-2001.

Table 3.10b

**Employment and Earnings Among GAIN Participants in Los Angeles County
Who Did Not Leave CalWORKs Program by Cohort: 1998 to 2001¹**

	1998 - 2001			1999 - 2001		
	GAIN Cohort Participants Number	Percent	Median	GAIN Cohort Participants Number	Percent	Median
Continuously employed during Cohort period						
Yes	5,953	41.7		6,596	46.0	
No	8,323	58.3		7,743	54.0	
Total	14,276	100.0		14,339	100.0	
Percent time employed during cohort period						
		73.7			74.8	
Stable employment						
Yes	8,980	62.9		9,277	64.7	
No	5,296	37.1		5,062	35.3	
Total	14,276	100.0		14,339	100.0	
Earnings above poverty threshold						
Yes	2,141	15.0		2,266	15.8	
No	12,135	85.0		12,073	84.2	
Total	14,276	100.0		14,339	100.0	
Earnings						
Median quarterly earnings during cohort period			\$2,492			\$2,418
Median quarterly earnings in the first employed quarter			\$1,915			\$1,937
Median quarterly earnings in the last employed quarter			\$2,569			\$2,430
Average distribution of quarterly earnings						
Less than \$1,000	850	6.0		1,122	7.8	
\$1,000-\$1,999	3,726	26.1		4,023	28.0	
\$2,000-\$2,999	4,953	34.7		4,485	31.3	
\$3,000-\$3,999	2,917	20.4		2,823	19.7	
\$4,000-\$4,999	1,100	7.7		1,090	7.6	
More than \$5,000	730	5.1		796	5.6	
Total	14,276	100.0		14,339	100.0	

¹ The 1998-01 cohort was observed for three years. The 1999-01 cohort was observed for two years.

Source: DPSS; GEARS, FOCUS, LEADER and EDD, 1998-2001.

Summary

In general, cohort analysis indicates that the majority of GAIN participants were employed during their cohort period. But the employed population, in fact, appears to consist of two distinct sub-populations. One sub-group consists of participants who found stable employment; the other consists of those who either were “semi-employed” during the observation period or remained unemployed. The stably employed GAIN group did relatively well under the CalWORKs program. The cohort analysis indicates that over half of GAIN participants with stable employment had earnings above their poverty thresholds. Despite this, the findings indicate that earnings were still low for both groups, and aid continued to be an important component of total household income. This finding is especially important since the time limit on receiving aid was implemented at the beginning of January 2003.

Available data shows that participants who were unemployed at the beginning of their cohort period took about a year to find employment. A significant proportion of participants were already employed at the beginning of the cohort periods. For this group, the average length of employment was substantially long and uninterrupted.

More than two-thirds of the participants changed jobs. About half of the participants who changed jobs experienced an increase in their earnings. Median earnings increased steadily over time. The increase in earnings during the three years ranged between 12 to 18 percent among the participants.

Participants who had been sanctioned for at least 30 days had slightly worse employment and earnings outcomes compared with participants who were not sanctioned. These participants had lower employment rates, less stability in employment, and a smaller percentage earned above poverty thresholds.

A majority of the participants who left CalWORKs aid were able to find stable employment. A significantly higher proportion of “leavers” were earning above poverty thresholds compared with participants who continued to receive CalWORKs aid. Participants with stable employment were closer to economic self-sufficiency. These participants had longer employment history, reported higher earnings and were more likely to transition off the CalWORKs program.

Overall, although a majority of the participants were able to find employment, a significant proportion continued to earn at or close to poverty thresholds. CalWORKs aid continued to be a significant proportion of family income even among the employed participants.

CHAPTER IV

Outlook Towards Achieving Self-Sufficiency

This chapter examines whether participation in the GAIN program's Welfare-to-Work activities has an impact on achieving economic self-sufficiency. The analysis focuses on three outcome variables considered to be important in achieving self-sufficiency: (1) finding employment; (2) job retention; and (3) earnings above the poverty threshold.

Multivariate analyses were conducted on the 1998 and 1999 GAIN cohorts. The April 2000 cohort was not analyzed due to the shorter observation period. The composition of the cohort participants in the multivariate analysis included mandatory and exempt participants who were unemployed during the first quarter of the cohort period. Given the nature of the outcome variables, which measures the length of time taken to find employment and subsequent job stability following that period of employment, these analyses could only be conducted on participants who were unemployed at the beginning of the cohort period.

The multivariate analyses included three separate regressions and were conducted on all the unemployed cohort participants. These regressions were repeated for sub-groups within each cohort, such as men versus women, and participants belonging to different age groups. A detailed presentation of the results generated from this analysis is presented in Appendix A; a technical presentation of the methods used in this analysis is presented in Appendix B.

Impact of Welfare-to-Work Program on Participants Ability to be Economically Self-Sufficient

Impact of Program Participation

Two aspects of program components were analyzed in this section, namely training and participation in Job Club activities. Job Club participation has two aspects: (1) teaching the participants skills related to finding employment, and (2) job search activities.

For both cohorts, GAIN participants who completed their Job Club sessions increased their likelihood of finding employment and earning wages above poverty thresholds by 50 percent. GAIN participants who did not participate in Job Clubs at all, were less likely to find a job. While participation in Job Clubs was critical to finding a job, prospects for long-term economic self-sufficiency were enhanced when welfare participants completed their Job Club sessions. Participants who received training increased their likelihood of finding a job by 31 percent in the 1998 cohort, and by 12 percent in the 1999 cohort. Participants who received training decreased the likelihood of losing their job and increased the likelihood of earning above poverty thresholds by 12 percent (see Tables A-3 and A-11).

Participants who were sanctioned had a 70 percent greater likelihood of finding employment than participants who were never sanctioned. However, longer periods of sanction decreased the participants' likelihood of finding employment by 29 percent among the 1998 cohort (see Table A-3).

Although sanctioned participants were more likely to find a job, they were less likely to earn above poverty thresholds. Sanctioned participants with employment barriers must comply with program requirements to avoid losing additional benefits such as Food Stamps or child care services. However, without more opportunities to increase their educational level and/or additional training, sanctioned participants may inadvertently stay dependent on the welfare system for a longer period of time.

Impact of Program Services

Participants remain eligible for child care services the entire time they are registered in the GAIN program and for two years after their CalWORKs case is terminated due to the attainment of full-time employment. Receiving child care services was very strongly associated with all three outcome variables. Among the 1998 cohort, welfare participants who received child care increased their likelihood of finding a job by 59 percent. These welfare participants were 15 percent less likely to lose their job and 66 percent more likely to earn above poverty thresholds (see Table A-3).

Employed GAIN participants can continue to stay registered in the CalWORKs aid program and receive additional aid such as cash assistance and Food Stamps. The results of the analysis show that employed GAIN participants who continued to receive CalWORKs aid in the form of cash assistance and Food Stamps, were 13 percent more likely to retain their job (see table A-3).

Differences in Background Characteristics Affecting the Ability to be Self-Sufficient

Participants' prior employment and welfare histories were important predictors of how much they were likely to benefit from the services offered through the GAIN program. Participants with longer welfare histories may have greater employment barriers such as language, mental health or substance abuse problems or be victims of domestic violence. It is important to note that results from the multivariate analysis indicated that participants with prior work experience were more likely to find jobs, retain their jobs, and earn incomes above the poverty thresholds than those without any prior work experience.

Never married participants, versus married or divorced participants, were 17 percent more likely to find a job. However, they were 25 percent less likely to retain their job, and 18 percent less likely to earn above poverty thresholds (see Table A-3).

Demographic characteristics also impact a family's success in becoming self-sufficient. These background variables such as age, ethnicity and gender were entered as

predictors in the overall model that included all the cohort participants. Older versus younger participants may have different employment barriers, since older participants may have a greater need for training or education, while younger welfare participants tend to have younger children, creating more child care needs. In order to understand the influence of gender and age on employment possibilities, analyses using the same variables were conducted separately for men and women (see Tables A-4 and A-5), as well as for four different age groups (see Tables A6 through A-9).

Gender Differences

The impact of Welfare-to-Work activities on the three outcome indicators, were similar for men and women. Both men and women were likely to find employment after completing Job Club sessions or receive training. Men who received training were 47 percent more likely to find a job than those who did not receive training. Women who received training were only 27 percent more likely to find work than women who did not receive any training.

Women who received child care during job search increased their likelihood of finding employment by 60 percent compared with 39 percent among men. In addition, women receiving child care were more likely to retain their job, and were 67 percent more likely to earn above the poverty thresholds. However, men receiving child care were 49 percent more likely to earn above the poverty thresholds. Receiving child care while employed was not associated with job retention among the men (see Tables A-4 and A-5).

The report also found that African American women were more likely to find employment when compared with White and Hispanic women. On the other hand, African American men were less likely to find a job when compared with White and Hispanic men. Both African American men and women were less likely to retain their jobs when compared with other ethnic groups.

Age Differences

The data indicates some differences between age groups and the association between Welfare-to-Work activities and the probability of participants finding employment. Individuals who were older than 25 years of age and received training were more likely to find jobs (see Tables A-7, A-8 and A-9). Welfare participants in the age category of over 46 years who received training were more likely to earn above the poverty thresholds (see Table A-9). Almost 90 percent of the participants who were older than 46 years of age were between the ages of 46 to 59, and no more than 10 percent of the participants in both cohorts were between the ages of 60 and 64 years. Thus, the results for the older participants should be interpreted as relating more to middle age participants than advanced age participants.

Cohort Comparison

The outcomes for the 1999 cohort were quite similar to those of the 1998 cohort (see Tables A-3 and A-11). Job Club participation, training, and child care had a positive impact on finding employment. Both child care and completion of the Job Club program were also positively associated with job retention and earnings above the poverty thresholds.

The main differences between the two cohorts were gender, ethnicity, the impact of welfare history, and exemption status. Women in the 1998 cohort were significantly less likely to find employment than men in the same cohort, but in the 1999 cohort, men and women did not differ in their probability of finding employment.

In the 1998 cohort, African American women were more likely to find employment, while African American men were less likely to find employment when compared with other ethnic groups. Among the 1999 cohort, White women were marginally more likely to find employment when compared with African American women, while African American men were still less likely to find employment than any other ethnic group.

Another significant difference between the two cohorts was the impact of welfare history on finding employment. Among the 1998 cohort, participants who had been on welfare for a longer period of time were less likely to find employment (see Table A-3). By contrast, among the 1999 cohort, participants with more years of welfare history were more likely to find employment (see Table A-11). Although these effects were quite small (between 2 to 3 percent), the opposite findings for the two cohorts may have to do with the differences in the population composition between the two cohorts. The 1998 cohort participants averaged longer welfare histories (4.6 years), compared with the 1999 cohort participants (1.5 years) (see Tables A-2 and A-9). It is possible that when participants in the 1999 cohort accumulate equivalent lengths of welfare history as the 1998 cohort participants, the effects of welfare history on finding employment may also look similar.

Participation in Job Club

One of the most important components of the GAIN program is Job Club. During Job Club participants can acquire the skills needed to enhance their prospects for economic self-sufficiency. The multivariate analyses indicate that several background characteristics have an independent effect on the likelihood of finding employment. It is possible that some of the effects of background characteristics on employment may be mediated through participation in Job Clubs. In other words, some participants may be more likely to participate in Job Clubs than others. This would then impact their likelihood of finding employment through higher participation rates in Job Club. Therefore, the background characteristics of participants were examined separately by those who did or did not participate in Job Clubs.

A higher proportion of participants in both the cohorts who participated in Job Clubs found employment, i.e. 68 percent versus 54 percent in the 1998 cohort and 54 percent versus 43 percent in the 1999 cohort (see Table A-18).

A higher proportion of women in both 1998 and 1999 cohorts participated in Job Clubs compared to men (see Table A-18.) The mean age of participants who participated was higher (38 years) than those who did not participate (between 30 to 34 years). In the 1998 cohort, a slightly higher percentage of Hispanics and African-Americans participated in Job Clubs compared to those that did not participate. There were no such ethnic differences among the 1999 cohort participants. A significantly higher proportion of single versus married participants participated in Job Clubs. In addition, significantly higher proportion of participants in both the cohorts with prior work experience but currently unemployed participated in Job Clubs compared with participants who reported no prior job experience.

Interaction of Background Factors with Job Club Participation in Predicting Employment

Older participants in both the cohorts who participated in Job Clubs were more likely to find employment (see Table A-19.) Women who participated in Job Clubs were still less likely to find employment. Hispanic compared with African-American participants who did not complete their Job Clubs were less likely to find employment. Whites who participated in Job Clubs (i.e., both completed or not completed) were more likely to find employment. Asians and other ethnic groups who completed their Job Clubs were still less likely to find employment. Participants in the 1998 cohort who had more years of welfare history but participated in Job Clubs were more likely to find employment (see Table A -19).

Overall, certain groups of participants seem to be participating more in Job Clubs, such as women, participants with more years of welfare history, and older and single participants. At the same time, except for women, most of these participants who participated in Job Clubs also increased their likelihood of finding employment. Thus, Job Club participation has a direct as well as a mediating effect through background characteristics on the likelihood of participants to find employment.

Summary

The results of multivariate analysis revealed the positive impact of participation in Welfare-to-Work activities on the ability of welfare participants to find and retain a job. Earnings were also enhanced by these activities. However, it is not clear if a level of earning just above the poverty thresholds can sustain a family. Nevertheless, crossing poverty thresholds is a marker of improvement in economic outcomes and was thus used in the multivariate analysis as a measure of progress towards economic self-sufficiency.

Welfare participants who participated and completed Job Clubs had the best outcomes in all three outcome areas. Welfare participants who participated but did not complete their Job Clubs were successful in finding employment, but not in retaining a job or earning above the poverty thresholds. Welfare participants who did not participate in the Job Clubs at all were less likely to find employment. Job Club participation also played a mediating role in finding employment through the participant's background characteristics. Older participants and those with longer welfare histories who participated in Job Clubs were more likely to find employment.

The results from the multivariate analysis suggest that welfare participants who received training were more likely to find employment, retain their employment, and earn above poverty thresholds.

Child care was highly significant and a positive predictor of all three economic outcomes. Welfare participants who used child care services were more likely to find a job, less likely to lose their job, and have earnings above poverty thresholds. Child care had no impact on job retention among men, but had a significant impact in helping women retain their job.

Older participants were less likely to find employment. Having only one adult in the household also lowered the probability of finding employment. Prior work experience also had a significant positive impact on all three outcome areas.

There were some negative impacts, mostly pertaining to participants' welfare history, observed in the analyses. Longer periods of unemployment in the GAIN program, longer periods of being sanctioned, and longer histories of receiving welfare reduced the likelihood of participants finding and retaining employment as well as having higher earnings.

The results imply that once participants entered the GAIN program, the more successful ones were those who were able to find jobs sooner, and did not spend long periods of time being unemployed and/or being continuously sanctioned. These were often the participants who were younger, had prior work experience, shorter welfare histories and/or who participated and completed their Job Clubs and/or received training.

CHAPTER V

Conclusions

This evaluation has shown that the CalWORKs version of GAIN in Los Angeles County has strengths. The majority of participants in the GAIN program found employment within the observation period of the evaluation. Also, for each cohort, the rate of employment increased after one year. The cohort analysis reveals that GAIN welfare participants who find jobs are more likely to obtain stable employment, and earnings for these participants tend to increase over time. In addition, completion of the Job Club component of GAIN increases the likelihood that unemployed participants will find a job, as well as the likelihood that they will earn wages that exceed Federal Poverty Thresholds (FPTs). Participating in training activities also increases the likelihood that unemployed participants will find a job, retain a job, and earn wages that exceed poverty thresholds.

But there are some program weaknesses that need to be addressed as well. These include the low rates of participation in Job Club, training and education programs, protracted periods of employment search, low levels of earnings despite being employed, and a lack of programs designed to address the problems of the chronically unemployed.

Improvements in the GAIN program must first involve establishing an understanding of the GAIN population. This population is not uniform, but consists of different groups, with different needs. The first group consists of welfare participants who obtain stable employment and earn enough to live above their poverty threshold, (based on family size), *and become self-sufficient*. These individuals have achieved the most success under the CalWORKs version of GAIN. An important caveat, however, is that the threshold of the FPTs are low, and for some welfare participants earning only marginally above their FPT, negotiating the costs of living in Los Angeles County may make the achievement of self-sufficiency very difficult.

The second group consists of welfare participants who obtain stable employment but do not earn wages sufficient to move them above the poverty threshold. Although the participants who find work tend to earn more with each new job, their wages are still so low that their earnings are not enough to allow them to leave CalWORKs aid. If members of this group live above the poverty level, it is because aid supplements their earned income. Cash aid and supplemental programs such as Food Stamps, remain an important component of total income for this group. Since a majority of GAIN participants have less than, or only a High School degree, participation in the education and training programs offered by GAIN should be increased.

The third group is composed of GAIN welfare participants who are only able to obtain semi-employment, or are chronically unemployed. Aid constitutes a majority of their total income, and these are the participants who will be the most affected by the elimination of the CalWORKs cash aid grant when they reach their 60-month time limit.

But this is also the group who may benefit the most from increased utilization of job training and education, improved job search components, and programs designed to identify and address their barriers to employment.

Identification of each group is critical for tailoring programs to better identify barriers to employment, solutions to overcome them, and/or circumstances that might warrant additional exemptions to the time limit rules.

Policy Recommendations

- ✓ **The levels of participation in Job Club and training programs are low and need to be increased.**

This study has shown that participation in GAIN Welfare-to-Work activities, such as Job Club, demonstrated a positive impact on the ability of participants to find employment, retain jobs, and increase earnings. However, the level of participation in Job Club and other job search components needs improvement. The reasons for low levels of participation in these components and ways participation can be increased need to be explored.³⁷

- ✓ **For employed participants, the “work-first” orientation may compel them into low-paying jobs that ultimately limit their ability to completely leave aid. A greater emphasis on training is needed for some participants to help them increase their earnings.**

Despite the overall increases in earnings, only a quarter of all GAIN participants were able to cross poverty thresholds *on the basis of earnings alone* and become self-sufficient. Even for participants who obtained stable employment, only about half were able to earn above poverty thresholds. The fact that they are working, but not earning enough to cross poverty thresholds, indicates they are working at low-paying jobs. Therefore, in spite of the modest positive earnings outcomes associated with GAIN, the program’s “work first” orientation, by itself, may prematurely compel many participants to take low-paying jobs.

- ✓ **Levels of training are very low preventing some participants from finding employment. Training programs for GAIN participants need to be promoted.**

The findings in this report suggest that participants who receive training are more likely to find employment than those who do not. The majority of GAIN participants have less than, or only, a High School degree. Even under the “work first” orientation, GAIN participants still take approximately one year to obtain their first employment, indicating that they may not have the appropriate skills and/or qualifications to meet the requirements of prospective employers. It is suggested that the County’s GAIN population, especially the chronically unemployed, might respond well to an approach that combines a labor market orientation with more training. The first step in fashioning

such an approach would be to discover why the training programs currently offered to some of the County's participants are severely underutilized.

- ✓ **Job retention services need to be promoted for participants in unstable employment – especially child care.**

A third of the participants are employed in unstable jobs and can benefit from programs tailored to provide job retention and development services. This evaluation found that for GAIN participants who were employed but were not able to cross poverty thresholds based on their earnings alone, continuing some cash aid and Food Stamps increased job retention and helped move them towards reduced dependency on aid. In addition, continuing access to child care is strongly associated with a participant's ability to retain their job. Participants reaching CalWORKs time limits will be eligible for child care for only 24 months after the time limit, and then only if they retain their job. It is not known how welfare participants with limited economic resources will cope with the potential conflict of work and caring for their children if they are unable to afford child care.

- ✓ **Special job placement services need to address the problems of the chronically unemployed.**

Almost one participant in five was *never* employed over the three-year observation period. Job placement services, the identification of barriers to employment, and additional training and/or education should be considered to meet the special needs of this population. Additionally, the programs and services designed to identify barriers such as substance abuse, domestic violence, and mental illness are underutilized by the GAIN population. Increasing accessibility and/or participation by welfare participants with barriers to employment will increase the likelihood of their finding and retaining stable employment.

- ✓ **Additional research needs to be conducted to determine the continuing effect CalWORKs time limits will have on families who reach their 60-month limit.**

Findings in this evaluation have shown that employment stability and earnings were far superior for the majority of GAIN participants who left CalWORKs aid compared to those who did not. For those welfare participants who remained on aid and are now reaching their time limits, the effect of losing their CalWORKs cash grant is not known. Policies affecting recipients who are reaching time limits should be reviewed to ensure they do not exacerbate poverty, increase homelessness or employment instability, contribute to gaps in school attendance, domestic violence, children taken into foster care or other disruptions to the family subsequent to welfare participants reaching the time limit for receiving cash assistance.

Outlook

In 1996, Congress passed PRWORA, which established a 60-month, Federal lifetime limit on cash assistance. This law allows states some discretion in setting time limit policies and to develop criteria for excluding certain clients from the Federal or State time limits. States may also extend benefits beyond the time limit and/or they may exempt clients by stopping the time limit clock for some period while continuing to provide benefits. In addition, states may use their own funds to provide post-time limit services, including those designed to act as a safety net for needy families.

States may use Federal TANF funds to extend benefits beyond the 60-month Federal lifetime limit, or assist clients who have been exempted from a time limit. However, there is a concern that extensions and exemptions under TANF may not be sufficient to meet the needs of all the welfare participants with serious barriers to employment. The recent economic slowdown has heightened this concern.

In Los Angeles County, as of April 1, 2003, approximately 13,500 participants have timed off aid since CalWORKs time limits were imposed on January 1, 2003. For families who are unable to find stable employment, or are employed but are still earning below the poverty thresholds, and/or remain dependent upon supplemental aid such as Food Stamps, the consequences of these time limits require further research.

APPENDIX A

Table A.1

Standard Industrial Classification (SIC) Code for 1998 Cohort GAIN Participants

Industry	SIC Code	Percent of Participants
Business Services	97610	15.7
Eating and Drinking	48401	7.8
Health Services	46842	7.5
Educational Services	41486	6.7
General Merchandise Stores	29994	4.8
Finance and Insurance and Real Estate	25246	4.1
Social Services	22913	3.7
Transportation and Warehousing	22005	3.5
Food Stores	20058	3.2
Miscellaneous Retail	19787	3.2
Textile and Apparel Industry	19773	3.2
Public Administration	19618	3.2
Private Households	19499	3.1
Wholesale Trade of Durable Goods	15197	2.4
Art, Entertainment and Recreation	14219	2.3
Construction	13564	2.2
Wholesale Trade of Non-Durable Goods	12890	2.1
Apparel and Accessories Stores	10971	1.8

Industry	SIC Code	Percent of Participants
Personal Services	10791	1.7
Professional Services	10140	1.6
Automotive Dealers and Gasoline Service Stations	7719	1.5
Automotive Repair, Services, and Parking	7719	1.2
Hotels, Rooming Houses, Camps, and Other Lodging	6647	1.1
Metals Industries and Products	6511	1.1
Chemical, Plastic Products and Petroleum Refining	6377	1.0
Home Furniture, Furnishings, and Equipment Stores	6354	1.0
Paper Products and Printing and Publishing	5937	1.0
Wood Products and Furniture	5505	0.9
Food and Tobacco Products	5241	0.8
Agriculture, Forestry and Fishing	4731	0.8
Electronic and Other Electrical Equipment and Computers	4626	0.7
Communications	4329	0.7
Building Materials and Hardware	3856	0.6
Other Services	3676	0.6
Other Industries	23960	3.2

Source: Southern California Association of Government (SCAG, 1987) and Employment Development Department Data, 1998-2001.

April 1998 Cohort

Table A-2
Background and GAIN Program Participation Characteristics
Among Unemployed Participants Used to Predict Employment

Variables	Age Group				Gender		Total Participants (n=71,908)
	18-25 (n =21,499)	26-35 (n=19,495)	36-45 (n=18,602)	46+ (n=12,312)	Male (n=17,824)	Female (n=54,084)	
Dependent Variable (%)							
Time taken to find the first job in GAIN							
One year	38.37	40.31	32.50	22.19	31.89	35.50	34.61
Two years	23.67	16.09	14.04	9.84	17.56	16.49	16.76
More than two years	8.11	5.25	4.78	3.44	5.93	5.59	5.67
Did not find a job	29.85	38.35	48.68	64.54	44.63	42.42	42.97
Independent Variables (Mean)							
Age	22.25	30.92	40.86	52.30	32.50	35.24	31.42
(Standard Deviation)	(1.63)	(2.88)	(2.84)	(4.91)	(13.05)	(10.23)	(11.43)
Gender (%)							
Males	41.93	11.34	16.28	29.00	100.00	--	24.79
Females	58.07	88.66	83.72	71.00	--	100.00	75.21
Ethnicity (%)							
White	14.21	21.18	24.14	20.36	20.48	19.47	19.72
African American	22.49	27.39	25.34	20.28	18.78	25.96	24.18
Hispanic	52.89	45.22	40.45	43.20	47.71	45.34	45.93
Other	10.41	6.21	10.07	16.15	10.03	9.22	10.17
Marital Status (%)							
Single	82.97	75.29	62.82	47.51	60.34	72.66	69.60
Living Arrangement (%)							
One adult in the household versus more than one adult	32.56	64.96	41.38	24.51	18.04	50.22	42.25
Welfare History (Mean)							
Years on welfare before April 1998	2.50	4.58	5.68	7.58	4.77	4.75	4.76
(Standard Deviation)	(2.52)	(5.37)	(6.11)	(7.20)	(6.02)	(5.46)	(5.60)
First entered GAIN program after April 1998 (%)	13.16	6.97	4.91	3.07	10.09	6.81	7.62
Employment History (%)							
Any prior work experience	27.73	53.95	41.10	29.13	33.98	40.04	38.54
GAIN program participation (%)							
Received Child Care							
Yes	7.31	25.04	15.86	6.03	1.40	18.30	14.11
No	92.69	74.96	84.14	93.97	98.60	81.70	85.99
Received any Exemption							
Yes	92.91	70.63	57.32	47.82	70.38	69.80	69.94
No	7.09	29.37	42.68	52.18	29.62	30.20	30.06
Received a Sanction							
Yes	5.47	21.15	18.52	12.43	6.35	16.91	14.29
No	94.53	78.85	81.48	87.57	93.65	83.09	85.71
Completed Job Club							
Yes	2.68	12.47	13.48	11.82	3.19	11.84	9.69
No or did not participate	97.32	87.53	86.52	88.18	96.81	88.16	90.31
Received Training							
Yes	2.65	8.29	10.18	9.48	1.73	9.13	7.30
No	97.35	91.71	89.82	90.52	98.27	90.87	92.70
Received CalWORKs Aid							
Yes	89.60	86.02	83.13	77.39	81.33	86.03	84.87
No	10.40	13.98	16.87	22.61	18.67	13.97	15.13

Source: Department of Public Social Services and Employment Development Department Data.

April 1998 Cohort

Table A-3
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.03 ^a	.97	-.01	.99	-.02	.98
Gender						
Female	.05	.96	-.07 ^a	.95	-.07	.94
Ethnicity						
White	-.15	.86	-.30 ^a	.75	.05 ^a	1.05
Hispanic	-.02	.99	-.21 ^a	.81	-.24 ^a	.79
Other	-.02	.98	-.19 ^a	.83	-.54	.59
Single vs. Married or Divorced	.17 ^a	1.18	.25 ^a	1.28	-.18 ^a	.84
Only one Adult living in Household	-.26 ^a	.77	-.18 ^a	.84	1.01 ^a	2.75
Welfare History						
Years on Welfare Entered GAIN program for the first time after April 1998	-.03 ^a	.97	.00	1.00	.22 ^a	1.25
Number of quarters registered in GAIN before finding a job	-.05 ^b	.96	.02	1.01	.21 ^a	1.24
Number of quarters registered in GAIN before finding a job	-.26 ^a	.77	-.11 ^a	.90	-.33 ^a	.72
Employment History						
Any prior work experience	.38 ^a	1.46	-.06 ^a	.94	.33 ^a	1.39
Previous earnings crossed Poverty threshold (1=yes)	--	--	--	--	.51 ^a	1.67
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.47 ^a	4.33
In the past 2 years	--	--	--	--	.43 ^a	1.53
In the past 3 years	--	--	--	--	.48 ^a	1.61
In the past 4 years	--	--	--	--	.52 ^a	1.69
In the past 5 years	--	--	--	--	.35 ^c	1.42
Welfare-to-Work Activities and Services						
Length of sanction	-.29 ^a	.75	-.07 ^a	.93	--	--
Ever sanctioned	.70 ^a	2.01	.25 ^a	1.28	-.97 ^a	.38
Received any exemption	.07 ^a	1.07	.03	1.03	--	--
Completed Job Club	.50 ^a	1.65	-.03	.97	.51 ^a	1.67
Did not complete Job Club	.37 ^a	1.46	.10	1.11	-.28 ^a	.76
Received vocational training	.31 ^a	1.37	-.12 ^a	.89	.12 ^a	1.13
Received childcare	.58 ^a	1.79	-.15 ^a	.86	.66 ^a	1.94
Number of quarter received cash assistance and Food Stamps	-.12 ^a	.89	-.13 ^a	.88	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998
Males**

**Table A-4
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.04 ^a	.96	-.01 ^a	.99	-.02 ^a	.98
Ethnicity (Comparison group = African American)						
White	.09 ^c	1.09	-.22 ^a	.80	.30 ^a	1.35
Hispanic	.26 ^a	1.29	-.27 ^a	.76	-.01	.99
Other	.30 ^a	1.36	-.09	.91	-.43 ^a	.65
Single vs. Married or Divorced	.13 ^a	1.14	.19 ^a	1.20	-.08	.92
Only one Adult living in Household	-.33 ^a	.72	-.23 ^a	.80	.91 ^a	2.49
Welfare History						
Years on Welfare	-.04 ^a	.96	.01	.99	.18 ^a	1.20
Entered GAIN program for the first time after April 1998	.06	1.06	.01	1.00	.34 ^a	1.40
Number of quarters registered in GAIN before finding a job	-.30 ^a	.74	-.07 ^a	.93	-.34 ^a	.72
Employment History						
Any prior work experience	.35 ^a	1.42	-.03	.97	.46 ^a	1.58
Previous earnings crossed Poverty threshold	--	--	--	--	.43 ^a	1.54
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.53 ^a	4.64
In the past 2 years	--	--	--	--	.61 ^a	1.84
In the past 3 years	--	--	--	--	.65 ^a	1.91
In the past 4 years	--	--	--	--	.30 ^a	1.35
In the past 5 years	--	--	--	--	.27 ^a	1.31
Welfare-to-Work Activities and Services						
Length of sanction	-.32 ^a	.72	-.09 ^a	.92	-.90 ^a	.41
Ever sanctioned	.89 ^a	2.43	.44 ^a	1.56	--	--
Received any exemption	.18 ^a	1.20	.00	1.00	--	--
Completed Job Club	.82 ^a	2.27	.07	1.07	.46	1.59
Did not complete Job Club	.54 ^a	1.72	.00	1.00	-.13	.88
Received training	.46 ^a	1.58	-.28 ^c	.76	.62 ^a	1.86
Received childcare	.39 ^a	1.48	-.016	.86	.49 ^a	1.63
Number of quarter received Cash assistance and Food Stamps	-.13 ^a	.88	-.14 ^a	.87	--	--

a = significant at the .001 level (p value <.001)
 b = significant at the .01 level (p value <.01)
 c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998
Females**

**Table A-5
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.03 ^a	.97	.01 ^a	1.00	-.02 ^a	.98
Ethnicity (Comparison group =African Americans)						
White	-.19 ^a	.83	.31 ^a	.73	.01	1.00
Hispanic	-.07 ^a	.93	.18 ^a	.83	-.27 ^a	.76
Other	-.11 ^a	.90	.24 ^a	.78	-.48 ^a	.62
Single vs. Married or Divorced	.18 ^a	1.19	-.28 ^a	1.33	-.20 ^a	.82
Only one Adult living in Household	-.24 ^a	.79	.17 ^a	.85	1.03 ^a	2.81
Welfare History						
Years on Welfare	-.02 ^a	.98	.00	1.00	.23 ^a	1.26
Entered GAIN program for the first time after April 1998	-.09	.91	-.02	1.02	.17 ^a	1.19
Number of quarters registered in GAIN before finding a job	-.25 ^a	.78	.12 ^a	.89	-.33 ^a	.72
Employment History						
Any prior work experience	.39 ^a	1.48	.08 ^a	.93	.29 ^a	1.34
Previous earnings crossed Poverty threshold	--	--	--	--	.53 ^a	1.69
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.43 ^a	4.21
In the past 2 years	--	--	--	--	.36 ^a	1.43
In the past 3 years	--	--	--	--	.42 ^a	1.52
In the past 4 years	--	--	--	--	.60 ^a	1.82
In the past 5 years	--	--	--	--	.38 ^a	1.46
Welfare-to-Work Activities and Services						
Length of sanction	-.29 ^a	.75	.07 ^a	.93	1.00	.37
Ever sanctioned	.66 ^a	1.94	-.21 ^a	1.23	--	--
Received any exemption	.03 ^b	1.03	-.04 ^b	1.04	--	--
Completed Job Club	.46 ^a	1.59	.04	.97	.52 ^a	1.69
Did not complete Job Club	.35 ^a	1.42	-.11 ^a	1.12	-.31 ^b	.74
Received training	.27 ^a	1.31	.11 ^a	.89	.07 ^c	1.08
Received childcare	.60 ^a	1.81	.14 ^a	.87	.67 ^a	1.95
Number of quarter received cash assistance and Food Stamps	-.12 ^a	.89	.13 ^a	.88	--	--

a = significant at the .001 level (p value <.001)
b = significant at the .01 level (p value <.01)
c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 Cohort
Ages 18-25 years**

**Table A-6
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.13 ^a	.88	.01 ^c	.01 ^c	.05	1.05
Gender						
Female	.02 ^c	1.02	-.06	.95	-.15	.86
Ethnicity (Comparison Group = African American)						
White	.02 ^c	1.02	-.28 ^a	.76	-.05	1.05
Hispanic	.18 ^a	1.20	-.28 ^a	.75	.05	1.05
Other	.29 ^a	1.34	-.02 ^c	.99	-1.17	.85
Single vs. Married or Divorced	.16 ^a	1.17	.14 ^a	1.15	-.01 ^c	.99
Only one Adult living in Household	-.37 ^a	.69	-.26 ^a	.77	1.13	3.09
Welfare History						
Years on Welfare	.01 ^c	1.01	.01 ^c	1.02	.24	1.27
Entered GAIN program for the first time after April 1998	.03	.02	.07	.02	-0.55	.95
Number of quarters registered in GAIN before finding a job	.03 ^c	.07	-.05 ^a	.95	-.05	.74
Employment History						
Any prior work experience	.41 ^a	1.50	.02 ^c	1.02	.47	1.60
Previous earnings crossed Poverty threshold	--	--	--	--	.68	1.96
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.27	3.56
In the past 2 years	--	--	--	--	.16	1.17
In the past 3 years	--	--	--	--	.02 ^c	1.03
In the past 4 years	--	--	--	--	-.78	.46
In the past 5 years	--	--	--	--	.81	.44
Welfare-to-Work Activities and Services						
Length of sanction	-.33 ^a	.72	-.08	.92	-.91	.40
Ever sanctioned	.74 ^a	2.09	.30	1.35	--	--
Received any exemption	.41 ^a	1.50	-.01	.99	--	--
Completed Job Club	.49 ^a	1.63	.06	1.10	.69	1.99
Did not complete Job Club	.37 ^a	1.45	.06	1.10	-.14	.87
Received training	-.13	.88	.09	1.10	-.04	.87
Received childcare	.68 ^a	1.98	-.30 ^a	.74	.75	2.05
Number of quarter received cash assistance and Food Stamps	-.13 ^a	.88	-.05 ^a	.86	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 Cohort
Ages 26-35 years**

**Table A-7
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.01 ^a	.99	-.01	.99	-.07 ^a	.93
Gender						
Female	.13	1.14	-.03	.97	-.13	.88
Ethnicity (Comparison group = African Americans)						
White	.25 ^a	.78	-.33 ^a	.72	-.04	.96
Hispanic	-.25 ^a	.93	-.25 ^a	.78	-.23 ^a	.80
Other	-.04 ^a	.79	.39 ^a	.68	-.20	.82
Single vs. Married or Divorced	.06	1.07	.25	1.29	-.22 ^a	.80
Only one Adult living in Household	.02 ^c	1.02	-.15 ^a	.86	.03 ^c	2.80
Welfare History						
Years on Welfare	-.02 ^a	.98	.25	1.00	.25 ^a	1.03
Entered GAIN program for the first time after April 1998	-.05	.95	-.04	.96	.29 ^a	1.34
Number of quarters registered in GAIN before finding a job	-.26 ^a	.77	.05	.86	-.33 ^a	.72
Employment History						
Any prior work experience	.04	1.68	-.05	.86	.36 ^a	1.43
Previous earnings crossed Poverty threshold	--	--	--	--	.57 ^a	1.77
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.48 ^a	4.40
In the past 2 years	--	--	--	--	.37 ^a	1.45
In the past 3 years	--	--	--	--	.31	1.36
In the past 4 years	--	--	--	--	.48 ^a	1.62
In the past 5 years	--	--	--	--	.36	1.43
Welfare-to-Work Activities and Services						
Length of sanction	-.29 ^a	.75	-.07 ^a	.92	-1.03 ^a	.36
Ever sanctioned	.73 ^a	2.08	.19	1.21	--	--
Received any exemption	.04	1.05	-.18	1.05	--	--
Completed Job Club	.35 ^a	1.42	.01	1.01	.85 ^a	2.34
Did not complete Job Club	.34 ^a	1.40	.11	1.11	-.74 ^a	.48
Received training	.24 ^a	1.27	-.20	.82	.09	1.09
Received childcare	.68 ^a	4.98	-.18 ^a	.84	.65 ^a	1.92
Number of quarter received cash assistance and Food Stamps	-.11 ^a	.90	-.10 ^a	.90	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 Cohort
Ages 36-45 years**

**Table A-8
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-0.01	.99	-0.00	.99	-0.00	1.00
Gender						
Female	.09	1.10	-.14	.87	-.10	.90
Ethnicity (Comparison group = African Americans)						
White	-.14 ^a	.87	-.28 ^a	.75	.05	1.05
Hispanic	-.12 ^a	.88	-.11	.90	-.44	.63
Other	-.19 ^a	.83	-.37 ^a	.69	-.79	.46
Single vs. Married or Divorced	.13 ^a	-1.14	-.35 ^a	1.43	-.26	.77
Only one Adult living in Household	-.18 ^a	.83	-.11	.90	.90	2.46
Welfare History						
Years on Welfare	-.02 ^a	.98	-.10	1.00	.20	1.23
Entered GAIN program for the first time after April 1998	-.10	.96	-.05	.96	.33	1.40
Number of quarters registered in GAIN before finding a job	-.26 ^a	.77	-.15 ^a	.85	-.33	.71
Employment History						
Any prior work experience	.41	1.50	-.10	.91	.02 ^c	1.02
Previous earnings crossed Poverty threshold	--	--	--	--	.53	1.70
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.49	4.43
In the past 2 years	--	--	--	--	.47	1.60
In the past 3 years	--	--	--	--	.60	1.81
In the past 4 years	--	--	--	--	.75	2.12
In the past 5 years	--	--	--	--	.50	1.65
Welfare-to-Work Activities and Services						
Length of sanction	-.28 ^a	.75	-.07 ^a	.93	-.99	.37
Ever sanctioned	.77 ^a	2.16	.20	1.22	--	--
Received any exemption	-.06	.94	-.02	.99	--	--
Completed Job Club	.52 ^a	1.58	.14	.98	.01 ^c	1.01
Did not complete Job Club	-.12 ^a	.88	-.20 ^a	1.15	.24	1.28
Received training	.34 ^a	1.41	-.04 ^c	.86	.08	1.08
Received childcare	.66 ^a	1.92	-.12 ^a	.89	.71	2.04
Number of quarter received cash assistance and Food Stamps	-.12 ^a	.88	-.10	.89	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 Cohort
Age 46 +**

**Table A-9
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.04 ^a	.96	.02 ^c	1.02	-.02 ^c	.98
Gender						
Female	.02 ^c	1.02	-.09	.92	-.03 ^c	.97
Ethnicity (Comparison Group =African Americans)						
White	-.03 ^a	.97	-.10	.90	.11	1.11
Hispanic	-.08	.93	.06	1.06	-.36 ^a	.70
Other	.04 ^c	1.04	-.70	.82	-.73 ^a	.48
Single vs. Married or Divorced	.21 ^a	1.23	.35 ^a	1.41	-.05	.95
Only one Adult living in Household	-.22 ^a	.80	-.18	.83	1.07 ^a	2.91
Welfare History						
Years on Welfare	-.04 ^a	.97	.06	1.01	.16 ^a	1.18
Entered GAIN program for the first time after April 1998	-.05	.95	-.15	1.06	.41	1.51
Number of quarters registered in GAIN before finding a job	-.26 ^a	.77	.06	.86	-.30 ^a	.74
Employment History						
Any prior work experience	.49 ^a	1.62	-.11	.90	.24	1.27
Previous earnings crossed Poverty threshold	--	--	--	--	.32	1.38
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.74 ^a	5.69
In the past 2 years	--	--	--	--	.77 ^a	2.16
In the past 3 years	--	--	--	--	1.04 ^a	2.82
In the past 4 years	--	--	--	--	.44	1.55
In the past 5 years	--	--	--	--	.42	1.51
Welfare-to-Work Activities and Services						
Length of sanction	-.30 ^a	.74	-.09	.91	-1.00	.37
Ever sanctioned	.92 ^a	2.50	.35	1.41	--	--
Received any exemption	-.19 ^a	-.83	.03 ^c	.89	--	--
Completed Job Club	.74 ^a	2.11	-.12	1.03	.25	1.29
Did not complete Job Club	.52 ^a	1.68	.03	1.02	.22	1.25
Received training	.56 ^a	1.76	-.09	.91	.43 ^a	1.53
Received childcare	.52 ^a	1.69	.21	1.24	.48 ^a	1.62
Number of quarter received cash assistance and Food Stamps	-.14 ^a	.87	-.14 ^a	.87 ^a	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999
Cohort**

Table A-10

**Background and GAIN Program Participation Characteristics
Of Unemployed Participants Used to Predict Employment**

Variables	Age Group				Gender		Total (n=22,708)
	18-25 (n =9,836)	26-35 (n=5,035)	36-45 (n=4,799)	46+ (n=3,038)	Male (n=6,594)	Female (n=16,114)	
Dependent Variable							
Time taken to find the first job in GAIN (%)							
One year	32.22	41.43	35.16	26.01	31.32	35.17	34.10
Two years	13.44	10.87	8.65	5.66	10.25	11.04	10.82
Did not find a job	54.33	47.71	56.20	68.33	58.44	53.79	55.13
Independent Variables							
Age	20.97	30.92	40.91	51.88	29.07	32.53	31.53
(Standard Deviation)	2.00	2.92	2.80	4.62	(12.67)	(10.71)	(11.42)
Gender (%)							
Males	41.00	13.27	19.21	31.96	--	--	29.02
Females	59.00	86.73	80.79	68.04	--	--	70.96
Ethnicity (%)							
White	13.18	22.42	33.49	33.64	21.09	22.73	22.26
African American	30.74	29.49	23.94	15.50	24.66	28.03	26.99
Hispanic	48.07	42.78	32.94	34.23	45.63	40.30	41.85
Other	8.01	5.30	9.63	16.62	8.81	8.94	8.90
Marital Status (%)							
Single	91.89	75.65	57.16	41.84	71.35	75.44	74.25
Living Arrangement (%)							
One adult in the household versus more than one adult	33.22	68.40	39.72	25.48	19.81	50.18	41.36
Welfare History							
Years on welfare before April 1998	.68	2.04	2.22	2.44	.88	1.81	1.54
(Standard Deviation)	(1.48)	(2.76)	(2.77)	(3.05)	(1.70)	(2.67)	(2.47)
First entered GAIN program (%) after April 1998	79.97	47.49	34.13	25.87	68.73	50.57	55.84
Employment History (%)							
Any prior work experience	24.22	64.37	48.66	38.12	30.91	43.92	40.14
GAIN program participation (%)							
Received Child Care							
Yes	5.89	21.33	10.94	2.44	1.09	13.53	9.92
No	94.11	78.67	89.06	97.36	97.91	86.47	90.08
Received any Exemption							
Yes	89.36	30.59	46.57	45.85	70.02	64.21	65.90
No	10.64	49.41	53.43	54.15	29.98	35.79	34.10
Received a Sanction							
Yes	4.66	17.48	13.82	8.99	6.28	11.54	10.01
No	95.34	28.52	86.16	91.01	93.72	88.46	89.99
Completed Job Club							
Yes	2.34	12.91	16.59	17.48	4.50	11.85	9.72
No or did not participate	97.66	87.09	83.41	82.52	95.50	88.15	90.28
Received Training							
Yes	1.44	7.31	7.15	5.13	1.40	5.69	4.44
No	98.56	92.69	92.85	94.87	98.60	94.31	95.56
Received CalWORKs Aid							
Yes	94.13	93.64	94.31	96.02	94.68	94.17	94.31
No	5.87	6.36	5.69	3.98	5.32	5.83	5.69

Source: Department of Public Social Services and Employment Development Department Data.

April 1999 Cohort

Table A-11
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.02 ^a	.98	-.01 ^c	.99	.00	1.00
Gender						
Female	.05	1.04	-.05	.95	.02 ^c	1.02
Ethnicity (Comparison group = African Americans)						
White	.15	1.16	-.20 ^a	.82	.19 ^a	1.21
Hispanic	.08	1.09	-.13 ^a	.88	-.29 ^a	.75
Other	.11	1.11	-.19 ^a	.83	-.04	.96
Single vs. Married or Divorced	.06	1.07	.22 ^a	1.25	-.23 ^a	.80
Only one Adult living in Household	-.34 ^a	.71	-.13 ^a	.88	.98 ^a	2.70
Welfare History						
Years on Welfare	.02 ^a	1.02	.02	1.02	.00	1.00
Entered GAIN program for the first time after April 1998	-.01 ^c	.99	.15	1.16	.05	1.05
Number of quarters registered in GAIN before finding a job	-.25 ^a	.78	-.13	.87	-.50 ^a	.61
Employment History						
Any prior work experience	.55 ^a	1.79	-.13 ^a	.88	.41 ^a	1.50
Previous earnings crossed Poverty threshold	--	--	--	--	.44	1.55
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.02 ^a	2.77
In the past 2 years	--	--	--	--	.48 ^a	1.62
In the past 3 years	--	--	--	--	.41 ^a	1.51
In the past 4 years	--	--	--	--	.32 ^a	1.37
In the past 5 years	--	--	--	--	.21	1.24
Welfare-to-Work Activities and Services						
Length of sanction	-.44 ^a	.64	-.17 ^a	.84	--	--
Ever sanctioned	.69	1.99	.26	1.30	-1.26 ^a	.28
Received any exemption	-.07	.94	.02	1.02	--	--
Completed Job Club	.51 ^a	1.67	-.16	.86	.27 ^a	1.31
Did not complete Job Club	.40 ^a	1.49	-.02	.98	-.28 ^a	.76
Received training	.12 ^a	1.13	-.06	.94	.24 ^a	1.27
Received childcare	.59 ^a	1.80	-.33 ^a	.72	.71 ^a	2.03
Number of quarter received cash assistance and Food Stamps	-.22 ^a	.80	-.15 ^a	.86	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Males**

**Table A-12
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.02 ^a	.98	-.01	1.00	.01 ^a	1.01
Ethnicity (Comparison group =African Americans)						
White	.38 ^a	1.46	-.07	.93	.54 ^a	1.71
Hispanic	.35 ^a	1.42	-.13 ^c	.88	-.01	.99
Other	.53 ^a	1.69	-.09	.91	.12	1.13
Single vs. Married or Divorced	.06	1.06	.31 ^a	1.36	-.21 ^a	.82
Only one Adult living in Household	-.47 ^a	.63	-.18 ^b	.84	.99 ^a	2.69
Welfare History						
Years on Welfare	.03 ^c	-1.03	.23	1.26	.19	1.21
Entered GAIN program for the first time after April 1998	.06	1.06	.23 ^a	1.26	.19 ^a	1.21
Number of quarters registered in GAIN before finding a job	-.23 ^a	.80	-.09 ^a	.91	-.44 ^a	.65
Employment History						
Any prior work experience	.51 ^a	1.67	-.03	.98	.43 ^a	1.53
Previous earnings crossed Poverty threshold	--	--	--	--	.36 ^a	1.44
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	.99 ^a	2.69
In the past 2 years	--	--	--	--	.62 ^a	1.86
In the past 3 years	--	--	--	--	.30 ^c	1.35
In the past 4 years	--	--	--	--	.42 ^c	1.52
In the past 5 years	--	--	--	--	.41	1.51
Welfare-to-Work Activities and Services						
Length of sanction	-.44 ^a	.65	-.09	.92	-1.15 ^a	.32
Ever sanctioned	.75 ^a	2.12	.23	1.26	--	--
Received any exemption	-.13 ^c	.88	.01	1.01	--	--
Completed Job Club	.55 ^a	1.74	-.16	.85	.11	1.12
Did not complete Job Club	.56 ^a	1.76	-.05	.96	-.03	.97
Received training	.36 ^c	1.43	-.14	.87	.40 ^a	1.49
Received childcare	.61 ^a	1.85	-.29	.75	.67 ^a	1.96
Number of quarter received cash assistance and Food Stamps	-.25 ^a	.78	-.17 ^a	.91	--	--

a = significant at the .001 level (p value <.001)
b = significant at the .01 level (p value <.01)
c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Females**

**Table A-13
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.02 ^a	.98	-.01 ^a	.99	.00	1.00
Ethnicity (Comparison group =African Americans)						
White	.08	1.08	-.26 ^a	.77	.13 ^a	1.23
Hispanic	-.01	.99	-.13 ^a	.88	-.33 ^a	.76
Other	-.05	.96	-.24 ^a	.79	-.05	1.09
Single vs. Married or Divorced	.08 ^c	1.08	.18 ^a	1.20	-.20 ^a	.86
Only one Adult living in Household	-.30 ^a	.74	-.10 ^b	.91	.99 ^a	2.69
Welfare History						
Years on Welfare	.01	1.01	.02 ^b	.102	.00	1.00
Entered GAIN program for the first time after April 1998	-.06 ^c	.94	.09 ^c	1.10	-.01	.99
Number of quarters registered in GAIN before finding a job	-.26 ^a	.77	-.15 ^a	.86	-.51 ^a	.60
Employment History						
Any prior work experience	.53 ^a	1.69	-.17 ^a	.84	.39 ^a	1.48
Previous earnings crossed Poverty threshold					.45 ^a	1.56
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.02 ^a	2.78
In the past 2 years	--	--	--	--	.43 ^a	1.54
In the past 3 years	--	--	--	--	.45 ^a	1.56
In the past 4 years	--	--	--	--	.30 ^a	1.35
In the past 5 years	--	--	--	--	.16 ^a	1.18
Welfare-to-Work Activities and Services						
Length of sanction	-.44 ^a	.64	-.21 ^a	.81	-1.29 ^a	.28
Ever sanctioned	.63 ^a	1.89	.28 ^b	1.33	--	--
Received any exemption	-.04 ^a	.96	.03	1.03	--	--
Completed Job Club	.51 ^a	1.66	-.15 ^b	.86	.29 ^c	1.34
Did not complete Job Club	.35 ^a	1.10	-.03	.97	-.31 ^c	.74
Received training	.09	1.10	-.05	.95	.25 ^a	1.28
Received childcare	.60	1.83	-.32 ^a	.73	.72 ^a	2.05
Number of quarter received cash assistance and Food Stamps	-.21 ^a	.77	-.13 ^a	.87	--	--

a = significant at the .001 level (p value <.001)
 b = significant at the .01 level (p value <.01)
 c = significant at the .05 level (p value <.05)

*Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Age 18-25**

**Table A-14
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.09 ^a	.91	-.07 ^a	.93	.13 ^a	1.14
Gender						
Female	.17 ^a	1.19	.01	1.01	--	--
Ethnicity (Comparison group =African Americans)						
White	.18 ^a	1.20	-.18	.84	.18	1.20
Hispanic	.20 ^a	1.23	-.21 ^a	.81	.08	1.04
Other	.35 ^a	1.42	-.12	.89	.44	1.56
Single vs. Married or Divorced	.26 ^a	1.30	.07	1.08	-.17	.85
Only one Adult living in Household	-.34 ^a	.71	-.06	.94	1.23	3.42
Welfare History						
Years on Welfare	.06 ^a	1.07	.03	1.03	-.00	1.00
Entered GAIN program for the first time after April 1998	.19 ^a	1.21	.11	1.12	-.05	.95
Number of quarters registered in GAIN before finding a job	-.25	.77	-.10	.91	-.43	.65
Employment History						
Any prior work experience	.66 ^a	1.93	.06	1.06	.72 ^a	2.06
Previous earnings crossed Poverty threshold	--	--	--	--	.55 ^a	1.74
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.05 ^a	2.87
In the past 2 years	--	--	--	--	.11	1.12
In the past 3 years	--	--	--	--	.23	1.26
In the past 4 years	--	--	--	--	-1.16	.31
In the past 5 years	--	--	--	--	1.26	3.53
Welfare-to-Work Activities and Services						
Length of sanction	-.42 ^a	.66	-.12	.88	-1.37 ^a	.26
Ever sanctioned	.72 ^a	2.05	.20	1.22	--	--
Received any exemption	-.03	.97	.09	1.09	--	--
Completed Job Club	.30	1.35	.04	1.04	-.26	.81
Did not complete Job Club	.34 ^a	1.40	-.08	.91	-.19	.82
Received training	.12	1.13	-.08	.91	.04	1.04
Received childcare	.68 ^a	1.97	-.60 ^a	.55	.78 ^a	2.19
Number of quarter received cash assistance and Food Stamps	-.23 ^a	.79	.14	.87	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Age 26-35**

**Table A-15
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-0.01	.98	-0.04	.99	-.03 ^a	.97
Gender						
Female	-.06	.94	-.18	.83	--	--
Ethnicity (Comparison group =African Americas)						
White	-.08	.92	-.18	.82	-.02	.99
Hispanic	-.02	.97	-.10	.90	-.22 ^a	.80
Other	.00	1.01	-.17	.85	-.01 ^c	1.00
Single vs. Married or Divorced	.01	1.01	.27	1.31	-.31 ^a	.73
Only one Adult living in Household	-.17	.84	-.09	.91	.87 ^a	2.40
Welfare History						
Years on Welfare	.00	1.00	.01 ^c	1.02	-.04 ^c	.99
Entered GAIN program for the first time after April 1998	-.19	.82	-.02 ^a	.97	.20	1.02
Number of quarters registered in GAIN before finding a job	-.29 ^a	.75	-.19	.83	-.50	.59
Employment History						
Any prior work experience	.64	1.90	-.30 ^a	.74	.28 ^a	1.33
Previous earnings crossed Poverty threshold	--	--	--	--	.52 ^a	1.69
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.01 ^a	2.74
In the past 2 years	--	--	--	--	.45 ^a	1.57
In the past 3 years	--	--	--	--	.34	1.41
In the past 4 years	--	--	--	--	.34	1.40
In the past 5 years	--	--	--	--	.26	1.30
Welfare-to-Work Activities and Services						
Length of sanction	-.46 ^a	.63	-.15	.86	-1.41 ^a	.25
Ever sanctioned	.69	2.00	.20	1.22	--	--
Received any exemption	-.01	.99	-.01	.99	--	--
Completed Job Club	.51 ^a	1.66	-.18	.83	.88 ^a	2.41
Did not complete Job Club	.33 ^a	1.40	-.05	.95	-.93 ^a	.39
Received training	-.06	.94	-.12	.88	.24 ^a	1.27
Received childcare	.72 ^a	2.05	.20	.82	.63 ^a	1.88
Number of quarter received cash assistance and Food Stamps	-.19 ^a	.82	-.12 ^a	.89	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Age 36-45**

**Table A-16
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.01 ^c	.98	-.00	1.00	-.00	1.00
Gender						
Female	-.03 ^c	.97	-.07	.93	--	--
Ethnicity (Comparison group =African Americans)						
White	.15	1.17	-.23	.79	.20	1.23
Hispanic	-.13	.88	-.04	.95	-.58 ^a	.56
Other	-.23	.79	-.60	.55	-.39	.68
Single vs. Married or Divorced	-.12	.88	.23	1.26	-.13	.87
Only one Adult living in Household	-.25 ^a	.78	-.13	.88	.75 ^a	2.11
Welfare History						
Years on Welfare	-.00	1.00	.02	1.02	-.02 ^c	.98
Entered GAIN program for the first time after April 1998	-.29 ^a	.75	.19	1.21	.10	1.11
Number of quarters registered in GAIN before finding a job	-.29 ^a	.75	-.18	.83	-.54 ^a	.59
Employment History						
Any prior work experience	.53	1.70	-.10	.90	.02 ^c	1.03
Previous earnings crossed Poverty threshold	--	--	--	--	.36 ^a	1.44
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.09 ^a	3.00
In the past 2 years	--	--	--	--	.57 ^a	1.76
In the past 3 years	--	--	--	--	.62 ^a	1.87
In the past 4 years	--	--	--	--	.53	1.70
In the past 5 years	--	--	--	--	.19	1.21
Welfare-to-Work Activities and Services						
Length of sanction	-.45 ^a	.63	-.24	.78	-1.40 ^a	.25
Ever sanctioned	.68 ^a	1.99	.39	1.47	--	--
Received any exemption	-.19	.83	.04 ^c	1.03	--	--
Completed Job Club	.50 ^a	1.64	-.12	.89	-.13	.88
Did not complete Job Club	.47 ^a	1.60	.06	4.06	.16	1.17
Received training	.26	1.30	.01 ^c	1.01	.33 ^a	1.39
Received childcare	.62	1.86	-.06	.94	.50 ^a	1.65
Number of quarter received cash assistance and Food Stamps	-.20 ^a	.82	-.16	.85	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1999 Cohort
Age 46+**

**Table A-17
Predicting Employment, Job Retention, and Earnings Among
Unemployed GAIN Participants**

Independent Variables	COX PROPORTIONAL HAZARDS MODEL				LOGISTIC REGRESSION	
	Predicting Employment		Predicting Job Retention		Predicting Earnings	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio	Log Odds	Odds Ratio
Age	-.03 ^a	.96	.02	1.02	-.02	.98
Gender						
Female	-.13	.87	-.07	.93	--	--
Ethnicity (Comparison group =African Americans)						
White	.33	1.39	-.12	.89	.37	1.45
Hispanic	.05	1.05	.10	1.11	-.45 ^a	.64
Other	.20	1.22	-.20	.82	.12	1.13
Single vs. Married or Divorced	.06	1.06	.30	1.31	-.02	.98
Only one Adult living in Household	-.15	.86	-.04	.96	.81 ^a	2.25
Welfare History						
Years on Welfare	.01	1.01	-.00	1.00	-.12	.88
Entered GAIN program for the first time after April 1998	-.17	.84	.17	1.19	.20	1.22
Number of quarters registered in GAIN before finding a job	-.32 ^a	.72	-.17 ^a	.84	-.50 ^a	.61
Employment History						
Any prior work experience	.43 ^a	1.54	-.42	.65	-.08	.92
Previous earnings crossed Poverty threshold	--	--	--	--	.53 ^a	1.69
Previous earnings crossed poverty threshold						
In the past 1 year	--	--	--	--	1.08 ^a	2.94
In the past 2 years	--	--	--	--	.62	1.86
In the past 3 years	--	--	--	--	.25	1.29
In the past 4 years	--	--	--	--	.31	1.36
In the past 5 years	--	--	--	--	.44	1.55
Welfare-to-Work Activities and Services						
Length of sanction	-.37 ^a	.69	-.27	.76	-.93 ^a	.39
Ever sanctioned	-.7	1.44	.20	1.23	--	--
Received any exemption	-.56 ^a	.57	-.08	.92	--	--
Completed Job Club	.67 ^a	1.95	-.36	.70	.14	1.15
Did not complete Job Club	.78	2.17	-.16	.85	.03	1.03
Received training	.44	1.54	.00	1.00	.41	1.51
Received childcare	.42	1.52	-.17	.84	.58 ^a	1.77
Number of quarter received cash assistance and Food Stamps	-.24	.79	-.16	.85	--	--

a = significant at the .001 level (p value <.001)

b = significant at the .01 level (p value <.01)

c = significant at the .05 level (p value <.05)

-- Variables not entered in the model

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 and
April 1999 Cohort**

Table A-18

**Background Characteristics of Unemployed Participants
By GAIN Program Participation**

Variables	1998 Cohort		1999 Cohort	
	Participated in Job Club	Did not Participate in Job Club	Participated in Job Club	Did Not Participate in Job Club
Gender				
Men	9.5	32.74	15.5	34.6
Women	90.5	67.26	84.5	65.4
Mean Age (Standard Deviation)	38.0 (9.1)	33.85 (11.9)	37.4 (9.5)	30.3 (11.4)
Ethnicity				
White	15.1	20.5	24.5	21.4
Hispanic	49.3	44.7	41.1	42.1
African-American	27.8	23.3	27.0	27.5
Asian/Other	7.8	11.6	7.5	9.0
Marital Status				
Single	52.0	26.4	56.8	44.5
Married	48.0	73.6	43.2	55.5
Welfare History				
Mean number of years on welfare before implementation of CalWORKs program (Standard Deviation)	3.7 (3.8)	5.4 (6.4)	2.0 (2.8)	1.4 (2.3)
Any Welfare history prior to implementation of CalWORKs program				
Yes	92.9	92.5	54.3	41.0
No	7.1	7.5	45.7	59.0
Employment History				
Any prior work experience				
Yes	46.9	32.8	55.6	34.6
No	53.1	67.2	44.4	65.4
Found employment				
Yes	67.6	53.6	54.3	42.5
No	32.3	46.4	45.7	57.5
Length of time to find employment				
1-12 months	42.8	31.4	41.9	31.9
13 -24 months	18.5	16.7	12.3	10.6
25 – 36 months	6.4	5.5	NA	NA
Never found employment	32.3	46.4	45.7	57.5

Source: Department of Public Social Services and Employment Development Department Data.

**April 1998 and
April 1999 Cohort**

Table A-19
**Interaction of Job Club Participation¹ with Background Characteristics
and its Impact on Predicting Employment by Cohort**

Variables	1998 Cohort		1999 Cohort	
	Estimate	Hazard Ratio	Estimate	Hazard Ratio
Age				
Completed Job Club				
*age	.03	1.03 ^a	.02	1.02 ^a
Did not complete Job Club				
*age	.02	1.03 ^a	.02	1.02 ^a
Gender (Reference group = Males)				
Completed Job Club				
*female	-.15	.86 ^a	-.14	.87
Did not complete Job Club				
*female	-.10	.91 ^c	-.27	.76 ^a
Ethnicity (Reference group = African Americans)				
Completed Job Club				
*Hispanic	-.04	.96	.12	1.12
Did not complete Job Club				
*Hispanic	-.08	.92 ^a	.05	.41
Completed Job Club				
*White	.11	1.12 ^b	-.08	.92
Did not complete Job Club				
*White	.08	1.09 ^c	-.22	.80 ^b
Completed Job Club				
*Asian/other	-.23	.79 ^a	-.27	.76 ^c
Did not complete Job Club				
*Asian/other	-.02	.98	-.03	.97
Welfare History				
Completed Job Club				
*years on welfare	.04	1.04 ^a	-.01	.99
Did not complete Job Club				
*years on welfare	.03	1.03 ^a	-.02	.98
Completed Job Club				
*no prior welfare history	-.13	.88 ^c	-.02	.98
Did not complete Job Club				
*no prior welfare history	-.06	.95	-.01	.99

¹ Reference group = Participants who did not participate in Job Club.

Source: Department of Public Social Services and Employment Development Department Data.

APPENDIX B

Methodology

This technical appendix provides an explanation of the methodology used to conduct the multivariate analysis in Chapter IV. Three separate regression models were estimated to predict three outcome variables. Survival analysis was used to predict the first two outcome variables, namely employment and job retention. A logistic regression model was used to predict the third outcome variable, the participants' earnings above the FPT.

Once participants enter GAIN, there is a delay in time when the unemployed participants find a job. How soon a participant finds employment depends on several factors, such as their need for supportive services, training, child care, time spent searching for work, and availability of jobs. This leads to differences in the participant's ability to find a job during a specific time period. Survival analysis, as compared with Ordinary Least Square regression (OLS), is the most appropriate methodology for estimating duration data, such as the durations of finding and retaining employment which are studied in this report. OLS regressions cannot handle censored data (elaborated below) and is unable to include time-varying variables.

While the primary interest in any regression analysis is to understand the main predictors of the outcome variable, in many cases it is equally important to take into account the difference in time that it takes each participant to experience the event or the outcome variable. In this analysis, the time dependent outcome variables of interest were: (1) the length of time it takes GAIN participants to find a job; and (2) duration of job retention.

Survival Analysis

Survival analysis is a collection of different types of specialized methods that are used in the estimation of duration data or time-dependent outcome data. The analyses in Chapter IV are conducted using Cox Proportional Hazards Model.

Time in survival analysis is recorded in two different sets of samples. For participants looking for employment, it is the outcome variable of interest, i.e., the actual time it takes them to find a job. For participants who continue to stay unemployed until the end of the cohort period, time indicates the length of follow-up (also referred to as incomplete observation of survival time). These incomplete observations are also referred to as *right-censored cases*, but are, nevertheless, used in the analysis. Another kind of censoring known in survival analysis is called left-censoring. Since survival analysis is a study only of subjects who are "at risk" of the event, subjects that have already experienced the event are excluded from the analysis and are called left-censored cases. For example, in estimating employment probabilities, only unemployed participants are "at risk" of finding a job.

If the sample has too many cases that have already experienced the event or has too many cases that are left-censored, then the regression results can be biased since the conclusions are being made from an observation of a partial sample.

The goal in survival analysis is to have as few left-censored cases as possible. In addition, which cases are left-censored depends on the research question. For example, if the purpose is to observe a population's first employment experience, then all cases in the sample should be 18 years of age at the time of the first observation period. This is the age when all cases are potentially "at risk" of becoming employed. If the sample includes subjects that are older, they may have already worked at their first job and could not be included in the analysis, and would be left-censored.

In this evaluation, the purpose was to observe the impact of the County's Welfare-to-Work program on the employment opportunities of GAIN participants. The new Welfare-to-Work activities under the CalWORKs program began in April 1998. Thus, the effects of the program could only be observed for participants who were registered in the program as of April 1998. For example, the left-censored cases in the current analysis for estimating employment probabilities under the new GAIN program would be participants that have already found their first employment after implementation of the County's Welfare-to-Work program and before the first quarter when the cohort is observed.

In the current analysis, there are no left-censored cases in the April 1998 cohort. This was achieved because the first observation period for the April 1998 cohort was also the first month when the new GAIN program was implemented. Hence, no participant had as yet found a job under the new GAIN program. In the April 1999 cohort, there were some left-censored cases that had to be excluded from the analysis. These were participants that entered the GAIN program after April 1998 and found a job before April 1999, which was the first observation period for the April 1999 cohort.

Cohort Construction

The County's Welfare-to-Work program was first implemented on April 1998. The first cohort in the current analysis includes unemployed participants registered in the GAIN program during April of 1998. This cohort is followed up every quarter for three years, through March of 2001. Since no participant could have experienced the effect of the new GAIN program before April 1998, the 1998 cohort has no left-censored cases.

The second cohort includes unemployed participants that were registered in the GAIN program in April 1999 and were not registered in GAIN in April 1998. This cohort was followed up every quarter for two years through March of 2001. This cohort has some left-censored cases as mentioned earlier.

Cox Proportional Hazards Model

The first step in a survival analysis is to examine the survival and hazard functions.³⁸ The survival function is the probability that a participant will survive longer than a specified time t . This is defined as:

$$S(t) = \Pr(T > t) \quad [1.1]$$

T is a random variable for a participant's survival time and t is any specific value of interest. At $t=0$, $S(0)=1$ (at the start of the cohort period). This is because no participant has, as yet, experienced the event. At the start of the cohort period, the probability of surviving beyond time 0 is 1.

The survival function begins with 1, or 100 percent, meaning at time 0 or first observed time point, everyone is "at risk" of experiencing the event, such as employment. As time goes on, some participants find employment and the survival function begins to decline, i.e., participants who have already found a job are removed from the "at risk" pool of participants. Ideally, the survival function eventually reaches 0, i.e., when all participants have found employment and no participant is "at risk" of finding employment.

The factors that influence the shape of the survival function, meaning how soon the survival function declines to 0 depends on factors such as how long it takes them to find a job or experience the event (employment), and the pattern of right-censored cases, i.e., how many participants continue to stay unemployed at a particular time period. In the current analysis, the survival function for both the cohorts never reaches 0 because some participants continue to stay unemployed until the end of the cohort period, i.e., March 2001.

The hazard function is the conditional probability that an event will occur in the time interval between t and $t + \Delta t$. In order to adjust for the time interval, the denominator for the hazard function is Δt . This makes the hazard function a rate rather than a probability. Hazard rate reflects the propensity to exit the unemployment period given that the participant has stayed unemployed until that period. The survival analysis in Chapter IV analyzed participant data for each quarter. Hence, the propensity to exit was calculated at the end of each quarter for every unemployed participant.

Unlike the survival function, the hazard function does not have to start at 1 and end at 0. This function can begin anywhere and move up and down in any direction over time. Once the form of the survival function is known the corresponding hazard function can be derived as the following:

$$H(t) = - ([dS(t)/dt] / S(t)) \quad [1.2]$$

Survival analysis or models are expressed in terms of the hazard function. These models can be both parametric and nonparametric. Nonparametric models, such as the Cox Proportional Hazards Model are used when the distribution of the survival time is unknown and the hazard function is unspecified. This model is sometimes referred to as the semi-parametric model because it makes parametric assumption regarding the effect of the predictor variables on the hazard function. However, the model makes no assumption regarding the nature of the hazard function.

The regression equation for the Cox Proportional Hazards Model is one in which the hazard for a participant at a specific time is the product of the baseline hazard function and an exponentiated linear function of a set of predictor variables, see equation 1.3.

$$h_i(t) = h_0(t)e^{\{\beta_1 X_{i1} + \dots + \beta_k X_{ik}\}} \quad [1.3]$$

A hazard rate or a ratio is the measure of effect between the predictor variable and the hazard function.

$$\text{Hazard ratio} = \text{hazard in group A} / \text{hazard in group B} = e^{\beta_i (X_{iA} - X_{iB})} \quad [1.4]$$

The regression coefficient for X_j in the Cox Proportional Hazards Model represents the increase in the log hazard at any fixed point in time if X is increased by one unit and all other predictor variables are held constant. Exponentiating the regression coefficient gives the hazard ratio. This is the hazard for one group divided by the hazard for another group, where the groups are defined by the predictor variable values. For example, if the predictor variable is received child care and is coded 1 for the participants who received child-care and 0 for the participants who did not receive child care, then a hazard ratio of 2 means that participants who received child care are twice as likely or have twice the hazard of the event (i.e., employment) compared to participants who did not receive child care. In sum, the hazard ratio illustrates the measure of effect between the predictor variables and the hazard function. When the hazard ratio is greater than 1, then it indicates the hazard of the event occurring (positive effect). When the hazard rate is less than 1, it indicates the hazard of the event not occurring (negative effect).

When the predictor variable is continuous, it is useful to subtract 1 from the hazard ratio and multiply by 100. For example, if the predictor variable is years of welfare history and the hazard ratio is .78, then it can be concluded that for every one-year increase in welfare history, the hazard of the event (employment) is decreased by 22 percent. If the hazard ratio for a predictor variable such as years of prior work experience is 1.15, then it can be concluded that for every one-year increase in prior work experience, the hazard of the event (employment) increases by 15 percent. This probability as a percentage is also indicated in the parameter estimates.

Logistic Regression

Logistic regression was used to predict a participant's earnings above the FPT. Logistic regression is used for predicting binary outcomes, i.e., when the dependent variable has only two values, whether the event occurred or not. OLS regression cannot be used to predict binary outcomes because the binary dependent variable violates the assumptions necessary for hypothesis testing in OLS regression analysis. Some of the assumptions that are violated when OLS regression is used to predict binary outcomes include normality of error distribution. Also, in OLS regression the predicted values cannot be interpreted as probabilities because they are not constrained to fall in the interval between 0 and 1.

Logistic regression uses the maximum likelihood method to estimate the parameters in the model. The interpretation of the coefficient in logistic regression reflects the amount of change in the dependent variable for a one-unit change in the independent variable.

The coefficients in the logistic model are interpreted as the odds of an event occurring. The odds are defined as the ratio of the probability for an event to occur against the probability that it will not occur.

The probability of an event occurring can be directly estimated by the following equation for multiple independent variables:

$$\text{Prob(event)} = 1/1 + e^{-z}$$

Where Z is a linear combination of the following:

$$Z = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_p X_p \quad [1.5]$$

The logistic model, also called the logit is usually written in terms of the log of the odds or log odds:

$$\text{Log} [\text{Prob(event)}/\text{Prob(no event)}] = \beta_0 + \beta_1 X_1 + \dots + \beta_p X_p \quad [1.6]$$

However, it is easier to interpret the odds ratio rather than log odds. The odds ratio for an event to occur can be written as:

$$\text{Prob(event)}/\text{Prob(no event)} = e^{\beta_0 + \beta_1 X_1 + \dots + \beta_p X_p} \quad [1.7]$$

The e raised to the power β_i is the factor by which the odds change when the i th independent variable increases by one unit. If β_i is positive this factor is greater than 1, meaning a positive likelihood of the event occurring; if β_i is negative the factor will be less than 1, meaning a negative or less likelihood of the event occurring.

For example in Table A2. the likelihood of a participant to earn above FPT is 1.39 times (*odds ratio*) greater for participants with any prior work experience compared with participants with no prior work experience. The *log odds* of a participant with prior work experience to earn above FPT is .33. This means that the likelihood of a participant to earn above FPT is increased by 33% when they also have prior work experience. For participants without prior work experience, this likelihood is decreased by 33 percent.

Mean and Standard Deviation

Other statistics reported in the tables include percentage, means, and standard deviations of the means. While means refer to the average score of a population on a certain variable, its standard deviation refers to the variability in the distribution of the observations. Standard deviation is designed to describe the variability of variables measured at the interval or ratio level. In a formula form it is expressed as the square root of the mean squared deviations around the mean:

$$\sigma = \sqrt{\sum(X - \mu)^2/N} \quad [1.8]$$

APPENDIX C

CalWORKs Evaluation Advisory Group

The CalWORKs Evaluation Advisory Group was established to ensure that the Service Integration Branch/Research and Evaluation Services reflects the concerns of diverse communities and to advise the evaluation team on research topics and methods.

CalWORKs Evaluation Advisory Group Members

- Yolanda Arias, Directing Attorney, Legal Aid Foundation of Los Angeles, Government Benefits, East Community Office, Los Angeles
- Rosina M. Becerra, Ph.D., School of Public Policy and Social Research, Department of Social Welfare, University of California, Los Angeles
- Jacquelyn McCrosky, Ph.D., School of Social Work, University of Southern California, Los Angeles
- Kate Meiss, Senior Attorney, L.A. County Neighborhood Legal Services, Pacoima
- Paul Ong, Ph.D., Professor, School of Public Policy and Social Research, Professor, Asian American Studies, Director, Lewis Center for Regional Policy Studies, University of California, Los Angeles
- Leonard Schneiderman, Ph.D., Los Angeles County Commission on Public Social Services, Committee on Research and Evaluation, Department of Social Welfare, University of California, Los Angeles (Emeritus)

GLOSSARY

Term	Actual Title	Definitions
AB 1542	The Thompson-Maddy-Ducheny-Ashburn Welfare-to-Work Act of 1997	The bill, signed by Governor Pete Wilson on August 11, 1997, that created CalWORKs.
AFDC	Aid to Families with Dependent Children	Program started in the 1930s as Aid to Dependent Children, replaced under PRWORA with TANF.
BEL-202	Business Establishment List	File supplied by CDSS to help identify firm characteristics of employers.
CalWORKs	California Work Opportunity and Responsibility to Kids program	California's implementation of TANF cash assistance. Features work requirements, time limits, etc.
CAO	Chief Administrative Office	The CAO develops recommendations on fiscal and policy matters for the Board of Supervisors, provides effective leadership of the County organization in carrying out the Board's policy decisions, and ensures financial stability.
RES	Research and Evaluation Services	RES is a unit within the CAO Service Integration Branch. RES is responsible for the evaluation of CalWORKs in Los Angeles County of which this report is a part.
CDSS	California State Department of Social Services	The State agency that oversees Social Services.
DPSS	Department of Public Social Services	Los Angeles County agency delivering administering social services, including CalWORKs, Food Stamps, and Medi-Cal.
EDD	Employment Development Department	Manages California's Unemployment Insurance (UI) program records and monitors employment in the State.
EITC	Earned Income Tax Credit	The Earned Income Tax Credit (EITC), also known as the Earned Income Credit (EIC), provides a wage supplement to low-income working families and individuals. It is a refundable tax credit that offsets income taxes owed by low-income workers and, if the credit exceeds the amount of taxes owed, provides a lump sum payment to those who qualify.
ERA	Equal Rights Advocates	A San Francisco-based advocacy organization, for the economic independence of welfare recipients.
Exempt	Exempt GAIN participants	A GAIN participant who was granted an exemption from Welfare-to-Work activities. Such an exemption is granted if the participant is less than 18 years or 60 or more years old, mentally or physically incapacitated, pregnant, providing continuous care for an ill household member, or caring for a child under one year of age.

Term	Actual Title	Definitions
Exemption	GAIN participants meet one or more of the exemption criteria	When the GAIN participants meets one or more of the following criteria: age less than 18 years or 60 or more years, mentally or physically incapacitated, pregnant, providing continuous care for an ill household member, or caring for a child under one year of age, the Welfare-to-Work plan is waived, as well as GAIN activities. The 18/24-month time clock will not run. Once they no longer meet the exemption criteria, the clock will start again.
FOCUS	Legacy FOCUS data	Database of welfare recipients maintained by DPSS with information on their benefits history up to May 2001.
FG	Family Group	A term DPSS uses to denote that particular benefits are being received in a single parent household, e.g., AFDC/FG
FPT	Federal Poverty Thresholds	Poverty thresholds are the original version of the Federal Poverty Measure and were originally developed in 1963-64 by Mollie Orshansky of the Social Security Administration. They are updated each year by The Bureau of the Census and are used mainly for preparing estimates of the number of Americans living in poverty. The census bases the thresholds on the size of the household. The 1999, poverty threshold for a family consisting of an adult with two children was \$13,523. Larger families have higher thresholds. RES classifies the earnings of the participants as above the poverty threshold when they exceed these thresholds for at least three consecutive quarters.
GAIN	Greater Avenues for Independence	Los Angeles County Welfare-to-Work program.
GSW	GAIN Service Worker	GAIN employee who conducts appraisal and assessment of potential GAIN participants.
GEARS	GAIN Employment and Activity Reporting System	Computer system used for tracking GAIN participants.
LEADER	Los Angeles Eligibility, Automated Determination, Evaluation and Reporting	New system replacing CDMS, IBPS, and WCMS; began operational testing on May 3, 1999, in one office.
N	Number of observations	Number of GAIN participants, in most cases.
NOA	Notice of Action	When a GAIN participant is noncompliant with the requirements of the program, they receive a notice of action.
Mandatory	Mandatory GAIN participants	The GAIN participants who do not meet any of the exemption criteria.
MDRC	Manpower Development Research Corporation	Private non-profit organization that specializes in the evaluation of work-related social programs, especially those that include training.
Medi-Cal	Medical aid, also termed Medicaid in other states.	California's Federally-funded Medicaid program. Provides health insurance to poor families and individuals. All CalWORKs families are eligible for Medi-Cal assistance.

Term	Actual Title	Definitions
MEDS	Medi-Cal Eligibility Determination System	A system developed by the State to determine eligibility for Medicaid/Medi-Cal.
PES	Post-employment Services	Additional training provided to GAIN participants who become employed.
Pre-reform	Pre-reform	GAIN participants who have at least one quarter of registration prior to the implementation of the CalWORKs version of GAIN, or April 1998, combined with at least one quarter of GAIN registration in the specific year analyzed.
Post-reform	Post-reform	Post-reform participants have at least one quarter of GAIN registration in the specific year under analysis, with no history of reform before April 1998.
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996	Federal Welfare Reform Act (PL 104-193).
SIB	Service Integration Branch	Branch of the Los Angeles County Chief Administrative Office created in 2000 to support and coordinate collaborative policy development initiatives; assist County departments integrate service delivery systems; and help provide children and families with needed information.
SIC	Standard Industrial Classification	Classification code indicating the type of industry in which the recipients were employed. The SIC system classifies all businesses by the types of products or services they produce -- regardless of the size or type of ownership.
SIP	Self-initiated programs	Vocational and educational programs that GAIN participants choose, in lieu of Job Clubs.
TANF	Temporary Aid to Needy Families	Federal cash aid program with time limits and work requirements. It replaced AFDC in 1996.
U	Unemployed Parent	A term DPSS uses to denote that particular benefits are being received in a two parent household, e.g., AFDC/U.

ENDNOTES

¹ It should be pointed out, however, that merely obtaining wages above the poverty threshold does not necessarily enable a family to be free from dependency on public benefits, nor does it entirely reflect the economic conditions of either welfare participants or those leaving welfare. But despite these limitations, poverty thresholds are widely used in welfare research to evaluate the self-sufficiency of participants, and they are adopted in this study as a measure.

²California Budget Project, *What Do We Know About Former CalWORKs Recipients? Welfare Reform Update*, July 2001. (Sacramento, California: California Budget Project, 2001), 1.

³Equal Rights Advocates, *The Broken Promise: Welfare Reform Two Years Later*. Executive Summary. (San Francisco, California: Equal Rights Advocates, 2000),1.

⁴Peter Edelman, "The Worst thing Bill Clinton has Done." In *The Atlantic Monthly*, March 1997, 43-58; Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*. (New York: Russell Sage Foundation, 1997); David T. Ellwood, "Welfare Reform as I Knew it: When Bad Things Happen to Good Policies." In *American Prospect*, Volume 7, Issue 26: 1996, 22-29.

⁵Welfare reform programs that form the basis of Bloom and Michalopoulos' synthesis were each implemented at the State level before the passage of PRWORA. As the preface to their report points out, however, "Although these initiatives were implemented before passage of the landmark Federal Welfare Reform Law of 1996, all of them used at least one of three strategies that form the core of most states' current welfare programs." (Dan Bloom and Charles Michalopoulos, *How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research*. (New York: Manpower Demonstration Research Corporation, 2001), iv.

⁶The four programs referred to here were located in Atlanta, Grand Rapids, Riverside, and Portland. (Dan Bloom and Charles Michalopoulos, *How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research*. (New York: Manpower Demonstration Research Corporation, 2001), 24.

⁷These conclusions use a combination of earnings, cash assistance, and food stamps as a measure of income. (Dan Bloom and Charles Michalopoulos, *How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research*. (New York: Manpower Demonstration Research Corporation, 2001), 21-22.

⁸It should be noted that Savner, et al, qualify this finding in noting that, "TANF played an important role in the growth of employment among single mothers, but was not the only factor." Among other factors they point to as being responsible for this employment growth are the sustained expansion of the nation's economy, the expansion of the Earned Income Tax Credit (EITC), increased availability of child care subsidies, expansion of health coverage for children, the increase in the minimum wage, and improved child support enforcement. (Steve Savner, et al. *TANF Reauthorization: Opportunities to Reduce Poverty by Improving Employment Outcomes*. (Washington, D.C.: Center for Law and Social Policy, 2002), 3,5.

⁹Steve Savner, et al. *TANF Reauthorization: Opportunities to Reduce Poverty by Improving Employment Outcomes*. (Washington, D.C.: Center for Law and Social Policy, 2002),4. For additional general information on the effects that welfare reform programs in the United States have had on employment, earnings and income, see: Gregory Acs, et al, *Does Work Pay? An Analysis of the Work Incentives Under TANF*. Occasional Paper Number 9. (Washington, D.C.: The Urban Institute, 1998); Maria Cancian , et al, "Work, Earnings and Well-Being After Welfare." In Sheldon H. Danziger, ed. *Economic Conditions and Welfare Reform*. (Kalamazoo, Michigan: Upjohn Institute for Employment Research, 1999); Sheldon H. Danziger, Collenn Heflin and Mary Corcoran. "Does it Pay to Move from Welfare to Work?" Paper presented at the March 2000 Annual Meeting of the Population Association of America).

¹⁰Stephen Freedman, et al. *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. Executive Summary. (New York: Manpower Demonstration Research Corporation, 2000), 5-6, 12-23.

¹¹These findings are based on the Freedman, et al analysis of Jobs-First GAIN participants who were single parents. The findings are essentially consistent with findings from a more general report written by Polit, et al. Drawing on survey data collected in conjunction with the Manpower Demonstration Research Corporation's (MDRC) Project on Devolution and Urban Change, the latter report looks at single mothers who entered labor markets in Cleveland, Los Angeles County, Miami, and Philadelphia after the implementation of Welfare-to-Work policies in the mid and late 1990s. The study finds that, "66 percent of the women in the survey sample were working in jobs that, if sustained for a full year, would leave families below the poverty line, unless they had additional sources of income." (Stephen Freedman, et al, *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. Executive Summary. (New York: Manpower Demonstration Research Corporation, 2000), 5-6, 12-15; Denise Polit, et al, *Is Work Enough? The Experiences of Current and Former Welfare Mothers Who Work*. (New York: Manpower Demonstration Research Corporation, 2001), 27.

¹²Multiple Jobs Refers to holding more than one job in a given quarter. It does not necessarily mean holding two simultaneously. It is an indicator of job turnover within the same quarter.

¹³For additional findings and general information on the issue of employment stability and instability among former and current welfare recipients, see the following sources: Gary Burtless, "The Employment Prospects of Welfare Recipients." In D. Nightingale, ed. *The Work Alternative*. (Washington, D.C.: Urban Institute, 1995); Denise Polit, et al. *Is Work Enough? The Experiences of Current and Former Welfare Mothers Who Work*. (New York: Manpower Demonstration Research Corporation, 2001); A. Rangarajan, Peter Schochet, and Dexter Chu, *Employment Experiences of Welfare Recipients Who Find Jobs: Is Targeting Possible?* Submitted to Administration for Children and Families; Office of Planning, Research, and Evaluation; Department of Health and Human Services. (Princeton, NJ: Mathematica Policy Research, 1998); Julie Strawn and Karin Martinson, *Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce*. (New York: Manpower Demonstration Research Corporation, 2000).

¹⁴Urban Research Division CalWORKs Evaluation Project Team. *From Welfare-to-Work and Economic Self-Sufficiency: A Baseline Evaluation of the Los Angeles County CalWORKs Program*. (Los Angeles: Urban Research Division, Chief Administrative Office, County of Los Angeles, 1999).

¹⁵Urban Research Division CalWORKs Evaluation Project Team. *From Welfare-to-Work and Economic Self-Sufficiency: A Baseline Evaluation of the Los Angeles County CalWORKs Program*. (Los Angeles: Urban Research Division, Chief Administrative Office, County of Los Angeles, 1999).

¹⁶Urban Research Division CalWORKs Evaluation Project Team. *Monitoring the Implementation of CalWORKs: Welfare Reform and Welfare Service Provision in Los Angeles County, 1998*. (Los Angeles: Urban Research Division, Chief Administrative Office, County of Los Angeles, 1999).

¹⁷Urban Research Division CalWORKs Evaluation Project Team, et al. *Assessing the Transportation Needs of Welfare-to-Work Participants in Los Angeles County*. (Los Angeles: Urban Research Division, Chief Administrative Office, County of Los Angeles, 2000).

¹⁸CalWORKs Evaluation Services. *A Window on Welfare Reform: Early Impacts on Families and Communities in Los Angeles County*. (Los Angeles: CalWORKs Evaluation Services, Service Integration Branch, Chief Administrative Office, County of Los Angeles, 2002).

¹⁹According to the widely respected National Bureau of Economic Research, the American economy entered into recession in March 2001, thereby ending ten years of virtually unimpeded growth. Assuming that the recession hit Los Angeles County's regional economy at approximately the same time, it is

impossible for RES to say anything systematic about the comparative efficacy of economic conditions and welfare policy in this report. The reason is that, as this report is being prepared, RES only has data covering the period from April 1998 to April 2001. Savner, et al note that they are confronted with similar difficulties in trying to measure the extent to which TANF has contributed to the growth of employment among single mothers. They write the following: “There seems to be consensus among researchers that welfare reform efforts played an important role, with the effects more pronounced in latter years. Other factors occurring at the same time all pushed in the same direction, and we don’t know how the same policies would have worked in a different economy, or how one component would have worked without the others.” (Business Cycle Dating Committee, National Bureau of Economic Research, *The Business Cycle Peak of March 2001* [Cambridge, Massachusetts: National Bureau of Economic Research, 2001]; Steve Savner, et al. *TANF Reauthorization: Opportunities to Reduce Poverty by Improving Employment Outcomes*. [Washington, D.C.: Center for Law and Social Policy, 2002], 5.).

²⁰For a useful discussion of the potential effects of the current economic downturn on Los Angeles County’s welfare-to-work participants, see: Daniel Flaming and Mark Drayse, *When the Wheel Turns: Projected Impacts of a Recession on Los Angeles Workers*. (Los Angeles: Economic Roundtable, 2001).

²¹RES began receiving monthly extracts of FOCUS data in April 1998. During the transition from FOCUS to LEADER (between August 2000 and May 2001), RES received both files, and since May 2001, RES has only received the LEADER extracts.

²²CDSS generates this data set through a process of merging records from the Medi-Cal Eligibility Determination System (MEDS) records with unemployment insurance filings. The merged dataset contains all individuals who have been on welfare and employed at least once between the first quarter of 1993 and the second quarter of 1993 and the second quarter of 2001.

²³The 18-month cumulative time limit applies to those participants whose aid was initially approved after April 1, 1998. For participants approved for aid prior to this date, the 24-month cumulative time limit applies.

²⁴Reasons for noncompliance are given in the CalWORKs L.A. GAIN Program Handbook.

²⁵DPSS defines Child Care Centers as licensed facilities, other than day care homes, where care is provided for children in a group setting. Family Day Care is defined as care provided by a licensed provider in the provider’s own home. License-Exempt Care is defined as any child care arrangement that is exempt from child care licensing requirements. In the GAIN handbook, DPSS provides specific examples of situations in which a child care provider does not require a license.

²⁶The child care rate ceilings, or the extent to which the County will pay for childcare services, depends in each case on whether the participant holds a full-time or part-time job or is otherwise participating in County-approved Welfare-to-Work activities on a full-time or part-time basis. Other factors such as child disabilities also affect the amount the County will pay for child care services. If the provider’s cost exceeds the rate ceiling for a given type of participant, the parent must cover the excess cost in the form of a co-payment if the parent chooses to use that particular child care provider.

²⁷Former CalWORKs participants who are employed are eligible to receive transportation payments for up to twelve months from the first date of employment once their CalWORKs case is closed. The least expensive method of transportation is authorized for the length of the component in which the recipient participates. Transportation funds are usually paid to participants in advance and can be made in the form of warrants, bus tickets, tokens, cash or checks. Transportation funds are also provided for children in cases where it is necessary for the parent to transport children to a child care provider in order to participate in GAIN components.

²⁸Domestic violence services include case management, emergency/crisis services, individual counseling, peer group counseling, legal services and other appropriate services. Welfare-to-Work requirements can be waived for victims of past or present domestic violence, as long as the abuse prevents their participation in a work activity or if participation would endanger the victim.

²⁹Mental health services include evaluation, case management, treatment and rehabilitation services, employment counseling, and provision of community service jobs. These services are intended to assist a participant's transition from welfare-to-work. Mental health treatment may also require additional services such as child care payments and transportation funds.

³⁰The results of the assessment must indicate if an employment barrier exists due to the substance abuse problem and the service modality for recovery. Treatment includes evaluation, case management, treatment and rehabilitation services, employment counseling, and provision of community service jobs. Substance abuse treatment services are designed to assist a participant's transition from welfare-to-work.

³¹There are many cases where recipients return to the welfare rolls after leaving aid for only a short period of time. In order to qualify as a leaver a person should be off aid for at least 4 quarters and never return to the welfare rolls.

³²This finding is derived by looking at quarterly changes in employment rate. To discover increases or decreases after one year, RES compares a cohort's fourth quarter with its first. Increases after two years are based on a comparison of the eighth quarter with the first. A registrant is recorded as employed in a particular quarter if he/she earns at least \$400 in the quarter.

³³Among the 1998 cohort participants who held a job in their first cohort quarter approximately 15 percent were not employed prior to their cohort period. Hence, it is possible that some of these participants might have found a job in the first quarter after they registered in GAIN in the same quarter. However unemployment insurance records do not give us the date when they start their employment. Thus it is not possible to verify if these participants found a job before or after registering in GAIN. These participants are grouped with the ones who are employed in their first cohort quarter.

³⁴RES classifies a household income as above the poverty threshold when it is above these thresholds for at least three consecutive quarters. RES employs the poverty threshold figures given by the Census Bureau in 1999 – the census bases this threshold on the size of household. The 1999 poverty threshold for a family consisting of an adult with two children is \$13,523. The present report assumes that a stably employed participant has exceeded the threshold if the sum of earnings from three or four consecutive quarters exceeds the their cohort period are not qualified as leavers, since there is a strong likelihood that they may have returned to the welfare rolls after the cohort period ended.

³⁵In this study, a participant crosses the FPT if his/her earnings cross the poverty threshold for at least three consecutive quarters in the cohort period. Since the 1998 cohort period is one year longer than the 1999 cohort period, the earlier cohort participants had more time to cross the FPT even though their median earnings were very similar to those of the 1999 cohort.

³⁶The total number of participants in Tables 3.10a and 3.10b is higher than the total number of participants in Table 3.1. The reason for this is that Tables 3.10a and 3.10b include the "leavers" who left during the last year of their cohort period, but are still considered as "stayers" due to the definition of "leavers" in this report. Participants are considered "leavers" in this report if they have been off aid for one year and subsequently do not return.

³⁷An "Enhanced Job Readiness" program was implemented by DPSS in July 2002. According to DPSS outcomes of this enhanced program will be monitored to determine if the enhancements lead to an increase in participation in the Job Services activity.

³⁸See Paul D. Anderson, *Survival Analysis Using the SAS System*, Cary, 1995; David W. Hosmer and Stanley Lemeshow, *Applied Survival Analysis*, New York, 1999.