Welfare Reform in Los Angeles

Implementation, Effects, and Experiences of Poor Families and Neighborhoods

Denise F. Polit
Laura Nelson
Lashawn Richburg-Hayes
David Seith

The Project on Devolution and Urban Change

mdrc
BUILDING KNOWLEDGE
TO IMPROVE SOCIAL POLICY

August 2005

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Overview

The 1996 national welfare reform law imposed a five-year time limit on federally funded cash assistance, established stricter work requirements, and provided greater flexibility for states in designing and managing programs. This report — the last in a series from MDRC's Project on Devolution and Urban Change — describes how welfare reform unfolded in Los Angeles County (particularly between 1998 and 2001) and compares welfare reform experiences and outcomes there with those in the other three Urban Change sites: Cuyahoga County (Cleveland), Miami-Dade County, and Philadelphia.

Los Angeles is a big and complex urban county, with a welfare caseload that is larger than that of 48 of the 50 *states*. In addition to its sheer size, the Los Angeles story is also unique among the four Urban Change sites because its new welfare policies were gentler on families, with time-limit and sanctioning rules that continued to provide benefits to children and with other policies that made it easier for welfare recipients to increase their income by combining welfare and work. That said, the welfare reform experience in Los Angeles paralleled in many ways what happened in the three other Urban Change counties: The county had a rigorous work participation requirement that typically kicked in after a recipient had been on welfare for 18 months, and it developed policies to help move welfare recipients into jobs; over time, more recipients did go to work. Neighborhood conditions also generally got better. However, most recipients still remained poor, and those who worked were usually in low-wage jobs without benefits.

While welfare caseloads declined significantly both in Los Angeles and nationwide, a higher proportion of people remained on welfare in Los Angeles than in the other three Urban Change counties, and fewer left welfare for work. Policies that allowed welfare recipients to stay on the rolls with fairly high earnings also increased people's connection to support services, and — perhaps as a result — household incomes were higher than in the other sites. Contrary to national trends during the 1990s, however, the concentration of poverty increased in Los Angeles, likely driven by an influx of poor immigrant families into particular neighborhoods.

Analyses of trends before and after the new welfare law took effect are mixed in Los Angeles. They suggest that state and county policies encouraged people to leave the rolls and discouraged people from coming onto the rolls but that they also increased the likelihood that former recipients would return to the rolls. Although welfare recipients were more likely to work over time, the trends do not suggest that this was because of the county's efforts. Instead, the burgeoning economy was probably an important force behind improving conditions.

Overall, the Urban Change project suggests that neither the fears of welfare reform's critics nor the hopes of its supporters appear to have been realized. There is no evidence that welfare reform caused widespread hardship, but families were not substantially better off financially even though many parents went to work. Looking ahead, the central challenge facing welfare policymakers is how to devise strategies to help low-wage workers acquire the skills needed to advance and how to support low-wage workers, perhaps by helping families use such work supports as food stamps, Medicaid, child care subsidies, and the Earned Income Credit — in effect, building a safety net around work and earnings.

Contents

Overview iii
List of Exhibits vii
Preface xiii
Acknowledgments xv
Summary Report Sum-1

Chapter

1 Introduction 1
The Policy Context 2
The Urban Context of Welfare Reform 5
Economic and Social Trends in the Los Angeles Metropolitan Area 6
Los Angeles in Context: Comparison with Other Urban Change Sites 12
Components of the Study 14
The Organization of This Report 19

2 The Implementation of Welfare Reform in Los Angeles 21
Summary of Findings 22
Rewriting the Rules: California's Welfare Reform Policies 25
Organizational Challenges and Responses to Welfare Reform in Los Angeles County 35
Case Management, Service Delivery, and Outcomes Under CalWORKs 43
Perceptions and Experiences of Current and Former Welfare Recipients 62
Summary and Conclusions 70

3 Did Welfare Reform in Los Angeles Have an Effect? An Analysis of Entry, Exits, and Employment 73
Summary of Findings 74
Expected Effects of Los Angeles's Reforms 76
Data and Outcomes 78
Did CalWORKs Alter the Likelihood That a Case Received Cash Assistance? 79
Effects of Los Angeles's CalWORKs Program on Employment 99
Summary and Conclusions 103

4 Employment Patterns and Barriers to Employment: Findings from the Longitudinal Survey and Ethnography 107
Summary of Findings 108
Data Sources 110
Patterns of Employment and Job Characteristics Over Time 114
Barriers and Challenges to Employment 129
Employment Circumstances of Different Groups of Women 139
Summary and Conclusions 148

5 Economic Circumstances and Material Hardships: Findings from the Longitudinal Survey and Ethnography 151
Summary of Findings 151
Economic Circumstances of Families in Los Angeles 154
Material Hardships 167
Economic Circumstances and Hardships of Different Groups of Women 177
Summary and Conclusions 187

6 Los Angeles Neighborhoods and Welfare Reform 189
Questions Examined in This Chapter 189
Summary of Findings 190
Why Conduct a Neighborhood Analysis of Welfare Reform? 191
Study Methods 193
Findings 195
Summary and Conclusions 217

Appendixes

A: Supplemental Tables to Chapter 3 219
B: Methodological Notes 223

References 227

Earlier MDRC Publications on the Project on Devolution and Urban Change 237

List of Exhibits

Summary Report

		Page
Table 1	Trends and Estimated Effects of TANF in Los Angeles County: Welfare Exits, Welfare Entry, and Employment	Sum-18
Table 2	Summary of Trends in Neighborhood Conditions in Los Angeles County, 1993 to 2000, by Poverty Status	Sum-29
Table 3	Description of Contexts and Policies for Welfare Reform in the Four Urban Change Sites	Sum-31
Table 4	Changes in Welfare and Employment Trends After TANF in the Four Urban Change Sites	Sum-35
Table 5	Employment and Economic Outcomes of the Survey Samples in the Four Urban Change Sites in 2001	Sum-38
Figure 1	Monthly Cash Assistance and Food Stamp Caseloads in Los Angeles, 1989/90 to 2002/03	Sum-11
Figure 2	Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term, January 1995 Through April 2001	Sum-20
Figure 3	Job Characteristics for Those Currently Employed in Los Angeles in 1998 and in 2001	Sum-23
Figure 4	Work and Welfare Status of Women in the Survey Samples in the Four Urban Change Sites, 2001	Sum-37
Box 1	Women in the Ethnographic Sample Comment on Welfare Reform	Sum-16

Report

Table

1.1	Demographic and Economic Trends, Los Angeles Metropolitan Area	9
1.2	Selected Demographic and Economic Characteristics in the Four Urban Change Sites, 2000	13
1.3	Data Used for the Los Angeles Study	16
2.1	Changes in Welfare Policies in California Since Welfare Reform	28
2.2	Key Welfare Policies After PRWORA in the Four Urban Change Sites	34
2.3	Knowledge, Practices, and Characteristics of Los Angeles Case Managers	44

Table		Page
2.4	Implementation and Welfare Reform Experiences in the Four Urban Change Sites	60
2.5	Changes in Current and Former Welfare Recipients' Knowledge of Welfare Rules	64
2.6	Changes in Use of Services and Welfare Experiences Among Long-Term Recipients	66
2.7	Selected Welfare Experiences of Respondents in the Four Urban Change Sites in 2001	71
3.1	Estimated Effect of 1996 Welfare Reform on Cases Starting Cash Assistance Within a Specified Period of Time	87
3.2	Estimated Effect of 1996 Welfare Reform on Cases Exiting Cash Assistance Within a Specified Period of Time	96
3.3	Estimated Effect of 1996 Welfare Reform on Employment and Employment Stability	102
4.1	Demographic Characteristics of the Survey Samples in the Four Urban Change Sites	112
4.2	Employment and Welfare Outcomes of the Survey Samples in the Four Urban Change Sites in 2001	116
4.3	Changes in Job Characteristics of Current or Most Recent Job Among Survey Respondents in Los Angeles Who Had Held Jobs in Both Survey Periods	125
4.4	Changes in Barriers to Employment of Survey Respondents in Los Angeles Between the First and Second Interviews	131
4.5	Selected Barriers to Employment of the Survey Samples in the Four Urban Change Sites in 2001	134
4.6	Percentage Currently Employed Among Survey Respondents in Los Angeles With and Without Specific Barriers to Work in 2001	136
4.7	Selected Employment Experiences and Challenges of Survey Respondents in Los Angeles, by Race, Ethnicity, and Language	141
4.8	Selected Employment Experiences and Challenges of Survey Respondents in Los Angeles, by Education at Baseline	143
4.9	Selected Employment Outcomes of the Survey Samples in the Four Urban Change Sites in 2001, by Education at Baseline	145
4.10	Selected Employment Outcomes for Currently Employed Women in Los Angeles in 2001, by Welfare Status	147
5.1	Changes in Income Sources, Use of Noncash Benefits, and Poverty Levels in Los Angeles from 1998 to 2001	156

Table		Page

5.2	Selected Indicators of Income Sources, Use of Noncash Benefits, and Poverty Levels in the Four Urban Change Sites in 2001	158
5.3	Changes in Assets and Debts in Los Angeles from 1998 to 2001	166
5.4	Changes in Material Hardship and Family Well-Being in Los Angeles from 1998 to 2001	169
5.5	Selected Indicators of Material Hardship and Family Well-Being in the Four Urban Change Sites in 2001	172
5.6	Economic Circumstances, Material Hardship, and Family Well-Being in Los Angeles in 2001, by Race, Ethnicity, and Language	178
5.7	Economic Circumstances, Material Hardship, and Family Well-Being in Los Angeles in 2001, by Education at Baseline	182
5.8	Economic Outcomes of the Survey Samples in the Four Urban Change Sites in 2001, by Education at Baseline	184
5.9	Economic Circumstances of Women in Los Angeles in 2001, by Work and Welfare Status	186
6.1	Neighborhood Indicators and Data Sources	194
6.2	Demographic Composition and Labor Force Participation Among Neighborhoods, by Poverty and Welfare Concentration, Los Angeles County, 1990 and 2000	197
6.3	Poverty Concentration and Isolation in the Four Urban Change Sites, 1990 and 2000	211
6.4	Demographic Composition and Labor Force Participation Among Neighborhoods, by Change in Poverty Concentration, Los Angeles County, 1990 and 2000	216
A.1	Descriptive Statistics of New Monthly Cash Assistance Individual Entrant Groups (in Quarters)	220
A.2	Sample Sizes for New Entrant Groups, by Year of First Cash Assistance Receipt	221

Figure

1.1	National AFDC/TANF Caseload Trends (Number of Families), 1985-2001	3
1.2	Service Planning Areas and Well-Known Neighborhoods of Los Angeles County	8
1.3	Unemployment Rates in Greater Los Angeles and California	11
1.4	Time Line of Data Collection	18

Figure		Page
2.1	Time Line of Welfare Reform in Los Angeles	26
2.2	Monthly Cash Assistance and Food Stamp Caseloads in Los Angeles, 1989/90 to 2002/03	38
2.3	CalWORKs Expenditures, Fiscal Years 1992/93 Through 2002/03	42
2.4	Percentage of Adult Cash Assistance Recipients Participating in Work Activities in Los Angeles County, October 1999 to December 2002	54
2.5	Percentage of Adult Cash Assistance Recipients Receiving Welfare-to-Work Sanctions in Los Angeles County, October 1999 to December 2002	56
3.1	Number of Open Welfare Cases Each Month and Number of Unemployed Workers, January 1993 Through November 2004	80
3.2	Number of New Welfare Cases That Opened Each Month, January 1993 Through December 2001	82
3.3	Number of New Welfare Cases That Opened Each Month (Excluding the Months of January and July), February 1993 Through December 2001	85
3.4	Percentage of Closed Welfare Cases That Reopened Within Six Months, March 1993 Through April 2001	89
3.5	Percentage of New Food Stamp Recipients That Opened Welfare Cases Within Six Months of Opening a Food Stamp Case, January 1993 Through April 2001	91
3.6	Percentage of Adult-Headed Welfare Cases That Closed Each Month, January 1993 Through October 2001	94
3.7	Percentage of New Welfare Cases That Closed Within Six Months, January 1993 Through April 2001	95
3.8	Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term, January 1995 Through April 2001	98
3.9	Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF, January 1994, Quarter 1, Through December 2000, Quarter 4	101
3.10	Percentage of Cases That Opened with at Least One First Spell of Employment That Lasted One to Three Quarters (Short-Term Employment), January 1994, Quarter 1, through December 2000, Quarter 4	104
3.11	Percentage of Cases That Opened with at Least One First Spell of Employment That Lasted Four Quarters or More (Stable Employment), January 1994, Quarter 1, through December 2000, Quarter 4	105
4.1	Sources of Personal Income in Los Angeles at 1998 and 2001 Survey Interviews	115
4.2	Number of Months in Which Women in Los Angeles Were Employed in the 48 Months Before the 2001 Survey Interview	118

Figure		Page

4.3	Job Characteristics for Those Currently Employed in Los Angeles in 1998 and in 2001	123
5.1	Average Proportion of Total Household Income Obtained from Various Sources, 1998 and 2001	164
6.1a	The Concentration of Poverty and Welfare Receipt Before Welfare Reform, Los Angeles County, 1992-1995	196
6.1b	The Concentration of Poverty and Welfare Receipt After Welfare Reform, Los Angeles County, 2000	196
6.2	Annual Employment Rate for Recipients, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration	200
6.3	Annual Exit Rate, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration	200
6.4	Percentage of Welfare Leavers Employed Within Two Quarters of Exit, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration	202
6.5	Annual Welfare-to-Work Rate, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration	202
6.6	Births to Females Age 10 to 17, by Pre-TANF (1992-1995) Welfare Concentration	204
6.7	Percentage of Births with Adequate Prenatal Care, by Pre-TANF (1992-1995) Welfare Concentration	204
6.8	Percentage of Low-Birth-Weight Births, by Pre-TANF (1992-1995) Welfare Concentration	206
6.9	Child Maltreatment Rate, by Pre-TANF (1992-1995) Welfare Concentration	206
6.10	Annual Welfare Concentration in the Four Urban Change Sites, 1992-2000	210
6.11	Annual Welfare Segregation in the Four Urban Change Sites, 1992-2000	212
6.12	Annual Welfare Isolation in the Four Urban Change Sites, 1992-2000	213
6.13a	Changes in the Concentration of Poverty After Welfare Reform, by Census Tract, 1990-2000	214
6.13b	Changes in the Concentration of Welfare Receipt After Welfare Reform, by Census Tract, Pre-Reform (1992-1995) to 2000	214

Preface

This report concludes the main portion of MDRC's Project on Devolution and Urban Change, an eight-year effort to chart the course of welfare reform in four big urban counties: Los Angeles, Cuyahoga (Cleveland), Miami-Dade, and Philadelphia. The goal of the study was to find out whether federal welfare reform would lead to meaningful changes in urban welfare bureaucracies and to learn how time limits and other policies would affect the poorest families and neighborhoods. Given the broad sweep of the overhaul, the Urban Change study used a variety of qualitative and quantitative methods to examine how governments, neighborhoods, and families experienced welfare reform over a several-year period. This report describes what we found in Los Angeles County, but it also offers lessons from across the four sites that are important for assessing the success of welfare reform so far and for continued discussions about the reauthorization of the federal program.

In Los Angeles County, we found a welfare agency that took seriously the task of helping people find work and provided generous benefits and other provisions to help ensure that families were better off if they did go to work and were not worse off if they could not. Implemented during an improving economy, welfare reform in Los Angeles County did not lead to the ruinous effects that some people feared, but many families and neighborhoods remained in distress at the end of the study period.

Across the four Urban Change cities, we found four very different approaches to welfare reform but remarkably similar results. Cuyahoga County enforced a relatively short time limit but, for those who reached it, provided a rich array of support services. Miami-Dade County likewise enforced a short interim time limit but provided little help preparing recipients for work and sanctioned a high proportion of people who did not comply with requirements. Philadelphia had relatively weak requirements for recipients to work or look for work, and it granted many extensions to the program's time limits. Despite these differences, welfare caseloads were down in all four counties; conditions improved in high-poverty and high-welfare neighborhoods in all four counties; and welfare recipients who were surveyed at two points in time were more likely to be working and to be financially better off in 2001 than in 1998.

The Urban Change findings contain a number of lessons to inform both state policy and the ongoing debate about reauthorization of the federal welfare law. First, the federal welfare block grant's flexibility and funding level were crucial in helping the cities and states develop and provide services that they deemed best suited to their welfare programs. Second, even though participation rates and employment rates soared and welfare receipt plummeted, none of the cities would have met the participation rates and work-hour requirements now being considered by Congress. Third, expanded earned income disregards that let welfare recipients keep

some of their welfare benefits when they went to work helped to boost participation rates and provided crucial economic support to families who took low-quality jobs, but these short-term benefits had the unintended effect of reducing the time that it would take families to reach federal time limits. Fourth, helping former welfare recipients stabilize what appears to be a precarious foothold in the labor market and obtain better jobs may require outreach to help families receive work supports for which they are eligible, like the Earned Income Credit, and specialized skill-building programs designed to upgrade the skills of working parents. Finally, in all four cities, the needs of the working poor and the problems of the hard to employ loom large. As states continue to seek solutions to these relatively new problems, they need both substantial flexibility to try new approaches and better evidence about what works.

Gordon L. Berlin
President

Acknowledgments

This report represents the culmination of several years of research and could not have happened without the support of many people. We especially thank the families — predominantly low-income women with children — whose lives are represented in the statistics and stories throughout this volume. We hope that the report reflects their experiences and contributes to policy decisions that will improve their lives and opportunities.

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find aggregate statistics on the county's public assistance caseload. Abel Valenzuela at the University of California-Los Angeles led the effort to gather and prepare the ethnographic data.

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The Authors

Summary Report

The 1996 national welfare reform law imposed a five-year time limit on federally funded cash assistance, imposed stricter work requirements, and provided greater flexibility for states in designing and managing programs. This report — the last in a series from MDRC's Project on Devolution and Urban Change — describes how welfare reform unfolded in Los Angeles County (particularly between 1998 and 2001) and compares welfare reform experiences and outcomes there with those in the other three Urban Change sites: Cuyahoga County (Cleveland), Miami-Dade County, and Philadelphia.

Los Angeles is a big and complex urban county, with a welfare caseload that is larger than that of 48 of the 50 *states*. That said, the welfare reform experience in Los Angeles paralleled in many ways what happened in the three other Urban Change counties: Over time, more welfare recipients were working; their job quality and incomes improved, and their poverty rates went down; and neighborhood conditions generally got better. However, most women remained poor, and those who worked were usually in low-wage jobs without benefits.

In other ways, the Los Angeles story is unique among the four Urban Change sites. For instance, California's new welfare policies were gentler on families, with time-limit and sanctioning rules that protected children and with other policies that made it easier for welfare recipients to increase their income by combining welfare and work. However, California also had a rigorous work participation requirement that was designed to kick in after a recipient had been on welfare for 18 months.

While welfare caseloads declined precipitously nationwide, substantially more people remained on welfare in Los Angeles than in the other four Urban Change counties, and fewer left welfare for work; but more people in Los Angeles remained connected to safety net services, and household incomes were higher than in the other sites. Contrary to national trends during the 1990s, however, the concentration of poverty increased in Los Angeles — driven presumably by an influx of poor immigrant families into particular neighborhoods.

After presenting a digest of the study's findings, this summary report offers background on the Urban Change study in Los Angeles, depicts the county's demographic and economic environment, describes the implementation of welfare reform, explains the effects of reform on welfare receipt and employment and on the lives of welfare recipients, describes what happened in Los Angeles neighborhoods during welfare reform, and concludes with policy implications drawn from conclusions from all four Urban Change sites.

Findings in Brief

The Los Angeles Welfare Program

- **Los Angeles County's caseload is large and diverse.** The welfare caseload in Los Angeles is the largest in the country and is highly diverse, with nearly half the recipients not being native English speakers. The size and complexity of the county's welfare agency created a challenging environment for implementing reform.

- **The CalWORKs program added time limits and rigorous participation requirements.** The most significant changes introduced by California's welfare law — California Work Opportunities and Responsibility to Kids (CalWORKs) — were lifetime time limits for welfare receipt and mandatory participation in work-related activities for the entire nonexempt caseload. California's program also initially included (until December 2004) a "work-trigger" time limit mandating that, after 18 months on welfare, nonexempt recipients either work or do community service for 32 hours per week.

- **CalWORKs requirements are softened by protections for children.** CalWORKs instituted a five-year lifetime time limit on cash assistance, but California, unlike most other states, applies the time limit only to the adult portion of the grant, and so cash benefits are reduced but not eliminated after five years. Also, financial penalties for adults' nonparticipation in welfare-to-work activities are not imposed on the children's portion of the grant.

- **California's cash grants and financial work incentives are comparatively generous.** In addition to offering a high basic grant compared with other states, California increased the earned income disregard (the amount of earnings that are not counted when calculating the amount of the cash grant), making it easier for welfare recipients to increase their income by combining welfare and work.

- **Participation in the GAIN program begins immediately.** Under CalWORKs, nonexempt welfare recipients are automatically enrolled in California's welfare-to-work program, Greater Avenues for Independence (GAIN), and they must participate in an orientation, appraisal, and (usually) job club, which provides job-finding guidance. Many participants meet the participation mandate (32 hours per week) by working. Those who are not successful in finding a job sign a welfare-to-work plan, which sets in motion additional activities that are geared to enhancing their employment prospects. The work-trigger time clock begins when clients sign the welfare-to-work plan.

Key Outcomes

- **Caseloads were declining in the mid-1990s.** Los Angeles County began implementing CalWORKs in a period of declining caseloads, down from about 315,000 in 1994 to 260,000 when CalWORKs took effect in early 1998.

- **Both participation and sanctioning increased.** Rates of participation in GAIN increased substantially in Los Angeles after CalWORKs was implemented, peaking at 47 percent of the single-parent caseload in early 2001. Recipients who did not comply with program requirements were increasingly likely to be penalized and have their grants reduced. By 2002, about 20 percent of the caseload were sanctioned.

- **CalWORKs appears to have encouraged long-term recipients in Los Angeles to exit welfare more quickly.** An analysis of administrative records data suggests that CalWORKs encouraged recipients — especially long-term recipients — to leave the rolls faster than they would have without welfare reform. CalWORKs may also have slightly increased the likelihood that recipients would have short-term employment and that they would return to welfare after an exit. Many of the trends in welfare receipt and employment predated CalWORKs, and it is likely that the economy and other factors also played an important role in these outcomes.

- **Recipients in both poor and nonpoor neighborhoods increasingly got jobs.** Welfare recipients in Los Angeles's poorest neighborhoods increasingly went to work, and they did so at the same rate as recipients in better neighborhoods. Also, conditions in the poorest neighborhoods remained stable or improved throughout the 1990s; for example, rates of child maltreatment and teenage pregnancy declined. These improvements began before CalWORKs, and they continued thereafter at a similar pace.

- **The circumstances of recipients who took part in a longitudinal survey generally improved over time.** A longitudinal survey of nearly 700 women in Los Angeles who received welfare in 1995 revealed that, between 1998 and 2001, the women's employment rates grew and their jobs typically got better. Their economic circumstances also improved, with average household income increasing and poverty rates and material hardships decreasing — although it is hard to tease out whether these changes reflect the effects of welfare policies, the strong economy, or other factors.

- **Despite improvements, most women in the survey remained poor.** Half the women in the Los Angeles Urban Change survey were still on welfare in 2001; a sizable percentage were combining work and welfare at the end of the study period. Respondents who were working typically earned low wages and did not receive health insurance from their employers. Most families remained poor and suffered material hardships.

Cross-Site Comparisons

- **Los Angeles's new welfare policies were comparatively lenient.** Compared with welfare policies in the three other urban counties where the Urban Change study took place — Cuyahoga County (Cleveland), Miami, and Philadelphia — the policies in Los Angeles were more generous and gentler on families.

- **Welfare exits accelerated in all Urban Change sites.** In the four Urban Change counties, welfare reform appears to have sped up welfare exits for at least some part of the caseload. This effect was concentrated among long-term recipients, except in Miami.

- **Caseload declines were smallest in Los Angeles.** Welfare caseloads declined more sharply in the three other counties than in Los Angeles. In the longitudinal survey, more than three times as many women in Los Angeles were still receiving welfare in 2001 as in Miami or Cuyahoga. Families in Los Angeles were also most likely to be getting safety net benefits, such as food stamps.

- **Across the four sites, similarities were more prominent than differences.** Strong cross-site similarities predominated: Over time among women in the Urban Change survey, more were working; job quality improved; incomes were up; poverty rates were down. Neighborhood conditions also generally got better in all four counties. But also across the four sites, most women remained poor, and those who worked were in low-wage jobs without benefits.

The Background of the Urban Change Study in Los Angeles

The 1996 federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), introduced profound changes in America's welfare system. It eliminated Aid to Families with Dependent Children (AFDC) — the cash assistance program for low-income families — and replaced it with a time-limited program called Temporary Assistance for Needy Families (TANF). It also imposed tougher work requirements on welfare recipients and gave states more flexibility in designing their welfare programs. In turn, many

states "devolved" much of the responsibility for their welfare programs to local governments and other entities.

Anticipating that welfare reform might pose special challenges to urban areas — where poverty and welfare receipt are most concentrated — MDRC launched the Project on Devolution and Urban Change (Urban Change, for short). The project has examined the implementation and effects of TANF in four urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. Between 2002 and 2004, MDRC released reports examining the particular ways in which reform unfolded in Cuyahoga, Philadelphia, and Miami-Dade Counties.[1] This report focuses on Los Angeles, and it addresses questions similar to those posed for the other study sites:

- How did California change its welfare law, and how did officials in Los Angeles implement those changes? What "messages" and services were put in place? How were work requirements and time limits implemented?
- What were the effects of welfare reform on the Los Angeles County caseloads? Did reform alter patterns of welfare and employment?
- How did low-income families in the county adapt to work requirements and other dimensions of welfare reform? What were their experiences in the labor market? Were they better or worse off economically?
- What were the conditions of neighborhoods in Los Angeles before and after welfare reform? Were poor neighborhoods better or worse off after reform?

In many ways, the Urban Change project captures the best of times and the most challenging of places for welfare reform. The study's focal period of the late 1990s through the early 2000s was one of prolonged economic expansion and sharp declines in unemployment in the United States. In addition, states and local areas had unprecedented amounts of money to spend on welfare recipients, due to a combination of stable TANF funding (a five-year block grant based on pre-TANF spending levels) and declines in welfare caseloads. The study thus captures the most promising context for welfare reform: one of high labor market demand and ample resources to support families in the process of moving from welfare to work. At the same time, it focuses on big-city welfare agencies — institutions that have had difficulty effecting changes in the past — and on the experiences of the poorest people and places within each county.

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[1]See Brock, Coulton, London, Polit, Richburg-Hayes, Scott, and Verma, *Welfare Reform in Cleveland* (New York: MDRC, 2002); Michalopoulos, Edin, Fink, Landriscina, Polit, Polyné, Richburg-Hayes, Seith, and Verma, *Welfare Reform in Philadelphia* (New York: MDRC, 2003); and Brock, Kwakye, Polyné, Richburg-Hayes, Seith, Stepick, and Dutton Stepick, *Welfare Reform in Miami* (New York: MDRC, 2004).

To assess TANF's implementation and effects in Los Angeles County, the study used several research methods and data sources:

- **Field research.** Researchers visited welfare offices to observe program operations and to interview staff.
- **Analysis of administrative records.** Welfare and employment records were examined for all families who received cash assistance between 1992 and 2001.
- **Surveys of welfare recipients.** Nearly 700 women who had a history of welfare receipt and lived in high-poverty neighborhoods prior to welfare reform were interviewed in 1998 and 2001.
- **Ethnographic interviews with welfare recipients.** Researchers conducted a series of in-depth interviews with 50 welfare families in three poor neighborhoods to understand their perspectives and experiences.
- **Analysis of trends in social and economic indicators at the neighborhood level.** Aggregated data on welfare receipt and employment, prenatal care and childbirths, crime, and child maltreatment in neighborhoods were examined.

These data were gathered at multiple points to capture changes over time. In some instances, data were obtained as far back as 1992, to establish a trend line that could help illuminate whether changing patterns of welfare receipt, employment, and neighborhood conditions could reasonably be related to TANF. The study therefore provides an unusually comprehensive look at what happened with welfare reform and whether, on balance, low-income people and neighborhoods became better or worse off over a several-year period. Nevertheless, it is worth stressing that the effects of welfare reform cannot be disentangled from those of other changes that occurred during the study period, including the strengthening national economy, the expanded federal Earned Income Credit (EIC), and shifts in population characteristics.

This summary — like the full report on which it is based — describes the social and economic environment of Los Angeles County during the study period. It analyzes how TANF was implemented, examines trends in welfare receipt, describes the economic and social experiences of low-income families, and examines the county's neighborhood conditions before and after welfare reform. To provide context for what happened in Los Angeles, a later section of the summary compares results in Los Angeles County with those from Cuyahoga, Miami-Dade, and Philadelphia Counties. (Researchers used the same methods and data elements in all four counties in the Urban Change study.) The summary concludes with a discussion of policy implications.

The Demographic and Economic Environment

Before drawing inferences from a study focusing on Los Angeles, some appreciation of its social and economic context is essential.

- **Los Angeles is, both geographically and demographically, a large and complex county.**

Los Angeles County covers a vast physical space; it spans over 4,000 square miles — an area larger than Delaware and Rhode Island combined. The county includes 88 cities as well as unincorporated areas. With nearly 10 million residents, it is the most populous county in the United States. Like other cities in the Southwest, Los Angeles experienced substantial population growth during the 1980s, with growth continuing more slowly during the 1990s.

- **Los Angeles is an enduring destination for immigrants, making it one of the nation's most racially and linguistically diverse counties.**

Most of Los Angeles County's expanding population base in the past two decades is attributable to immigration flow, with foreign-born residents making up 36 percent of the population in 2000. Immigrants come mostly from Spanish-speaking countries (especially Mexico, El Salvador, and Guatemala), but sizable numbers of immigrants from eastern Asian countries have also made Los Angeles their home. The population growth among Latinos and Asians has been offset to some extent by declining proportions of both whites and African-Americans.

- **Immigration inflows have made Los Angeles a youthful county, but it is also a county sharply divided in terms of educational attainment.**

Many Latinos arrive in Los Angeles as young adults and start families; almost 30 percent of the county's residents are under age 18. Trends in educational attainment suggest the emergence of two distinct economies in Los Angeles, with one-quarter of residents who are college educated (disproportionately whites and Asians) but also a higher-than-average percentage who are *not* high school graduates (disproportionately African-Americans and Latinos).

- **Contrary to the national picture of dramatic economic growth during the 1990s, major economic indicators in Los Angeles County present a mixed picture. Unemployment rates declined, for example, but poverty increased.**

Unemployment rates in Los Angeles peaked in the early 1990s and then declined until 2000. However, only six out of ten adults were in the labor force in 2000 — an exceptionally low participation rate. Median income (adjusted for inflation) fell between 1990 and 2000, corresponding to growth in the number of low-income households. Poverty rates increased, and, by 2000, more than one out of six residents had incomes below the federal poverty line — exacer-

bated by the fact that they were living in one of the most expensive urban areas in the country. Jobs in the manufacturing sector have declined, while the "new economy" — driven in large part by technology — offers fewer jobs for workers with low skills.

The Implementation of Welfare Reform

In the period before TANF, California's welfare-to-work program was Greater Avenues for Independence (GAIN), which originally offered primarily education to program participants. But a rigorous study by MDRC in the early 1990s found that Riverside County's employment-focused approach, which emphasized quick employment combined with opportunities for human capital development (education and training), was more effective in increasing employment and reducing welfare caseloads.[2] Several counties subsequently changed their policies, and California passed legislation in 1995 to encourage counties to focus on labor force attachment as the principal strategy for GAIN programs. Additionally, California strengthened other policies in the pre-TANF era to encourage welfare recipients to work. Given the existing welfare program's compatibility with the new emphasis on employment, California was positioned for a relatively smooth transition to TANF-compliant welfare policies. An extended debate in the California legislature, however, delayed the state's response to TANF.

AB1542 — California Work Opportunities and Responsibility to Kids (CalWORKs) — was finally signed into law in August 1997, almost one year after PRWORA was enacted. According to this legislation, the state established broad policies and continues to supervise the overall welfare program, but administration and considerable decision-making discretion devolved to the counties. In brief, CalWORKs conforms to federal time-limit and participation requirements, but it safeguards children by not allowing sanctions against their share of cash assistance grants.

The Major Features of CalWORKs

- **CalWORKs combines policies intended to limit welfare receipt, encourage work, and change the behavior of welfare recipients while preserving a safety net for children.**

The two most significant changes in California welfare policy following TANF were the introduction of time limits for welfare receipt and mandatory participation in work-related activities for the entire nonexempt caseload, but these requirements were softened by safeguards designed to shield children from hardships.

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[2]Riccio, Friedlander, and Freedman, *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program* (New York: MDRC, 1994).

- **CalWORKs imposes a time limit on cash benefits for adults but not for children.**

California adheres to the federal lifetime limits on cash assistance — 60 months — but, unlike most other states, applies the time limit only to the adult portion of a case's grant. Under California's plan, children on a welfare case continue to be eligible for TANF, at the state's expense, until they reach age 18. When a family is "timed out," the total grant amount is reduced by about 20 percent (for example, from $626 to $505 monthly for a family of three in 2000).

- **CalWORKs maintains an employment-focused orientation and has adopted stringent participation requirements for adults, but children are not penalized for any noncompliance by their parents.**

CalWORKs mandates that all recipients (unless they qualify for an exemption) enroll immediately in the GAIN welfare-to-work program and participate in work-related activities, which could include some education and training during the first 18 months. California's participation threshold is 32 hours per week for single-parent families — higher than the federal 30-hour requirement. Noncompliant recipients are penalized, but their children are not, putting California with a minority of states that do not apply full-family sanctions for noncompliance, even for multiple instances of it. California also had (until December 2004) a "work-trigger" time limit: After 18 months (24 months for those on the rolls when the program was put in place), recipients who wanted to continue receiving aid had to be actually working or engaged in community service (rather than just in work-related services) for at least 32 hours per week.

- **CalWORKs encourages employment by increasing the amount of money that recipients can earn before losing welfare eligibility.**

CalWORKs enhanced California's earned income disregards — the amount of money that a family can earn each month before losing welfare eligibility. California increased the disregard to the first $225 of earnings plus 50 percent of additional earnings, with no time limit on this incentive. The generous disregard, combined with the state's high grant levels, means that a family of three can have earnings and can continue getting some cash benefits until their income exceeds $1,458 a month (the equivalent of being paid about $8.75 per hour in a 40-hour-per-week job).

- **CalWORKs introduced provisions intended to influence welfare recipients' childrearing and parenting behaviors.**

Prior to August 1997, a family's monthly welfare benefit was increased by approximately $100 whenever a new child was born. California instituted a "family cap" policy at about the same time that CalWORKs was implemented: When children are born 10 months or more after a case opens, the grant is not increased. Also, under CalWORKs, recipients are required to document immunizations for preschoolers and school attendance for school-age children.

- **California's policies protect immigrants from the loss of benefits under PRWORA.**

California uses federal funds to provide benefits to immigrants who quality for TANF under federal law (those who entered the United States before August 22, 1996, or who have been in the country at least five years), and it uses state funds to provide TANF and Medi-Cal benefits to legal immigrants who arrived after that date or who arrived less than five years ago. California also used state funds to pay for food stamps for immigrants who lost eligibility with the passage of PRWORA — until the federal government restored eligibility to nearly all immigrants in 2002.

The Administration of Benefits and Services in Los Angeles County

In California, the state's Department of Social Services oversees TANF, while each county develops and administers its own program as specified in its state-approved TANF plan. Los Angeles County submitted its CalWORKs plan — formulated with significant community input — for approval in January 1998 and then began implementing the plan in April 1998.

- **The sheer size and diversity of the Los Angeles County caseload created logistical challenges during the implementation of CalWORKs, which for the first time sought to engage the entire caseload in welfare-to-work activities.**

The Los Angeles County Department of Public Social Services (DPSS) is an enormous public agency, with a workforce in 2002 of approximately 13,000 people. This complex agency serves a welfare caseload that, in January 1998, averaged just under 260,000 cases. Los Angeles's caseload — although dramatically reduced from its peak of over 315,000 cases in Fiscal Year (FY) 1994/95 — is the largest county caseload in the nation and is even larger than that of 48 of the 50 *states.* (Figure 1 shows caseload trends.) Moreover, DPSS serves a high percentage of immigrants: Over 40 percent of clients do not speak English as their native language, which complicates arrangements for communication and service provision. The caseload also includes a diverse mix of single-parent families, two-parent families, and child-only cases. Thus, although the pre-CalWORKs policies in Los Angeles already incorporated some of the requirements of TANF, the size and complexity of the welfare agency and its caseload created a challenging environment for implementing policies designed to engage the entire nonexempt caseload.

- **The Los Angeles County plan promotes the idea that any job is a good (first) job, but it also articulates a goal of assisting families to move toward self-sufficiency and improved personal circumstances.**

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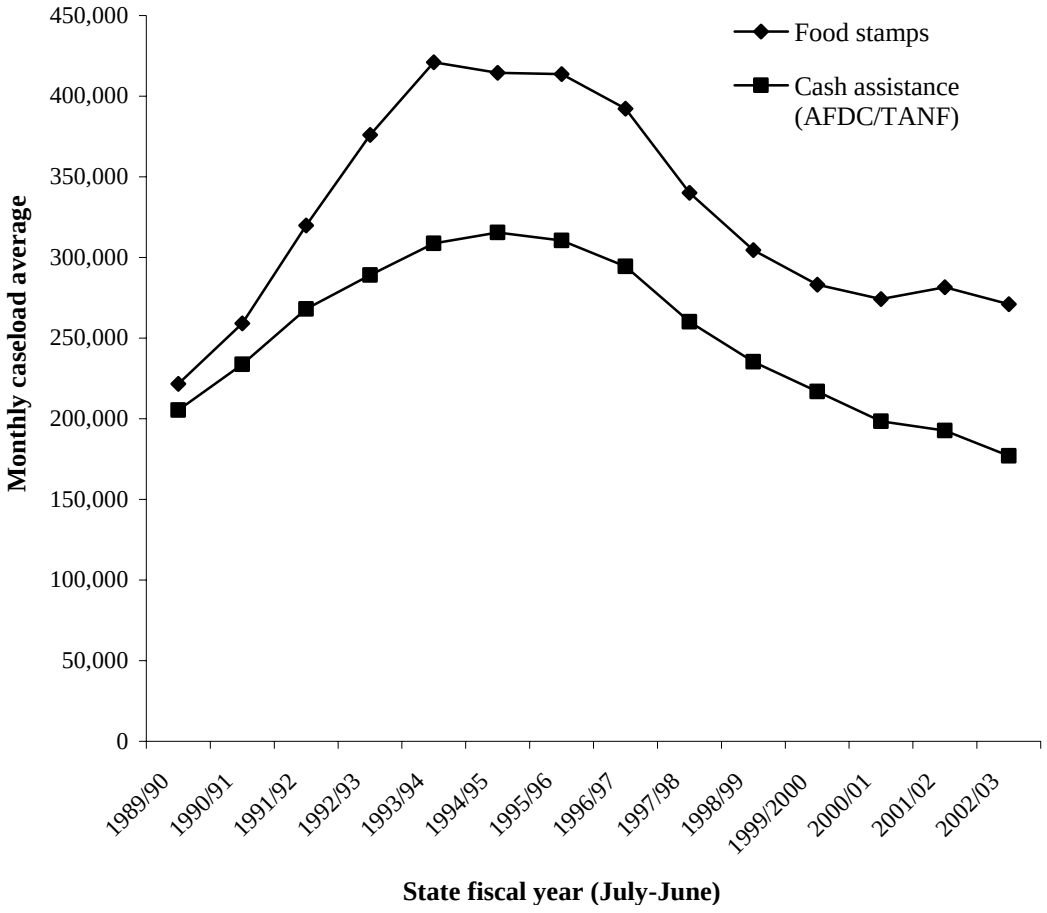
Figure 1

Monthly Cash Assistance and Food Stamp Caseloads in Los Angeles, 1989/90 to 2002/03



SOURCE: Los Angeles County Department of Public Social Services.

NOTE: A case represents any configuration of household members who receive benefits together, which may include adults and children together or children only.

The Los Angeles plan articulates the view that finding employment is a critical first step toward achieving self-sufficiency, but it also emphasizes that retaining jobs and advancing in employment are vital in the long run. Thus, DPSS offers postemployment services to help working participants develop advanced job skills and find better jobs. DPSS also developed specialized screening procedures and services for participants who have certain barriers to em-

ployment: domestic violence, substance abuse, and mental health problems. Then, in 1999, DPSS took a leadership role in developing the county's Long-Term Family Self-Sufficiency (LTFSS) plan — a set of integrated, multiagency strategies to provide a broad array of services to low-income families in Los Angeles.

- **Los Angeles County faced a budget crisis in FY 2001/02 that affected its ability to deliver services, just as the economy weakened.**

Los Angeles County, and DPSS specifically, faced a budget crisis when, in FY 2001/02, the state unexpectedly froze spending at the previous year's level, even though substantial increases had been budgeted. Los Angeles faced even higher deficits for FY 2002/03, when the state budget gap forced cuts in CalWORKs. Budget deficits compelled DPSS to implement a hiring freeze and to limit or eliminate some services; the deficits also severely undermined the LTFSS program. The budget crisis was exacerbated by problems with food stamp error rates. In 2002, the State of California was penalized $126 million by the federal government for food stamp error rates higher than the national averages in FY 1999/2000 and FY 2000/01. Much of the problem originated in Los Angeles County. Although California eventually negotiated a settlement with the federal government in 2004, Los Angeles was threatened with responsibility for paying its share of the penalty ($88.3 million), and this problem monopolized the attention of several of DPSS's top staff for nearly a year — to the detriment of the welfare program.

Case Management and Service Delivery in Los Angeles County

In Los Angeles, separate staff within DPSS are responsible for administering welfare benefits and operating the welfare-to-work program. Recipients of cash assistance in Los Angeles interact with both Eligibility Workers (EWs), who are the benefits caseworkers, and GAIN Service Workers (GSWs), who are the welfare-to-work case managers.

- **Eligibility Workers interact briefly with clients in uncongenial environments in which it is difficult for clients to ask detailed questions about program requirements or to provide confidential information.**

During intake interviews, EWs obtain needed information and explain a long list of rules and policies. The volume of information and the brevity of these scripted interviews — driven by high caseloads — make it difficult for applicants to ask questions that would help them better understand requirements or to grasp key features of the new rules. Private space for interviews is not available, which further undermines the EWs' efforts to screen for such employment barriers as domestic violence, mental health problems, and substance abuse. Clients also have difficulty communicating with their EWs directly when they have questions about benefits or about sanctions.

- **After approval, clients are scheduled to report to the GAIN program, where they are told about participation requirements, go through an appraisal, and are assigned to an activity — usually job club.**

Within a few weeks of intake, clients who are not exempted are scheduled for GAIN orientation, which comprises informational and motivational sessions that explain that participation in an approved activity must begin immediately. After orientation, GSWs meet with participants to appraise their circumstances, assess their need for special services, and assign them to their first activity. Unless clients are already employed or are in an approved training program, they usually are assigned to job club — typically for three or four weeks — which provides job search training and access to job listings and telephones for job applications. Clients who complete job club without securing employment sign a welfare-to-work plan, which sets in motion additional activities geared to enhancing their employment prospects (for example, additional weeks of job search, education programs).

- **Although the work-trigger time clock began when clients signed a welfare-to-work plan, many recipients never signed this plan; therefore, the first time clock never started ticking for these recipients.**

Only recipients who signed a welfare-to-work plan were subject to the work-trigger time limit at 18/24 months. For various reasons, many recipients never started this first clock ticking: Those who were exempted, who were already working, who found employment during job search, or who failed to report for orientation did not sign a plan. As a result, there may have been some confusion about the time-limit policy, because relatively few clients were ever affected by the 18/24 time limit, despite having been told about it. This situation may have led some participants to conclude that the lifetime limits were not "real" either. This ambiguity — combined with the fact that penalties for noncompliance and the lifetime limits themselves apply only to the adult portion of the grant — may have reduced the effectiveness of these work inducement policies for some recipients.

- **Despite the complications noted above, recipients increasingly participated in GAIN activities after CalWORKs was implemented, and those who did not comply were more likely to be sanctioned.**

In the early 2000s, increasing percentages of the adult caseload enrolled in GAIN, with the rates of true participation in work-related activities (not just enrollment in GAIN) peaking at nearly 47 percent of the single-parent caseload in early 2001. Recipients who did not comply with participation requirements were more likely to be penalized than in the past; by the summer of 2002, sanctioning affected about 20 percent of single-parent cases.

- **A steadily high percentage of recipients in Los Angeles combined welfare benefits with employment income.**

Welfare staff were not always knowledgeable about the details of the earned income disregard and were not always careful in marketing it to clients. Nevertheless, as long as clients reported their earnings, the benefit was calculated automatically. Indeed, the bulk of the caseload in Los Angeles met their participation requirements by combining welfare receipt with earned income. For example, in January 2001, about 25,000 GAIN participants from single-parent families were in unsubsidized employment — compared with fewer than 2,000 in job club; about 8,000 in vocational training; and about 2,000 in adult basic education. In the first quarter of 2001, 40 percent of adult recipients in single-parent families were combining work and welfare.

- **Despite the emphasis in Los Angeles on assisting individuals who face special barriers to employment, relatively few recipients who have these barriers have been identified and have received help.**

EWs and GSWs are trained to screen clients for substance abuse, mental health, or domestic violence problems and to make referrals to programs that are offered through community partners. Perhaps because of staff or client discomfort with the screening process, however, DPSS has referred relatively few clients to receive such services (fewer than 2,000 clients per month in FY 1999/2000 — less than 2 percent of recipients), and some who are referred fail to pursue treatment. Also, relatively few clients have taken advantage of the county's postemployment services, which are offered to support job retention, perhaps because the demands of work and parenting are already so high.

- **Clients began hitting their lifetime time limits in Los Angeles County in January 2003.**

Because California signed its CalWORKs legislation late, the time clock for the five-year lifetime limits did not begin ticking until January 1998, and so clients did not begin to hit their five-year time limits until January 2003. The state paid for benefits to families who were still eligible for benefits between December 2001, when the federal clock hit 60 months, and January 2003, when the state time clock hit the 60-month mark. As clients approached their lifetime limits, DPSS sent out several notices and offered enhanced services. In January 2003, over 25,000 cases were timed out of CalWORKs because of the state time limit, but timed-out families continued to receive a substantial portion of their grants (excluding only the adult share), at the state's expense.

The Perceptions and Experiences of Welfare Recipients

- **A survey of welfare recipients reveals that their knowledge of CalWORKs policies was typically limited (although knowledge improved over time) and that they generally did not have positive views of welfare staff.**

Nearly 700 women who received welfare in Los Angeles County in May 1995 (before TANF) were interviewed about their knowledge of welfare rules in 1998 and again in 2001. Although more respondents knew the rules in 2001 than in 1998, the women's knowledge of several key features of CalWORKs was not strong, despite outreach efforts by DPSS staff. For example, while most women knew in 2001 about a time limit on cash assistance, fewer than half knew that the time limit is five years. Non-English-speaking Latinas were especially unlikely to know the time-limit policies. Among respondents who were on welfare around the time of the 2001 interview, about half indicated that welfare staff pushed them to get a job before they felt ready or before a good job came along, and roughly two-thirds felt that staff "just wanted to enforce the rules."

- **Women who were interviewed as part of an ethnographic study confirmed that there was considerable confusion about new welfare policies and many complaints about DPSS staff.**

Some women in the ethnography consistently expressed uncertainty about how — or whether — time limits would affect them, and sometimes they confused sanctions with time limits. The distinction between the 18/24 work-trigger time limit and the five-year lifetime limit also mystified some women. Several Latina immigrants who had problems with their benefits erroneously concluded that the problems stemmed from their immigrant status. Ethnographic respondents described frustrations in communicating with DPSS staff and with the emphasis on finding jobs rather than on education and training, but some said that they thought the GAIN program would motivate them. (Box 1 presents some of the ethnographic respondents' comments about welfare.)

The Estimated Effects of CalWORKs on Welfare Receipt and Employment

One of the goals of TANF is to move people from welfare to work. As a first step in exploring the likely effects of CalWORKs on welfare receipt and employment, administrative records were assembled for the 5.85 million individuals who received cash assistance or food stamps for at least one month in Los Angeles County from January 1992 through December 2001. It should be noted that data are available only through 2001 and, thus, that the analysis focuses on the period before families reached the 60-month lifetime limit. The analysis excludes child-only cases.

Box 1

Women in the Ethnographic Sample Comment on Welfare Reform

Women who were interviewed as part of the Urban Change ethnographic study in Los Angeles described their experiences with welfare reform and their interactions with welfare staff. The comments below reflect some major themes that emerged but are not representative of all women in the study.

On (mis)understanding time limits

Michelle: I don't know if I have a time limit or not. I believe I've been on welfare for five years plus, because it was three years up there [northern California] and two years down here, so I don't know. . . . I guess my thing would be over in March. I would be completely off welfare.

On (mis)understanding benefits for immigrants

Teresa: Immigrant people who do not have any documents to live here legally, they [DPSS] cannot give them any aid. Before, they did give them aid, because I have known of people who got it.

On experiences with the welfare-to-work program (GAIN)

Baby: GAIN was a good experience because of what it does for self-esteem. I think it's a good thing to motivate people.

Lisa: It [job club] was a bunch of boloney. I wanted to get my GED. Like right now I'm enrolling here in the service center with a GED class from 9 to 11 in the morning. And if I tell them, they'll be, like, "Oh, well, you know you have to be in school for 32 hours a week." So it's hard.

Diane: And then you go and sit up in a classroom for eight hours . . . do nothing [in job club]. . . . You know, they send you through this job training and all this kind of stuff. [They're] not helping you get a job. You're to go out there and find this job on your own. And a lot of people, you know, they take your application, but they don't ever call you. And it's not working.

Crystal: They used to not put you in it [job club] until your baby was 6 years old. Now they cut the age down. But I haven't been able to go. I have a little boy who is in kindergarten; I got one kid that gets out at 2 o'clock; and it's kind of hard. Somebody has to be here when the kids come home from school. Then I've got a baby [age 15 months] here, too. When the kids come home from school and I'm at GAIN until five o'clock, who's going to be here?

Monica: And then . . . [GAIN] helped me out. . . . It's helped; it's pushing me to do things for myself — which is good, you know.

Ly: I went to see the GAIN worker. . . . They asked me how many children I have. I said six children. Then they asked [if] I could drive. I said no, and they could not find any job for me. When they give me an appointment to see the GAIN worker, I just go . . . I really want to get a job. [But] how can I, if my children need me at home? They are too young, and besides they don't hire people who don't speak English.

Much of the analysis summarized below compares groups of cases in which adults received welfare payments between January 1993 and April 1998 (when the Los Angeles CalWORKs plan was signed) with groups of cases in which adults received welfare between April 1998 and December 2001. The pre-April 1998 data are used to establish a trend line to predict recipients' behavior post-April 1998. If the behavior of the later groups differs markedly from the prediction, this suggests that CalWORKs had an effect. For example, if CalWORKs contributed to the decrease in caseloads after April 1998, then either people should have left welfare faster than expected (based on pre-CalWORKs trends) after that point *or* fewer people than expected should have begun receiving welfare. An important caveat is that the credibility of the estimates depends on the underlying assumption that trends observed prior to 1998 would have continued unabated even in the absence of reform. If that assumption is not correct, then the estimates of the effects of CalWORKs are less plausible.

The main findings are summarized in Table 1. Consistent with the overall declining caseload trend, rates of entry of new recipients as well as rates of reentry by returning recipients declined in the pre-CalWORKs period, and, after welfare reform, changes in these trends were fairly modest. However, there is evidence from these analyses that welfare exits were affected by CalWORKs: The rate of cases closing quickly increased after 1998, especially among long-term recipients. The analyses also suggest modest effects on recipients' employment — notably, a slight increase in unstable employment.

Readers should bear in mind the limitations of the study's ability to estimate welfare reform's effects. First, the analysis method is better suited to capturing large, sudden changes in policy and behavior than gradual or incremental ones. The method is more plausible for predicting behavioral changes soon after the 1998 implementation of CalWORKs than in later years, when assumptions based on historical trends become less tenable. Finally, the analyses cannot separate the effects of welfare reform from other factors, such as the growing economy, the expanded federal Earned Income Credit (EIC), and the changing demographics of the population. In sum, while the study can accurately describe long-term trends on welfare and employment, it lacks the precision of a controlled experiment in determining whether or not any changes in people's behavior were caused by CalWORKs.

- **The rate at which welfare cases in Los Angeles County closed quickly was declining between 1993 and 1998, but then the exit rate increased after CalWORKs was implemented.**

Before CalWORKs, the rate at which newly opened cases exited from welfare within six months was declining, although month-to-month variation was extensive. For example, nearly 50 percent of the cases that opened in late 1993 subsequently closed within six months. By mid-1997, the rate of closing within six months was down to closer to 30 percent. The predicted trend would be

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Table 1

Trends and Estimated Effects of TANF in Los Angeles County: Welfare Exits, Welfare Entry, and Employment

Outcome and Group	Trend Before Welfare Reform (1992 to 1998)	Trend After Welfare Reform (1998 to 2001)
Welfare exits		
New welfare recipients	Rate of case closing quickly was decreasing	Rate of case closing quickly (within 6 or 12 months of opening) increased ***
Long-term welfare recipients	Rate of case closing quickly was flat	Rate of case closing quickly (within 3, 6, or 12 months of becoming long term) increased sharply ***
Welfare entry		
New welfare recipients	Rate of entry was decreasing slightly	Rate of entry increased slightly ***
Returning welfare recipients	Rate of reopening (recidivism) within 6 months was decreasing slightly	Recidivism rate increased slightly **
New food stamp-only recipients	Rate of entry onto welfare (within 3, 6, or 12 months) was increasing gradually	Rate of entry onto welfare (within 3, 6, or 12 months) decreased ***
Employment		
Employment among new welfare recipients	Rate of employment within 4 quarters of case opening was increasing	Rate of employment increased at same rate as before welfare reform
Unstable employment among new recipients	Rate of short-term employment (1-3 consecutive quarters) was fairly flat	Rate of short-term employment increased slightly ***
Stable employment among new recipients	Rate of long-term employment (4 or more consecutive quarters) was increasing	Rate of increase of long-term employment slowed slightly **

NOTE**:** All but one of the post-reform effects noted in this table (which reflect comparisons of actual trends with predictions based on pre-reform trends) are statistically significant. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

a continuation of this decline. However, the rate at which newly opened cases left welfare within six months *increased* somewhat after CalWORKs; for example, about 33 percent of the cases that opened in April 2001 were closed by September of that year.

- **The effect that CalWORKs appears to have had on hastening welfare exits was especially pronounced among long-term recipients.**

Among long-term recipients — those receiving benefits for at least 18 out of 24 months — the trend line for case closures within six months after becoming "long term" was flat in the pre-CalWORKs period (Figure 2). For example, about 25 percent of the long-term cases closed within six months in both January 1995 and January 1997. During 1998, however, the rate of closures began to rise dramatically. By mid-2000, over 50 percent of long-term cases closed soon after reaching "long-term" status, suggesting that the effect on hastening welfare exits was concentrated largely among long-term recipients.

- **By contrast, trends for entry onto the welfare rolls in Los Angeles County suggest that CalWORKs was associated with a slight increase. Recidivism (returning to welfare after a case closing) also increased slightly.**

Prior to 1998, the number of new welfare cases was declining at a rate that gave CalWORKs little opportunity to affect further decline. In fact, entry of new cases actually increased slightly after 1998. Rates of reentry onto the welfare rolls among former recipients declined throughout the pre-reform period and then noticeably increased toward the end of the study period.

- **There was an exception to the welfare entry trends among cases considered to be at high risk: Cases that initially received only food stamps were much less likely than predicted to begin receiving welfare after CalWORKs.**

The likelihood that a new food stamp recipient would soon begin receiving cash assistance was increasing gradually in the pre-reform era, despite overall caseload declines. After 1998, however, this likelihood stopped decreasing. This suggest that CalWORKs decreased — by about 7 percentage points, on average — the likelihood that a food stamp recipient would open a cash assistance case within six months.

- **CalWORKs was not associated with a change in the likelihood that a recipient in Los Angeles would become employed within a year of welfare entry, but it did appear to modestly increase the rates of unstable employment.**

Over the entire study period, welfare recipients were increasingly likely to become employed and have earnings income, and the trend line did not change after 1998. However, the trend for having *unstable employment* (defined as employment in three or fewer consecutive quarters) did change modestly after 1998. In the years before CalWORKs was implemented, the rate of short-term employment among welfare cases consistently hovered at around 24 percent.

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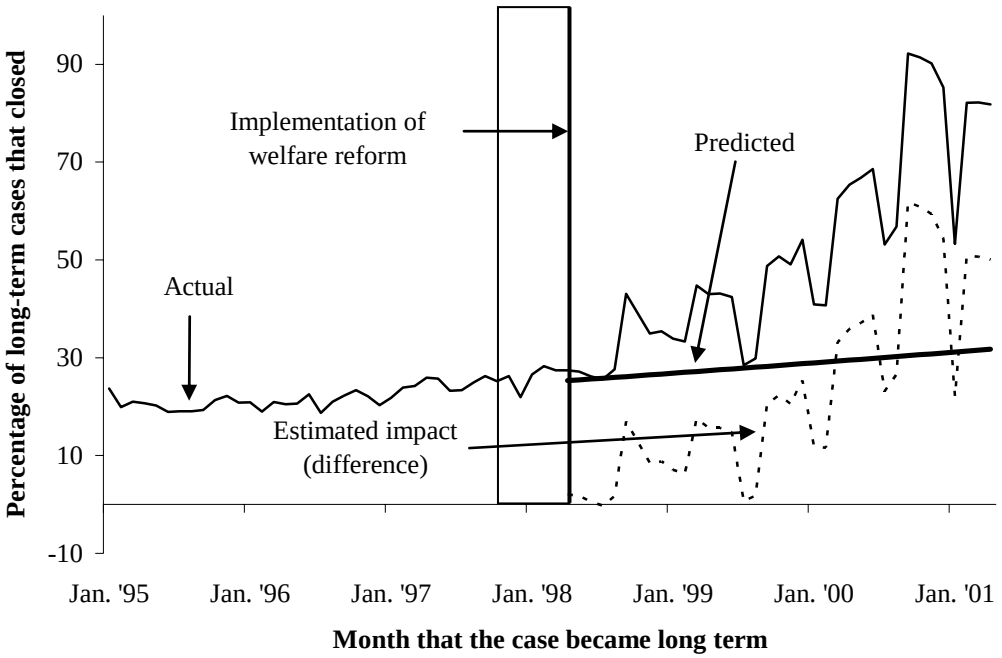
Figure 2

Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term, January 1995 Through April 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

A "long-term case" is defined as a case that received cash assistance in 18 out of 24 months from the start of first cash assistance receipt. The percentage of long-term cases that closed is calculated as the proportion of long-term cases that closed within 6 months after the base period of 24 months.

The boxed area represents the time span over which welfare reform policies may bave affected behavior, as the policies were well advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semi-log model for the pre-reform trend. See full report for details.

The rate increased to an average of nearly 27 percent in the post-CalWORKs period. By contrast, growth in recipients' *short-term stable employment* (employment in four or more consecutive quarters) — which had been steadily increasing prior to 1998 — slowed modestly but significantly after CalWORKs.

- **Overall, the findings from the administrative records analysis, although mixed, suggest that CalWORKs did contribute to declines in welfare caseloads but had only minimal effects on recipients' employment.**

The findings suggest that CalWORKs moved people off the rolls somewhat faster and had an especially marked effect on the case closings of long-term recipients. On the other hand, CalWORKs policies may have increased both short-term (unstable) employment and recidivism. These findings may reflect GAIN's "work-first" messages, work incentives, and participation requirements, which affected increasingly larger segments of the welfare caseload after CalWORKs was implemented — including long-term recipients, who may have a more difficult time finding steady employment.

The Experiences of Former and Ongoing Welfare Recipients

One of the Urban Change project's objectives is to understand how the well-being of low-income families has evolved since welfare reform. The experiences of 697 single mothers who were on welfare in May 1995 and who were living in Los Angeles's poorest neighborhoods were studied through survey interviews conducted just after CalWORKs got under way (in 1998) and then again three years later (in 2001). Beginning in 1998, the two waves of surveys were supplemented by a series of ethnographic interviews with 50 welfare mothers in three poor neighborhoods.

In summary, data from these two sources indicate that, overall, there were notable improvements with regard to the employment and economic well-being of women in Los Angeles who had been welfare recipients in 1995, with virtually no evidence of worsening circumstances, at least in the aggregate. However, half the women were still getting cash assistance, and most of the ones who worked were in jobs that continued to leave them poor or near poor. Although poverty declined for these women, improvements in material well-being were often not substantial. In ethnographic interviews, many women spoke about their struggles with low-wage jobs and about their conflict between their need to work, on the one hand, and their desire to be at home to care for their children, on the other.

It should be kept in mind that any observed changes over time in the circumstances of the women in the survey or ethnographic samples are not necessarily attributable to welfare re-

form and are likely to reflect a combination of factors, including the aging of these women and their children, the strong economy, and the effect of other policies, like the EIC.

Welfare and Employment Experiences

- **Most survey respondents had worked for pay after CalWORKs was implemented, and many were working in 2001. Half were still receiving welfare, however, including a substantial minority who were combining work and welfare.**

Among women in the survey, welfare receipt declined from 100 percent in May 1995 to 72 percent in 1998 and to 50 percent at the time of the 2001 interview. Nearly 40 percent of the women were working and no longer receiving welfare in 2001. The percentage of women who were employed *and* receiving cash assistance was fairly steady over time, decreasing only slightly from 25 percent in 1998 to 20 percent in 2001. At both interviews, about 10 percent of the women had neither work nor welfare as a source of income.

- **Although a notable minority of respondents had worked steadily, most had worked more sporadically, and 16 percent had not worked at all.**

Some survey respondents had had stable employment, but there was considerable variation within the sample. Slightly more than a third of the women had worked in 36 or more months out of a 48-month period between 1997 and 2001. About half had had less stable employment in short-term jobs, and one out of six had not worked at all in that period. Women who combined welfare with work were less likely to work steadily than those who left welfare for work. The ethnographic study suggests that some women change jobs frequently because they take assignments through temp agencies in jobs with low — and fluctuating — wages and periods of unemployment between assignments.

- **Over time, the respondents who worked typically reported increases in earnings, although relatively few had good-paying jobs with benefits in 2001.**

Full-time employment increased over time, and the average hourly wage for the women's current or most recent job grew from $7.09 in 1998 to $8.22 in 2001. The result was an increase in average weekly earnings, up from $230 to $298. Respondents were also more likely to be in jobs with fringe benefits (such as sick pay and health insurance) in 2001 than in 1998. Nevertheless, only one out of four women who worked in 2001 had full-time jobs that paid $7.50 per hour or more and offered employer-provided health insurance (Figure 3).

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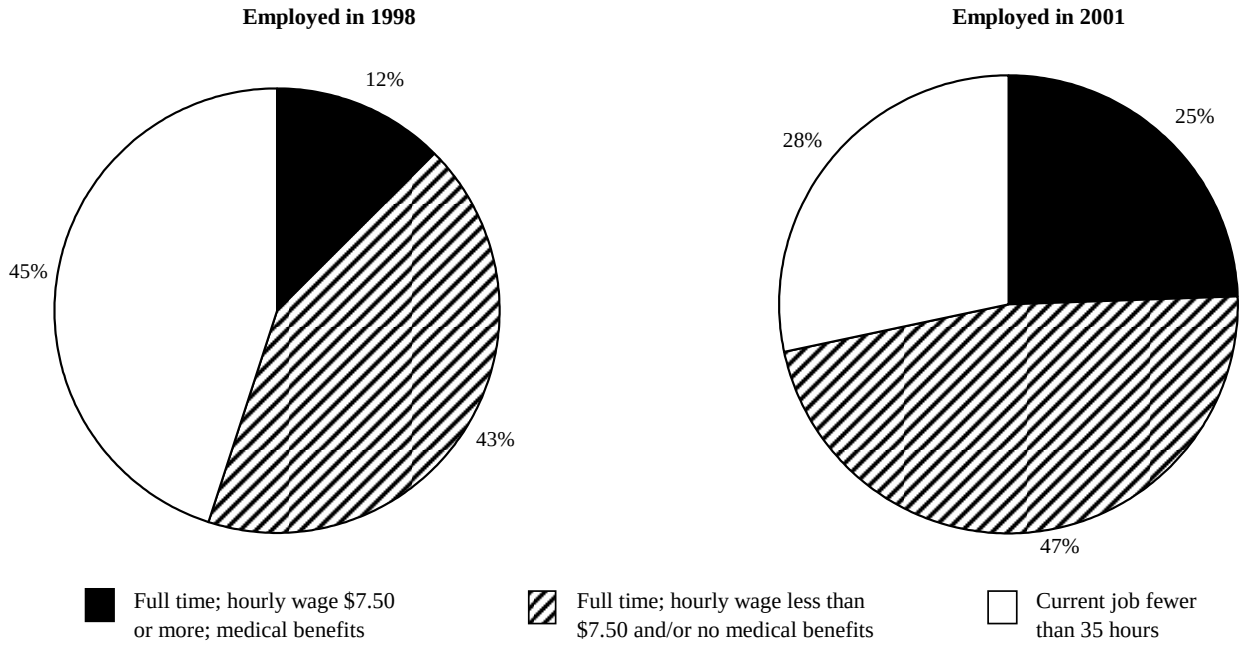
Figure 3

Job Characteristics for Those Currently Employed in Los Angeles in 1998 and in 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: Calculations for 1998 are based on 289 of the 318 respondents who were working and for whom wage and benefit information was available. Calculations for 2001 are based on 379 of the 398 respondents who were working and for whom wage and benefit information was available.

- **Respondents who combined work and welfare had less favorable jobs than those who had left welfare; many who were no longer getting TANF appeared to still be eligible for some cash benefits.**

Working women who had left welfare were more stably employed, had far better-paying jobs, and were more likely to receive fringe benefits than women who combined work and welfare. Given California's generous earned income disregards, many welfare leavers appear to have been eligible for at least partial cash benefits. But the ethnographic respondents suggested that, for some working women, getting a small welfare check was not "worth the hassle."

- **Although many respondents were employed in 2001, most women faced barriers to employment; barriers were more common and more likely to co-occur among women who were not working.**

Most of the women had barriers that could constrain their ability to get a job or limit the kinds of jobs for which they qualified. In particular, nearly half the women lacked a high school diploma or General Educational Development (GED) certificate in 2001 — although 8 percent acquired this credential between 1998 and 2001. About one out of five reported difficulty conversing in English, and similar percentages reported a health problem that limited their ability to work or had high scores on a scale measuring depression. The percentage reporting such barriers remained fairly constant between the 1998 and 2001 interviews. Predictably, the more barriers that women reported, the less likely they were to be working.

- **Respondents to the ethnographic study commonly expressed tensions between the need to work and the desire to stay home to raise their children.**

In the ethnography, many women who worked talked about the pride they felt in earning their own paycheck and having more money to spend on their children. However, they also spoke about the tension between wanting to provide financially for their children by working and wanting to be home to raise them, which they considered their "real" job. The generous grants and work incentives in Los Angeles — and the availability of child care subsidies — may have permitted a balance for some of these women by allowing them to receive welfare while working part time.

- **Ethnicity, education, and ability to speak English were related to different economic outcomes, but improvements were observed for all groups.**

Within the survey sample, Latinas who could not speak English had worked less steadily — and were in lower-quality jobs — than English-speaking Latinas or African-Americans. In 2001, the weekly earnings of non-English-speaking Latinas averaged $229, about 25 percent lower than Latinas who could speak English. Women who lacked a high school diploma or GED in 1995 were also much less likely to be employed and earned lower wages in their cur-

rent or most recent job than women who had these credentials. Wages and earnings did, however, improve between 1998 and 2001 for all ethnic, language, and education groups, but non-English-speaking Latinas had the weakest improvements in job quality.

Economic Circumstances and Material Hardship

- **The households of women in the survey changed over time as some women married and — despite California's family cap policy — more children were born.**

Despite California's policy of not increasing the cash grant when welfare recipients have another child, 15 percent of the women in the survey sample gave birth between 1998 and 2001. All the women in the ethnography knew about the family cap policy, but most of them specifically said that this policy did not affect their decisions about whether or not to have another child. About one out of five of these women were married in 2001, and others were living with a partner, but the large majority continued to be single parents.

- **Over time, the composition of the women's total household income changed, but TANF income and safety net services (food stamps and Medi-Cal) continued to be supports for most families.**

From 1998 to 2001, there was a reduction in the percentage of families who received TANF (down from 71 percent to 52 percent) and an increase in the percentage with earnings income (up from 50 percent in 1998 to 64 percent in 2001). There were also declines in the use of food stamps, WIC (the Women, Infants, and Children program), and Medi-Cal. Nevertheless, 57 percent of families were still getting food stamps, and over 60 percent had Medi-Cal in 2001; about one out of three women whose children were in child care reported getting a child care subsidy.

- **On average, families were better off economically in 2001 than they had been in 1998, but most families continued to be poor.**

The average total monthly household income in the survey sample increased from $1,355 in 1998 to $1,811 in 2001 — corresponding to an average annualized income of nearly $22,000 in 2001 (not including the estimated value of the EIC, which would have added about $1,400 to a working-adult household with two children). The percentage of households below the official poverty line declined from 67 percent of the sample in 1998 to 54 percent in 2001 (not counting the estimated EIC). While the decline in poverty is good news, the vast majority of families still had low income, and most who had left welfare shifted from being welfare poor to working poor.

- **Households of respondents who remained on welfare without working were poorer in 2001 than those of the women who worked.**

The average monthly per person income in households of nonworking welfare recipients was less than half that of working welfare leavers ($292 versus $664, respectively). Welfare recipients improved their economic situation if they also had earnings: The average monthly per person income in their households in 2001 was $416. Women who were neither on TANF nor working in 2001 had low average per person income ($368 monthly) and especially low rates of receiving food stamps or Medi-Cal, even though most appear to have been income-eligible.

- **Over time, respondents' assets increased, with both car ownership and home ownership rising between 1998 and 2001.**

More women owned cars in 2001 (55 percent) than in 1998 (43 percent). Home ownership also increased — to 5 percent in 2001, compared with 3 percent in 1998. Along with increased assets, however, came increased debt: 33 percent of households owed more than $2,000 in 2001 (not including car loans and mortgages), compared with 22 percent in 1998.

- **There were improvements over time with respect to certain material hardships, but most respondents continued to endure at least one food, housing, or health care hardship.**

Food insecurity (that is, having inadequate amounts or types of food) and housing hardships (such as an excessive rent burden) declined between 1998 and 2001, and health care hardships did not get worse, despite declines in Medi-Cal receipt. Nevertheless, nearly half the women were food insecure in 2001, and there continued to be high rates of housing hardship, including crowding, doubling up with others, and having multiple housing problems (for example, faulty plumbing). The ethnographic interviews suggest that many women continued to struggle with expenses and, to get by, relied on contributions from extended family members or partners.

- **Although income grew over time among all ethnic and language groups in the study, non-English-speaking Latinas had especially low incomes in both 1998 and 2001.**

Between 1998 and 2001, the increases in monthly household income averaged $430 for English-speaking Latinas (a 26 percent average increase), $367 for non-English-speaking Latinas (a 31 percent average increase), and $521 for African-Americans (a 43 percent average increase). However, non-English-speaking Latinas, who had low average incomes as well as large families, had average incomes per household member that were about 30 percent lower than that of African-Americans in 2001.

CalWORKs and Neighborhoods

As federal legislation to reform welfare was taking shape in the mid-1990s, questions were raised about the effects of reform in large cities, especially in disadvantaged areas. Given that low-income families are often concentrated in poor neighborhoods, both the opponents of welfare reform and its advocates predicted that its effects would be especially strong among families in such neighborhoods. Critics feared that declines in family income, increases in the number of unsupervised children, and growing despair would translate into increasing levels of substance abuse, crime, teen birthrates, and other problems. Proponents of welfare reform anticipated that as families secured employment, their increased earnings, income, and collective sense of efficacy would translate into greater community cohesion and reductions in social ills.

This section summarizes findings from the Urban Change project's neighborhood indicators component, which asked: What were the conditions of neighborhoods in Los Angeles before and after CalWORKs, and did poor neighborhoods get better or worse after welfare reform? The Urban Change study divided the 1,620 neighborhoods (census tracts) in Los Angeles County into three groups, based on their pre-TANF rates of poverty and welfare receipt: neighborhoods with low rates of both poverty and welfare receipt (nonpoor neighborhoods), those with high rates of poverty but low rates of welfare receipt (high-poverty, low-welfare neighborhoods), and those with high rates of both poverty and welfare receipt (high-poverty, high-welfare neighborhoods). A threshold of 20 percent or higher was used to categorize a neighborhood as high poverty or high welfare. Conditions in these three types of neighborhoods before and after 1996 were analyzed to determine whether trends stayed the same or changed after CalWORKs was introduced. These analyses are purely descriptive of trends during the 1990s.

The overall conclusion is that, in terms of key social and economic indicators, several neighborhood conditions improved during the 1990s in all three types of neighborhoods. However, unlike in most of the country, Los Angeles had more high-poverty neighborhoods (either low welfare or high welfare) in 2000 than in 1990. Employment rates among welfare recipients grew steadily over time, and those in high-poverty, high-welfare neighborhoods were as likely to go to work as those living elsewhere. Most of the positive trends predated CalWORKs, however, so the relative roles of welfare reform and other factors (including a booming economy) are difficult to determine.

Trends in Neighborhood Welfare and Poverty

- **The ethnic and demographic composition of neighborhoods in Los Angeles County is related to their poverty and welfare status.**

Nonpoor neighborhoods in Los Angeles are predominantly non-Latino white and Latino. Latinos, African-Americans, and immigrants predominate in neighborhoods that have high

rates of both poverty and welfare receipt. Poor neighborhoods also have a higher proportion of children than the other types of tracts, and they have lower rates of labor force participation and of high school graduation and a lower ratio of working adults to children.

- **During the period of this study, the number of neighborhoods in Los Angeles with high rates of welfare decreased. However, the number of neighborhoods with high rates of poverty increased.**

Welfare recipients in Los Angeles tend to be much more dispersed throughout the county than recipients in many metropolitan areas, especially areas in the Northeast and the Midwest. During the 1990s, when welfare caseloads were declining, welfare concentration was reduced even further. The number of high-poverty, high-welfare neighborhoods declined from a peak of 116 (out of the 1,620 neighborhoods) in 1995 to 24 in 2000. However, Los Angeles was unusual among U.S. cities during the 1990s, in that the number of high-poverty neighborhoods increased — up from 25 percent of all neighborhoods in the county in 1990 to 34 percent in 2000. This trend is somewhat surprising, given the generally improving economy of the late 1990s, but it presumably reflects the influx of poor immigrant families into Los Angeles County during that decade.

Neighborhoods and Welfare-to-Work Transitions

- **Welfare recipients living in neighborhoods in Los Angeles that had high rates of poverty and welfare receipt were just as likely to go to work as recipients who lived in the other types of neighborhoods.**

Although some hypothesized that welfare recipients who lived in high-poverty or high-welfare neighborhoods would be less connected to employment opportunities and therefore less likely to find or keep employment, this proved not to be the case. Recipients in the most disadvantaged neighborhoods were about as likely as those in the balance of the county to combine welfare and work, to leave welfare, and to become employed.

Conditions of Poor Neighborhoods

- **Over a nine-year tracking period, most social and economic indicators of neighborhood conditions in Los Angeles improved or were stable.**

The levels of social and economic distress mostly improved during the study period (Table 2). There were substantial declines in the rates of teenage births, births with inadequate prenatal care, and child abuse and neglect. In general, the observed trends predated CalWORKs reform and did not show major jumps or reversals after reforms were implemented.

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Table 2

Summary of Trends in Neighborhood Conditions in Los Angeles County, 1993 to 2000, by Poverty Status[a]

Indicator	All Neighborhoods	High-Poverty Neighborhoods[b]	Low-Poverty Neighborhoods
Births			
Teen births	Declines*	Declines*	Declines*
Adequacy of prenatal care	Increases*	Substantial increases*	Increases*
Low-birth-weight births	Stable	Stable	Stable
Child well-being			
Child abuse and neglect	Substantial declines*	Substantial declines*	Substantial declines*

NOTES: A star (*) indicates that the trend is statistically significant.

[a]A neighborhood was classified as poor if 20 percent or more of its residents were below the poverty threshold prior to TANF (1992-1995).

[b]Includes high-poverty, high-welfare neighborhoods and high-poverty, low-welfare neighborhoods.

- **Improvements occurred over time in all three types of neighborhoods in Los Angeles, but the absolute levels of distress were greater in the high-poverty, high-welfare neighborhoods than in the nonpoor neighborhoods.**

Some of the favorable trends in key neighborhood indicators were particularly pronounced in high-poverty or high-welfare tracts. However, conditions in the county's poorest neighborhoods were consistently less favorable than in other areas. For example, rates of child maltreatment were nearly three times greater in high-poverty, high-welfare neighborhoods than in nonpoor neighborhoods in 1993 (18.5 percent versus 6.4 percent, respectively); by 2000, these rates were down to only 6.9 percent in the high-poverty, high-welfare neighborhoods but were still twice as high as rates in nonpoor neighborhoods (3.1 percent).

Comparisons with Cuyahoga, Miami-Dade, and Philadelphia Counties

To provide perspective on what happened in Los Angeles after welfare reform, this section draws contrasts with the three other counties that are part of the Urban Change study: Cuyahoga County (Cleveland), Ohio; Miami-Dade County, Florida; and Philadelphia County, Pennsylvania. Findings from the other counties have been described in separate reports (cited above),

using the same methods and data elements as this report. Table 3 summarizes the characteristics of each county and the key features of its welfare program following TANF. In brief, despite divergent policy and programmatic responses to TANF in the four counties, and despite notable differences in their social and economic contexts, the trends in most major outcomes were similar.

Contexts and Policies in the Four Urban Change Counties

- **Despite some contextual similarities, welfare reform unfolded in different social and economic environments in the four Urban Change counties.**

Cuyahoga and Philadelphia Counties are old, industrial cities that have suffered through 30 years of declining manufacturing bases and movement of jobs to the suburbs, whereas Los Angeles and Miami-Dade are fast-growing counties. Cuyahoga and Philadelphia have sizable African-American populations and few immigrants, whereas Los Angeles and Miami-Dade are heavily populated by Hispanic immigrants and (in Los Angeles) Asian immigrants. Although all four are the largest counties in their states and have a disproportionate share of their states' welfare caseloads, Los Angeles is in a league of its own with regard to the size of its caseload, budget, and staff. The cost of living — above average in all four sites — is also especially high in Los Angeles.

- **The welfare policies in all four counties involved time limits and a focus on quick employment, with mandatory participation requirements and enhanced work incentives; however, the counties' policies and messages to recipients differed considerably in several respects.**

Some of the essential features of welfare reform are similar in the four Urban Change counties, which all implemented welfare programs that emphasize moving recipients into work. Pre-TANF welfare systems that promoted job search on a mostly voluntary basis were transformed into systems with a stronger focus on work and with program participation requirements for the entire nonexempt caseload. Each state also increased the amount of money that welfare recipients could keep when they went to work. Time limits were instituted in all four counties. Only in Los Angeles, however, did the lifetime time limit apply only to the adult portion of the grant — meaning that recipients still received a grant, albeit a reduced one, after the time limit. While all four counties imposed financial sanctions for noncompliance with the welfare-to-work requirements, Miami-Dade used sanctions (full-family sanctions) far more often than the other three counties. Cuyahoga, however, was the strictest county in enforcing time limits. Los Angeles had the most generous grants, and it implemented policies to shield children from time limits and sanctions. The grants for sanctioned and "timed-out" families in Los Angeles were higher than the full grants in the other three Urban Change sites.

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Table 3

Description of Contexts and Policies for Welfare Reform in the Four Urban Change Sites

Descriptor	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
The socioeconomic context				
Population characteristics	Mostly African-American and white	Diverse population of Hispanics/Latinas, whites, and African-Americans; large numbers of foreign-born residents	Mostly African-American and white	Diverse population of Hispanics/Latinas, African-Americans, Asians, and whites; large numbers of foreign-born residents
Unemployment rate	Fell from 7.4% in 1992 to 4.2% in 2000; rose to 5.2% in 2001	Fell from 10.5% in 1992 to 5.3% in 2000; rose to 7.7% in 2002	Fell from 9.4% in 1992 to 6.1% in 1999; rose to 6.4% in 2001	Fell from 9.8% in 1992 to 5.3% in 2000; rose to 6.8% in 2002
Poverty rate	Rose from 12.8% in 1990 to 13.1% in 2000	Was stable at 17.6% in 1990 and 2000	Rose from 19.8% in 1990 to 22.2% in 2000	Rose from 14.8% in 1990 to 17.6% in 2000
Local economy	Large health care industry; declining manufacturing base; increasing service sector; movement of businesses to the suburbs	Large tourism and service industries; trading hub between the United States and Latin America	Major industrial center, particularly for textiles; large health care industry; declining manufacturing base; movement of businesses to the suburbs	Major manufacturing center, despite declines; growth in bio-medical and other technology; large entertainment, tourism, and health service industries

(continued)

Table 3 (continued)

Descriptor	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Key welfare policies				
Time limits	5-year lifetime limit; 36-month interim time limit	4-year lifetime limit; interim time limit of 24 or 36 months depending on case characteristics	5-year lifetime limit; 2-year work-trigger time limit	5-year lifetime limit—adult portion of grant only; 18 (or 24)-month work-trigger time limit
Program emphasis	Work-focused, 30 hours of mandated participation	Work focused, 30 hours of mandated participation	Work focused, 20 hours of mandated participation after 2 years	Work focused, 32 hours (35 in 2-parent families) of mandated participation
Sanctions for noncompliance	Full-family sanction	Full-family sanction	Adult portion first two years, then full-family sanction	Adult portion only
Maximum grant, family of 3, in 2000	$373	$303	$403	$626
Family cap policy	No	Yes	No	Yes
Work incentives	Expanded earned income disregard; loss of eligibility at earnings of $974 (2000, family of 3)	Expanded earned income disregard; loss of eligibility at earnings of $787 (2000, family of 3)	Expanded earned income disregard; loss of eligibility at earnings of $806 (2000, family of 3)	Expanded earned income disregard; loss of eligibility at earnings of $1,458 (2000, family of 3)

(continued)

Table 3 (continued)

Descriptor	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Local implementation				
Time limits	Rigorous enforcement of interim time limit, with safety net services for those near limits	Extensions on interim time limits for families fulfilling work requirements	Many extensions for families reaching time limits	Work-trigger time limit not universal; enforcement of 5-year lifetime limit began 2003
Program focus	Emphasis on job club/job search, some encouragement for GED; steady increase in participation after welfare reform	Emphasis on job club; some unpaid work experience	Emphasis on initial job search, then flexibility in hours and activities until 2-year work trigger; increase in participation after welfare reform	Emphasis on job club, special services for clients with mental health or other barriers; increasing levels of participation in welfare-to-work program (GAIN)
Sanctions	Low rate of sanctioning (under 2% from 1998 to 2000)	Strict enforcement of rules; high rate of sanctioning (up to 61%), but erratic	Limited use of sanctions (3%-6%)	Increasing rate of sanctions (over 20% by 2002)
Welfare caseloads	41,000 in Fiscal Year 1995/96; 17,000 in Fiscal Year 2000/01 (58% decline)	50,000 in Fiscal Year 1995/96; 17,000 in Fiscal Year 2000/01 (67% decline)	79,000 in Fiscal Year 1995/96; 44,000 in Fiscal Year 2000/01 (44% decline)	311,000 in Fiscal Year 1995/96; 199,000 in Fiscal Year 2000/01 (36% decline)

- **In all four sites, many recipients were confused about the new policies.**

Welfare recipients in all four counties showed signs of confusion about the details of welfare reform, especially the exact length of the time limits on assistance. Although recipients' knowledge increased over time in all four sites, survey respondents in Los Angeles generally displayed less understanding of the new policies than those in the other counties. Language barriers and other communication problems, as well as misunderstandings about the work-trigger time limit, may have contributed to the lower understanding in Los Angeles. A majority of respondents in all four sites felt that welfare staff placed a high priority on enforcing the rules rather than on helping them to transition successfully off welfare.

- **Welfare caseloads declined in all four sites, but rates of decline varied.**

All four counties (as in the rest of the Unites States) experienced declines in welfare caseloads between the early 1990s and early 2000s, but the declines were less sharp in Los Angeles than in the other three counties.

Welfare Entry and Exits and Employment in the Four Counties

- **In all four counties, new welfare policies appear to have sped up welfare exits for at least some part of the caseload.**

In every county except Miami-Dade, long-term recipients (those who had received welfare at least 18 months out of a 24-month period) closed their cases significantly faster after welfare reform than would have been predicted based on trends in the years prior to the implementation of new policies (Table 4). In Miami, exit rates for long-term recipients steadily declined throughout the study period, and — unlike in the other sites — did not accelerate after welfare reform. (It should be noted, however, that average welfare spells for Miami-Dade's long-term recipients were already fairly brief before 1996, leaving relatively little room for improvement.) In both Miami and Los Angeles, welfare reform was associated with somewhat faster case closings for *new* welfare cases. As noted earlier, the estimates of welfare reform's effects are predicated on the assumption that pre-reform trends would have continued without welfare reform.

- **The effects of welfare reform on welfare entry (and reentry, among former recipients) appear to have been small and inconsistent across the four counties.**

Beginning in the early 1990s, the rate of new case openings was declining in all four counties, and, except in Los Angeles, the declining trend continued after welfare reform (although the rate slowed slightly in Philadelphia). Variation in entry rate trends across the sites was fairly small and could reflect demographic changes over time — that is, changes in the

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Table 4

Changes in Welfare and Employment Trends After TANF in the Four Urban Change Sites

Outcome	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Welfare exits	Exit rates increased from 1992 to 1996; increases slowed after 1996 for the overall caseload but accelerated for long-term recipients.	Exit rates increased steadily from 1992 to 1996 and increased at a slightly faster pace after 1996 for new recipients, with no change in trend for long-term recipients.	Exit rates increased from 1992 to 1996 but declined slightly after 1996 for new recipients, although they accelerated for long-term recipients, most notably after the two-year time limit.	Exit rates decreased slightly from 1992 to 1998 but increased after 1998, with especially sharp exit rate increases among long-term recipients.
Welfare entry	Entry rates declined from 1992 to 1996 and continued to decline at the same pace after 1996.	Entry rates declined from 1992 to 1996 and continued to decline at the same pace from 1996 to 2001.	Entry rates declined from 1992 to 1996 and continued to decline after 1996, but at a slower pace.	Entry rates declined slightly from 1992 to 1998 but then increased slightly.
Welfare reentry by former recipients (recidivism)	Recidivism increased slightly from 1992 to 1996 and continued to increase at the same pace after 1996.	Recidivism decreased from 1992 to 1996 and continued to decrease after 1996, but at a slower pace.	Recidivism decreased slightly from 1992 to 1996 and increased slightly after 1996.	Recidivism decreased slightly from 1992 to 1998 but then increased slightly.
Recipients' employment and employment stability	Employment rates increased slightly from 1992 to 1996 and continued to increase at the same pace after 1996, although increases to long-term employment slowed.	Employment rates were steady from 1992 to 1996 but increased after 1996, and the length of employment spells also increased.	Employment rates were steady from 1992 to 1996 but increased after 1996, with gains mostly to short-term employment.	Employment rates increased from 1992 to 1998 and continued to increase at the same pace after 1998; rates of short-term employment increased slightly after 1998, while increases of long-term employment slowed.

NOTE: All post-reform effects noted in this table (which reflect comparisons of actual trends with predictions based on pre-reform trends) are statistically significant at or beyond the 5 percent level, but less confidence can be placed in post-reform changes noted as "slight."

population who were at risk of welfare entry. Los Angeles, in particular, saw an influx of poor immigrants who continued to be eligible for welfare benefits throughout the 1990s, which, together with rising unemployment rates in the early 2000s, might account for the slight increase in welfare entry there. Although recidivism (reentry) was also on the decline in Miami, Philadelphia, and Los Angeles, it rose in the late 1990s in Cuyahoga, Philadelphia, and Los Angeles. Welfare reform may have slowed the declining rate of recidivism in Miami-Dade and may have increased recidivism in Los Angeles and Philadelphia, perhaps because cases reopened when short-term employment did not result in permanent self-sufficiency.

- **Welfare reform may have had some modest effects on employment rates among welfare recipients, but gains were more likely to be for spells of unstable employment than for longer-term employment.**

Table 4 also shows that, in every site, there were some employment trends that appear to have been altered by the implementation of new welfare policies. In both Los Angeles and Philadelphia, short-term spells of employment (those lasting three or fewer quarters) increased after welfare reform, perhaps reflecting policies that encouraged quick employment and allowed recipients to combine work and welfare. Miami's much tougher sanctioning policies and shorter lifetime time limit could perhaps account for the changes that were observed in its employment trends.

Economic Circumstances of Families in the Four Counties: Survey Findings

- **Among survey respondents who were on welfare in May 1995, welfare and employment statuses differed markedly in the four counties in 2001.**

Based on data from the two waves of Urban Change surveys (in 1998 and 2001), respondents in Los Angeles were substantially more likely than those in the other sites to still be on welfare in 2001 (Figure 4). Perhaps reflecting the generous work incentives and the lenient sanctioning and time-limit policies in Los Angeles, half the women were still on welfare at the end of the study period, compared with less than 15 percent in Cuyahoga and Miami. Rates of combining work and welfare were about six times higher in Los Angeles than in these two other sites. The women in Cuyahoga County, where time limits were most strictly enforced — and where unemployment rates were lowest and educational attainment was highest — were most likely to be employed and off welfare in 2001. Miami, which had the highest sanctioning rate and the lowest grant, had an especially high percentage of vulnerable women who were neither working nor on welfare at the end of the study period.

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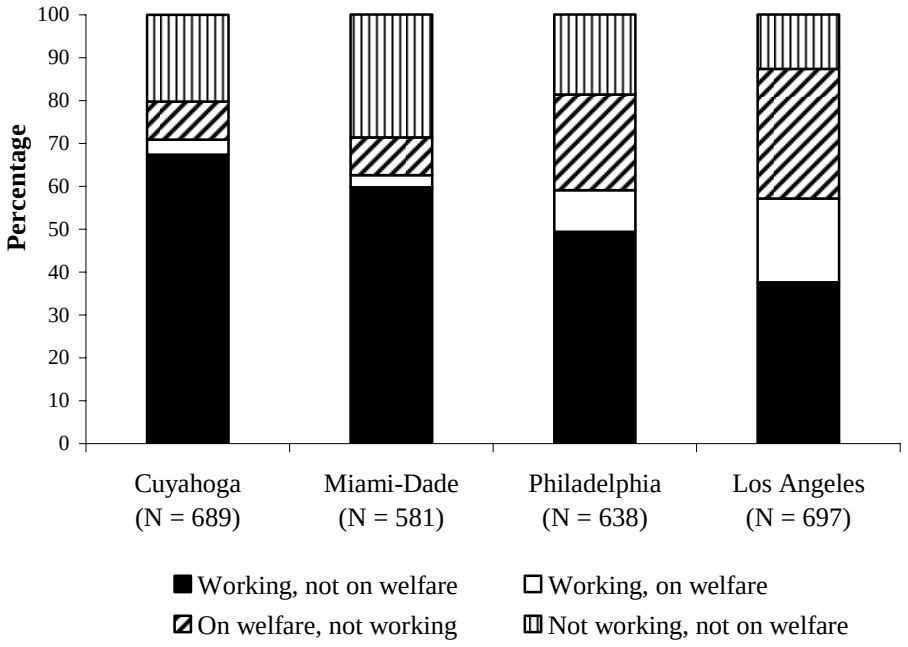
Figure 4

Work and Welfare Status of Women in the Survey Samples in the Four Urban Change Sites, 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: All women in the survey samples were single mothers receiving welfare in May 1995.

- **Over time in all four sites, more respondents became employed, and job quality improved, but low-paying jobs without fringe benefits were the norm everywhere.**

Sizable minorities of women in the survey — with similar rates in the four counties — had been stably employed, that is, employed in at least 36 of the 48 months prior to the 2001 interview (Table 5). Among the women who worked — and most had done so — average hourly wages, weekly work hours, and earnings rose between 1998 and 2001; fringe benefits, too, were up in all four sites. Nevertheless, only a minority of working women across the sites were in full-time jobs that paid at least $7.50 per hour and offered health insurance. Job quality was highest in Cuyahoga and Philadelphia, where the average hourly wage in 2001 was $8.82 and where almost 40 percent of the working women had employer-provided health insurance.

The Project on Devolution and Urban Change

Table 5

Employment and Economic Outcomes of the Survey Samples in the Four Urban Change Sites in 2001

Outcome	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Employment in 48 months before 2001 interview (%)				
Never worked during this period	6.1	13.7	12.8	15.5
Worked in 36 to 48 months of this period	39.4	37.1	32.6	36.1
Characteristic of current/most recent job in 2001				
Average hourly wage ($)	8.82	8.11	8.82	8.22
Average weekly earnings ($)	335	300	325	298
Job has/had medical benefits for self (%)	36.8	30.6	37.7	28.3
Selected barriers to employment in 2001 (%)				
Has no diploma or GED certificate	33.3	37.4	38.7	48.8
Has difficulty conversing in English	1.3	11.4	2.9	18.9
Has a health problem that limits ability to work	20.1	21.4	27.8	18.1
Sources of household income in prior month[a] (%)				
TANF (cash welfare assistance)	17.0	13.6	32.9	52.1
Earnings from employment	72.0	63.9	64.1	63.6
Noncash benefits received in prior month (%)				
Food stamps	48.5	52.8	54.5	56.7
Medicaid for self	49.3	48.4	55.8	60.3
Medicaid for any child	50.4	61.0	59.9	63.0
Household income and poverty				
Average total monthly household income ($)	1,771	1,489	1,683	1,824
Average monthly income per person in household ($)	487	382	430	462
Below official poverty line[b] (%)	49.6	61.9	56.9	54.2
Below 185% of official poverty line (%)	82.4	89.9	85.0	85.5
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: All women in the survey samples were single mothers receiving welfare in May 1995.

[a]Income sources are for any household member, not just respondents.

[b]The official poverty index does not include food stamps.

- **The majority of survey respondents in all four counties faced an array of barriers to employment.**

In all four sites, the women faced two or more barriers to employment, on average. Education and language barriers were especially prevalent in Los Angeles, where about half the women lacked a diploma or GED certificate and nearly one out of five could not speak English. Health and mental health barriers were most common in Philadelphia.

- **Over time, respondents' households got more income from employment and less income from TANF, but TANF income varied widely in the four counties at the end of the study.**

By 2001, earnings income contributed more to household income, on average, than any other source in all four sites. However, almost four times as many households in Los Angeles (52 percent) as in Miami (14 percent) had TANF income in the month before the 2001 interview.

- **In 2001 in all four sites, about half (or more) of the women surveyed still received key safety net services, such as food stamps and Medicaid.**

Despite differences in TANF receipt, about half the women in all four sites reported getting food stamps at the end of the study, and about 50 percent to 60 percent had Medicaid (or Medi-Cal). The women in Los Angeles — who were most likely to still be getting TANF — were especially likely to still have food stamps and public health insurance.

- **The overall economic picture was similar across the four sites, with average household incomes up and poverty levels down over time. Yet the majority of respondents remained poor or near poor.**

Total household incomes increased from 1998 to 2001 in all four sites. Average monthly income was highest in Los Angeles ($1,824) and lowest in Miami ($1,498) — although, when household size is taken into consideration, the average income per person was highest in Cuyahoga. Non-English-speaking Hispanic women in both Miami and Los Angeles had especially low incomes. In terms of poverty, rates varied from a low of 50 percent in Cuyahoga County to a high of 62 percent in Miami. In all the sites, the percentage of women who were poor or near poor — defined as below 185 percent of the federal poverty level — exceeded 80 percent. Economic gains over time were found in all four sites for women with different racial, ethnic, and language backgrounds and for those with different levels of educational attainment.

Poor Neighborhoods in the Four Counties

- **Trends in social and economic indicators were favorable in all four Urban Change sites, and the trends appear not to have been affected by welfare policies in any of the sites.**

All four counties showed relatively similar improvements in neighborhood indicators during the 1990s, such as declines in the rate of teenage births. Improvements were found in all three neighborhood types (although the improvements were often most pronounced in the poorest neighborhoods), and they did not speed up or slow down after welfare reform. Also, in all four sites, welfare recipients from the poorest neighborhoods were just as likely to work and to leave welfare as recipients from better neighborhoods. Many of the trend lines in the four sites were comparable as well: Employment among recipients increased throughout the 1990s, and welfare exit rates were also up. Exit rates did, however, increase far less sharply in Los Angeles than in the other counties, which is consistent with county differences in caseload trends and with findings from the survey that recipients in Los Angeles were substantially more likely to still be on welfare in 2001. The concentration of poverty and welfare receipt in Los Angeles and Miami distinguishes them from the other two counties: Their low-income populations are relatively dispersed throughout the counties, whereas the low-income populations of Cuyahoga and Philadelphia are more concentrated in the city centers. Los Angeles, however, was one of only two urban areas in the country where poverty concentration increased during the 1990s, perhaps reflecting the continuous inflow of low-income immigrants.

Conclusions and Policy Implications

When the Project on Devolution and Urban Change began, both supporters and critics of welfare reform envisioned striking changes in benefits and services and in the well-being of poor families at risk of receiving welfare benefits. Proponents believed that the 1996 welfare reform law would spur innovation among states and localities, that tougher work requirements and time limits would induce more welfare recipients to find jobs, and that ending the welfare "culture" of low-income communities would lead to the revitalization of those communities. Critics, by contrast, feared that states would slash benefits and try to make their programs less attractive than those of neighboring states. They worried that sanctions and time limits would deprive needy families of essential income and would cause suffering and lead to increases in crime, homelessness, and other social problems.

The Urban Change project can now draw on evidence from four places — Cuyahoga, Los Angeles, Miami-Dade, and Philadelphia Counties — to assess whether these expectations of big change have come to pass. In brief, the counties' actual experiences fall somewhere between the two extremes for predicted outcomes: The evidence from this study does not

suggest that either dire outcomes or dramatic improvements followed the implementation of new welfare policies.

What lessons are policymakers to draw, and how does Los Angeles's experience contribute to those lessons? Though the answers depend largely on the goals that policymakers want welfare reform to achieve, this study supports several observations and recommendations, some of which are relevant at the national level and across states and others of which apply more directly to the situations in California and Los Angeles County.

Cross-Site Issues

- **One lesson from this study (and from other studies) of responses to TANF is that states and localities, when given the freedom to do so, craft markedly different policies and procedures for addressing the needs of low-income families.**

The devolution of responsibility for cash assistance policies from the federal government to the state and local levels resulted in widespread and extensive local debate and discussion among policymakers, service providers, and advocates, and it ultimately yielded policies designed to be more sensitive to local circumstances. The experiences in the four Urban Change sites suggest that states and local entities can work within a federal policy structure that provides direction but also allows flexibility.

- **Despite notable differences in approach to welfare reform in the four Urban Change sites, many of the trends in welfare receipt, employment, family well-being, and neighborhood conditions were similar. This underscores the important role that the economy and other forces — in addition to welfare reform — likely played in influencing people's behavior. This might also reflect a common message across counties that aid was temporary and that welfare recipients were expected to work.**

Although there were some differences in outcomes in the four sites, many of the big "headlines" from the Urban Change counties are the same. Welfare rolls went down. Employment among welfare recipients went up. Conditions in poor neighborhoods — although worse than in more affluent neighborhoods — held stable or improved. People leaving welfare for work were still poor, but generally were not worse off, and many showed signs of progress. These similarities were found despite differences in the demographic characteristics, labor markets, and welfare policies in the four counties, suggesting that larger social and economic forces and similar messages about welfare played a major role in shaping these trends — and are likely to do so in any policy environment. It is, of course, important to remember that the Urban Change study took place in large urban environments during a period of rapid economic expan-

sion in the United States and that data collection ended before lifetime limits on cash assistance affected many families.

- **While similarities across the sites are noteworthy, important differences did emerge. In particular, substantially more people remained on welfare in Los Angeles than in the other counties, and fewer had left welfare for work; but more people in Los Angeles remained connected to safety net services, and household incomes were higher than in the other sites.**

California made a number of policy choices designed to protect children and their families (and also to protect immigrants). Welfare grants in California are among the most generous in the country, and the new incentives designed to encourage employment made it possible for recipients in Los Angeles to combine work and welfare to a degree not possible in the other sites. Moreover, families in Los Angeles were not faced with the prospect of being totally cut off welfare when five-year time limits hit — or when adults failed to participate in mandated welfare-to-work activities. These policies might discourage recipients from leaving welfare, but they also might provide families with extra income as well as a better connection to key safety net services. The relatively low rates of employment and high rates of welfare receipt among the women in Los Angeles are likely to reflect other forces as well. In particular, survey respondents in Los Angeles were more likely than respondents in the other sites to have language problems and educational deficits. Nevertheless, it is worth noting that women who had a diploma or GED in Los Angeles were more likely to still be receiving welfare in 2001 than *non*-high school graduates in the other three sites.

- **Neither generous and lenient policies (Los Angeles) nor severe and stringent ones (Miami) — or, for that matter, policies between these extremes — were associated with widespread reductions in poverty and material hardship among low-income families.**

In all four Urban Change sites, many women left welfare for work, but their economic circumstances, while improved over time, remained bleak. Even years after they were first selected to be in the study, the majority of families in these four urban counties experienced at least one hardship, such as hunger, inadequate housing, or lack of health insurance. This confirms what is perhaps obvious — that welfare policies are not in and of themselves antipoverty strategies and that a better-coordinated set of policies across various domains (employment, wages, taxes, education, immigration, and so on) may be needed to address the basic needs of all residents; this may be especially true in large urban areas that pose the most severe challenges, such as the ones included in this study.

- **Although most of the welfare recipients in Los Angeles and the other three counties had worked, they struggled financially in low-paying jobs.**

Welfare policymakers may need to devise more flexible strategies to help workers with low skills acquire the training and experience needed to advance and to secure jobs with health benefits.

Despite the strong economy that characterized the study period, the women in the survey and ethnographic samples described the daunting challenges that they faced in going to work while maintaining their parenting responsibilities. In both Los Angeles and Miami, non-English-speaking Latinas tended to be the worst off economically, as were women of all racial and ethnic groups across the sites who lacked a high school diploma or GED. While current policy allows welfare recipients to spend up to 10 hours of their 30-hour weekly work requirement in education, very few clients do so — perhaps because staff do not encourage it or because women who have small children find it difficult to combine education classes with 20 hours of work-related activities. It may be that a more flexible strategy — combining an emphasis on employment with more options for education and training — may be more effective than a rigid emphasis on quick employment in helping women who have low skills to obtain jobs with decent wages and health benefits. A more individualized welfare-to-work plan, paying attention to recipients' needs and preferences, may have a better payoff in terms of promoting long-term self-sufficiency. While data from this study do not directly affirm this conclusion, data from other MDRC studies suggest that a strategy that blends education, an emphasis on work, and a provision of work supports may be especially effective.

- **For welfare recipients whose barriers to employment are extremely severe, supplementary services and special strategies are likely to be required.**

For welfare recipients who are "hard to employ" as a result of facing multiple or especially severe barriers — including mental health problems, homelessness, substance abuse, and domestic violence — neither a push toward quick employment nor an emphasis on education and training, in and of themselves, is likely to promote self-sufficiency. Welfare administrators in Los Angeles (and the other sites) recognized this challenge and developed several strategies to address the needs of such recipients. Data from the Urban Change survey — which indicates that sizable minorities of the women had health and mental health barriers — suggest that upfront screening of recipients for these problems is not effective in identifying all who are in need. Other strategies appear to be needed, and perhaps one opportunity is to begin a more in-depth dialog with recipients who are in sanction status, to determine why it is that they are unable or unwilling to comply with participation requirements. In working with these hard-to-employ cases, creative, individualized approaches — some of which were to have been tested as part of Los Angeles's Long-Term Family Self-Sufficiency (LTFSS) initiative — may be essential.

- **Food stamps, Medicaid/Medi-Cal, child care subsidies, and the Earned Income Credit appear to have played an important role in supporting**

the incomes of former welfare recipients and helping them to stay employed. Greater emphasis could be placed on advertising these benefits.

The service sector economy is characterized by low wages and benefits — a fact that is unlikely to change any time soon. Many of the women in the Urban Change ethnographic sample indicated that they would not have been able to make it without the help they received from food stamps, child care subsidies, and Medicaid. The survey suggests that, in all four counties, more welfare leavers were eligible for these benefits than received them. Welfare staff — together with local foundations, advocacy groups, and community organizations — might consider ways to step up their efforts to inform low-income families about the supports that are available (and to make it less onerous to access these). It helps when such information is communicated consistently, frequently, and in multiple locations.

- **The Urban Change study suggests that legislative proposals to increase welfare-to-work participation rates much above 50 percent may not be realistic, at least in large urban areas.**

The 1996 federal welfare reform law sets participation targets that are much higher than in the past, but it also gives states credit for reducing welfare caseloads. Some federal lawmakers have expressed support for revisions that would raise participation requirements and eliminate the caseload reduction credit. Data from Cuyahoga, Los Angeles, and Philadelphia Counties provide some insight into participation levels that may be achieved by urban welfare departments — and it should be remembered that, in most cases, these may reflect expansive definitions of "participation." Los Angeles's participation rate peaked at about 47 percent in 2001; similarly, Cuyahoga achieved a participation rate of 49 percent in FY 1999/2000, and Philadelphia attained a top participation rate of 47 percent in FY 1997/98. Participation rates tended to decline thereafter, however. Although some policymakers question why all welfare recipients cannot be engaged in work activities, MDRC's research suggests that the participation rate will never approach 100 percent because of the constant opening and closing of cases, the time lapse involved in assigning clients to activities and monitoring their attendance, and the personal and situational problems that many welfare recipients face, including illness and child care problems.

Issues in California and Los Angeles County

- **The culture in the eligibility/income maintenance offices, which does not seem fully consistent with the goal of encouraging progress toward self-sufficiency, could benefit from some reform.**

In this study, welfare recipients' encounters with their Eligibility Workers (EWs) did not appear to be a good vehicle for encouraging participation in work-related activities or for "marketing" the GAIN program. Indeed, these encounters may engender hostility, confusion, or

anxiety, and although some onerous aspects of these meetings may be necessary, positive interactions between clients and EWs are undermined by time restrictions and other constraints that are perhaps avoidable. For example, clients seeking clarification about a rule or wanting to redress an erroneous sanction have had difficulty calling their EW directly and have been forced to talk with someone staffing a help line — someone unfamiliar with their case. The EWs could potentially play an important role in sending clients messages, not only about their obligations but also about their opportunities — for example, about the income disregards and about such key work supports as child care. While it is the GAIN Service Workers' responsibility to communicate this information during the initial meeting, some recipients opt not to attend the GAIN orientation and appraisal session — perhaps because they have already formed a negative attitude based on their initial encounter with an EW.

- **Simpler welfare policies may help welfare staff send clearer messages to clients and strengthen program implementation.**

California's welfare reform law is relatively complex. Not only does it feature work requirements and time limits, but it also includes provisions designed to ease the transition to work and to influence parenting and reproductive behavior. Even the state's time-limit policy was complicated initially, in that there were two time clocks, and they did not affect everyone on the grant. Welfare staff in the Los Angeles study often did not have enough time at intake and recertification interviews to explain the new rules — and they themselves did not always understand the rules. Compared with similar groups of women in Cuyahoga and Philadelphia, the women in Los Angeles were less certain about the amount of time that they could receive cash assistance, whether they could continue getting food stamps when they left the welfare rolls, and the transitional benefits that were available. California policymakers might consider simplifying some aspects of the welfare law or, at least, might refrain from adding new layers to an already-complicated law.

Chapter 1

Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), passed by Congress and signed into law by President Clinton in 1996, revolutionized social welfare policy and fostered profound changes in how government agencies address the needs of the poor. PRWORA abolished welfare "as we knew it" and created a time-limited cash assistance program called Temporary Assistance for Needy Families (TANF). The legislation also established strict work requirements for TANF recipients, eliminated federal funding for certain groups of legal immigrants, and transferred the administrative authority for welfare programs from the federal government to the states. In turn, many states have "devolved" much of the responsibility for welfare to local governments and other entities.

Anticipating that welfare reform might pose particular challenges to urban areas — where poverty and welfare receipt are most concentrated — MDRC launched the Project on Devolution and Urban Change (Urban Change, for short). Begun in 1997, the project uses multiple research methods and perspectives to examine the implementation and effects of this landmark legislation in big cities. It has sought answers to four major sets of questions:

- How would welfare agencies respond to the new law? What "messages" and services would they put in place? How would they implement time limits and participation requirements?
- How would TANF affect welfare caseloads? How would it alter patterns of welfare receipt and employment?
- How would low-income families adapt to time limits and other dimensions of welfare reform? What would be their experiences in the labor market? Would they be better or worse off economically?
- How would welfare reform affect social conditions in big cities? In particular, would conditions in poor neighborhoods improve or worsen?

Los Angeles is one of four metropolitan areas included in this multifaceted study. Three other counties — Cuyahoga (Cleveland), Miami-Dade, and Philadelphia — were also studied as part of the Urban Change project.[1]

[1]The other three site reports are as follows: Cuyahoga County (Brock et al., 2002), Miami-Dade County (Brock et al., 2004), and Philadelphia County (Michalopoulos et al., 2003). For the most part, cross-site com-
(continued)

The study took place within a specific place and time and, in some ways, represents both the best of times and the most challenging of places for welfare reform. On the one hand, the study period of 1992 through 2002 was primarily a time of prolonged economic expansion and unprecedented decline in unemployment, both nationally and locally. Moreover, in the late 1990s, an influx of TANF funds allowed welfare agencies to greatly expand their employment training and related services. The study thus captures an especially promising context for welfare reform — one of high labor demand and fully funded programs to support families in the process of moving from welfare to work. On the other hand, the study focuses on populations who are most vulnerable and places where it might be most difficult to move families from welfare to work before they exhaust their time limits for cash benefits. In Los Angeles, as in the other study sites, the Urban Change project examines people and conditions in the poorest neighborhoods, where those who were responsible for implementing welfare reform — as well as the recipients themselves — faced formidable challenges.

The Policy Context

This nation has been reforming welfare for almost as long as there has been a welfare program. Policymakers have struggled to find ways to cover children's basic needs without encouraging families to depend on public benefits. PRWORA can be viewed as an effort to correct problems that previous reforms had failed to bring under control. It was a response, in part, to the sharp rise in caseloads that had occurred in the early 1990s, although caseloads nationally had already started to decline by the time PRWORA was passed (Figure 1.1).

PRWORA ended the 60-year-old Aid to Families with Dependent Children (AFDC) program, under which the federal government had helped support poor families. In its place, it established TANF, whose very name expresses the intention that welfare assistance be considered temporary. The legislation places a five-year lifetime limit on federally assisted cash benefits for most families — both adults and their dependent children — and authorizes states to impose shorter time limits if they choose. While a state may grant exemptions from the federal time limit, the number of exempted families may not exceed 20 percent of the state's average monthly caseload.

Under AFDC, states received open-ended federal funding to pay benefits, at "matching" rates that were inversely related to the states' per capita income.[2] Federal funding for

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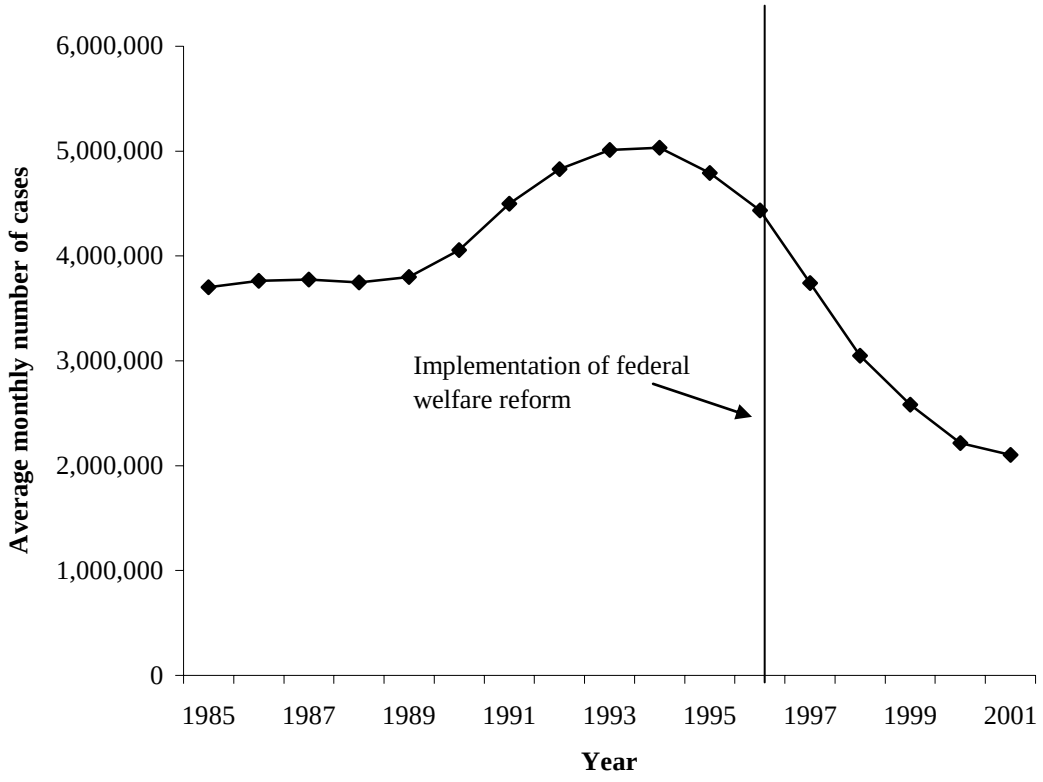
parisons presented in this report are drawn from these source documents. However, in a small number of instances, specific cross-site analyses were undertaken.

[2]States were required to pay a percentage of benefit costs (ranging from 22 percent to 50 percent in 1996) as well as 50 percent of administrative costs.

The Project on Devolution and Urban Change

Figure 1.1

National AFDC/TANF Caseload Trends (Number of Families), 1985-2001



SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families, 2002.

AFDC came with many strings attached. Uniform federal regulations determined, for example, who was eligible for assistance, how income and resources were treated, what basic services and activities were available to participants in welfare-to-work programs, and which families qualified for assistance under the AFDC-Unemployed Parent (AFDC-UP) program. States could deviate from the regulations only if they received special waivers. In the years immediately preceding the passage of PRWORA, the U.S. Department of Health and Human Services (DHHS) granted waivers to 43 states so that they could experiment with new policies and programs for welfare recipients.

PRWORA consolidated and dramatically extended the decision-making power that the federal government had given to states under AFDC waivers. Many of the policies that are stipulated in PRWORA — including time limits — had previously been implemented under waivers.[3] States generally introduced changes in a limited number of areas under their waivers, however. PRWORA allows them to implement much bigger reforms and to change everything at once.

PRWORA entitled states to receive federal block grants in a lump sum amount in federal Fiscal Years 1997 through 2002.[4] Each state was eligible to receive an amount that depended on its pre-TANF spending for AFDC benefits and administration, for the Job Opportunities and Basic Skills Training (JOBS) program, and for Emergency Assistance. PRWORA's maintenance-of-effort provisions required states to spend at least 80 percent of their former spending level (or 75 percent, if the state met the federal work participation rates).

Together, the federal block grants and the state maintenance-of-effort funds — combined with falling caseloads in the late 1990s — meant that most states had unprecedented amounts of money to spend on behalf of poor people and unprecedented freedom in deciding how to spend it. Thus, states could freely allocate their TANF block grants between cash benefits and services. They could set eligibility standards and work program requirements within broad federal parameters.[5] They could also determine how much of recipients' earnings to disregard in calculating benefit amounts; establish diversion programs to keep families from going on aid; institute "family caps" that eliminate or curtail grant increases for additional children born to mothers on welfare; require participation in substance abuse treatment; and impose sanctions (that is, financial penalties) on recipients who lack "good cause" for noncompliance with agency requirements.

The federal government can now control states only by reducing TANF funds if states use their block grants to pay the cash benefits of families who have exceeded their time limits, who fail to meet work program participation requirements established in PRWORA, or who otherwise fail to abide by regulations. States can spend their maintenance-of-effort funds with few constraints, but they are required to fund a range of services to accomplish the purposes of the block grants and to assist families with children who are income-eligible for TANF (including those who would be eligible if they had not exceeded their time limits). If states choose,

[3]The five-year federal time limit for recipients who were already on the rolls started on the date that the states implemented their block grant program.

[4]As of August 2005, Congress had still not finalized the reauthorization of PRWORA. TANF has been operating on short-term extensions since 2002; the current extension is scheduled to expire on September 30, 2005 (Finance Project, Information for Decision Making).

[5]For example, while federal legislation does not allow states to use TANF funds to support households without a minor child, states may set more narrow eligibility criteria. Similarly, while the federal law requires work participation of adult recipients whose youngest child is age 1 or older, states may require participation of adults whose youngest child is less than 1 year old.

they can use maintenance-of-effort funds to pay benefits for families who have been on the rolls longer than five years. Two important issues, then, are how states implemented PRWORA and how those changes affected the welfare-reliant population.

The Urban Context of Welfare Reform

However welfare reform plays out, the fate of recipients living in large urban areas will be critical in determining the impact of the new policies. In recent decades, poverty and other social problems have become increasingly concentrated in central cities.[6] If the new welfare policies trigger dramatic changes in public assistance programs, residents of large urban areas will feel the impacts — positive or negative — in greatest numbers.

Big cities and counties face a challenge because poverty and welfare receipt are concentrated within their borders. This concentration has been exacerbated over the last several years as urban county caseloads have fallen more slowly than the national caseload. A study of 89 large cities and urban counties found that they contained 33 percent of the U.S. population but that their share of the national welfare caseload increased from 48 percent in 1994 to 58 percent in 1999.[7] Los Angeles is no exception to this trend. With only 28 percent of California's population in 1999, its share of the state's welfare caseload increased from approximately 34 percent in 1994 to 37 percent in 1999.[8]

Big cities face special challenges because of recipients' characteristics. Immigrants — whose access to federal benefits is curtailed under PRWORA — are much more likely to live in big cities than in rural areas, and immigrants are an especially large share of California's population. Long-term welfare recipients are also disproportionately concentrated in big cities. Long-term recipients — who may have special difficulty in securing employment — are the most likely to be affected by PRWORA's participation requirements and time limits.

The economic environment also poses a challenge for big cities. Even in the healthy U.S. economy of the late 1990s, the majority of job growth occurred in the suburbs rather than in central cities, and urban areas suffered from especially high rates of unemployment. In many cities, employment prospects for workers with little education either declined sharply or failed to keep pace with employment for better-educated workers.

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[6]Jargowsky, 1997.

[7]Allen and Kirby, 2000.

[8]The increase in Los Angeles was, however, smaller in magnitude than increases in the other three Urban Change sites. For example, Miami-Dade County's share of Florida's state welfare caseload grew from 20 percent in 1993 to 31 percent in 2001 — a 55 percent increase over eight years, compared with the 7 percent increase over five years in Los Angeles County.

Many inner-city residents might leave welfare if they could secure employment, but they might have difficulty finding jobs because of *space* and *race.* According to recent employer surveys in Los Angeles and three other cities (Chicago, Cleveland, and Milwaukee), the majority of job openings for which welfare recipients were qualified were in suburban firms that had little experience in employing African-American workers and were located far from public transit stops.[9] Welfare recipients might be able to obtain the more plentiful suburban jobs only if adequate public transit systems or transportation assistance are in place and if the agencies that are charged with helping them find jobs tell them about suburban job opportunities. This kind of help may be especially important for inner-city welfare recipients, whose social networks are less likely to include stably employed neighbors who can act as informal sources of job referrals.[10]

Finally, big-city welfare agencies often have large caseloads, are constrained by union or civil service rules, and have aging physical plants. Perhaps for these reasons, some states exempted large urban areas when they implemented pre-TANF waivers.[11] Rightly or wrongly, big-city welfare departments are often perceived as bureaucratic institutions that are resistant to change.

Despite these challenges, metropolitan America is not monolithic. Recent studies have shown that the opportunities and barriers for welfare recipients depend on local labor markets,[12] transportation routes,[13] and the characteristics of the population and housing.[14] Moreover, "devolution" means that different cities might implement welfare reform in different ways. Studies such as Urban Change that focus on a few places can be sensitive to when and how new policies are implemented. This report on Los Angeles and reports on the other three Urban Change counties provide a view of how local decisions and urban context have affected the implementation and outcomes of welfare reform.

Economic and Social Trends in the Los Angeles Metropolitan Area

Los Angeles evokes many contrasting images: Hollywood and the glitz of famous movies stars; natural disasters including earthquakes, yearly fires, and flooding; extreme wealth in neighborhoods such as Beverly Hills; extreme poverty in neighborhoods such as South Central, Compton, Watts, and East Los Angeles; an urban concrete expanse that traverses hundreds of freeway miles; a prism of cultures, races, and ethnicities; thousands of immigrant workers; and

[9]Holzer, 1999; Holzer and Stoll, 2000.
[10]Wilson, 1996.
[11]Allen and Kirby, 2000, p. 16.
[12]Holzer and Danziger, 2001.
[13]Holzer and Stoll, 2000.
[14]Coulton, Leete, and Bania, 1999.

class, political, social, and racial divides. Indeed, Los Angeles is a city of contrasts that define its demographic, economic, and social core. To provide a context for this Urban Change study of Los Angeles, it will be helpful to understand the social and economic circumstances of the second-most-populous city and the largest county in the United States.

Geography

Los Angeles County covers a vast physical space — it spans 4,061 square miles, an area larger than the states of Delaware and Rhode Island combined. The county includes 88 cities as well as unincorporated areas within its boundaries. From the city's downtown hub, its northernmost region includes the San Fernando Valley over 25 miles away. To the west and south — where sun, surf, and palm trees are found in abundance — are the popular Santa Monica and Venice beaches. Farther south is the City of Long Beach, a major seaport and home to recent arrivals from Southeast Asia, Mexico, and Central America as well as to many working-class African-Americans and middle- to upper-middle-class whites. Immediately south of downtown is the beginning of the city's historic black community, encompassing South Central, Compton, Watts, and Inglewood. Finally, immediately east of downtown and east beyond Montebello and into Pico Rivera is the largest barrio outside Mexico City. Figure 1.2 presents a map of Los Angeles County.

Population

Nearly 10 million people live in Los Angeles County, and about 3.7 million live in the city itself (Table 1.1). Los Angeles, like other cities in the Southwest, underwent substantial growth in the 1980s, with growth continuing at a much reduced rate during the 1990s. Population growth in the county occurred at about the same pace both in the Los Angeles metro area and in the outlying cities and suburbs.

An enduring destination for immigrants, Los Angeles owes almost all its expanding population base in the past two decades to its considerable immigration flow. Foreign-born residents made up 36 percent of the county's population in 2000. Mexico has contributed the most to this population by far, but immigrants from El Salvador and Guatemala each account for over 100,000 residents. The percentage of the county population that was Latino rose from less than 20 percent in 1970 to almost 45 percent in 2000. Sizable numbers of immigrants from East Asian countries (especially China, Korea, and the Philippines and, to a lesser extent, Cambodia and Vietnam) have also made Los Angeles their home. A full 54 percent of the county's residents who were older than age 5 in 2000 spoke a language other than English at home.

As a result of these immigration patterns, Los Angeles is one of the nation's most racially diverse counties. However, the population growth among Latinos has been offset to some

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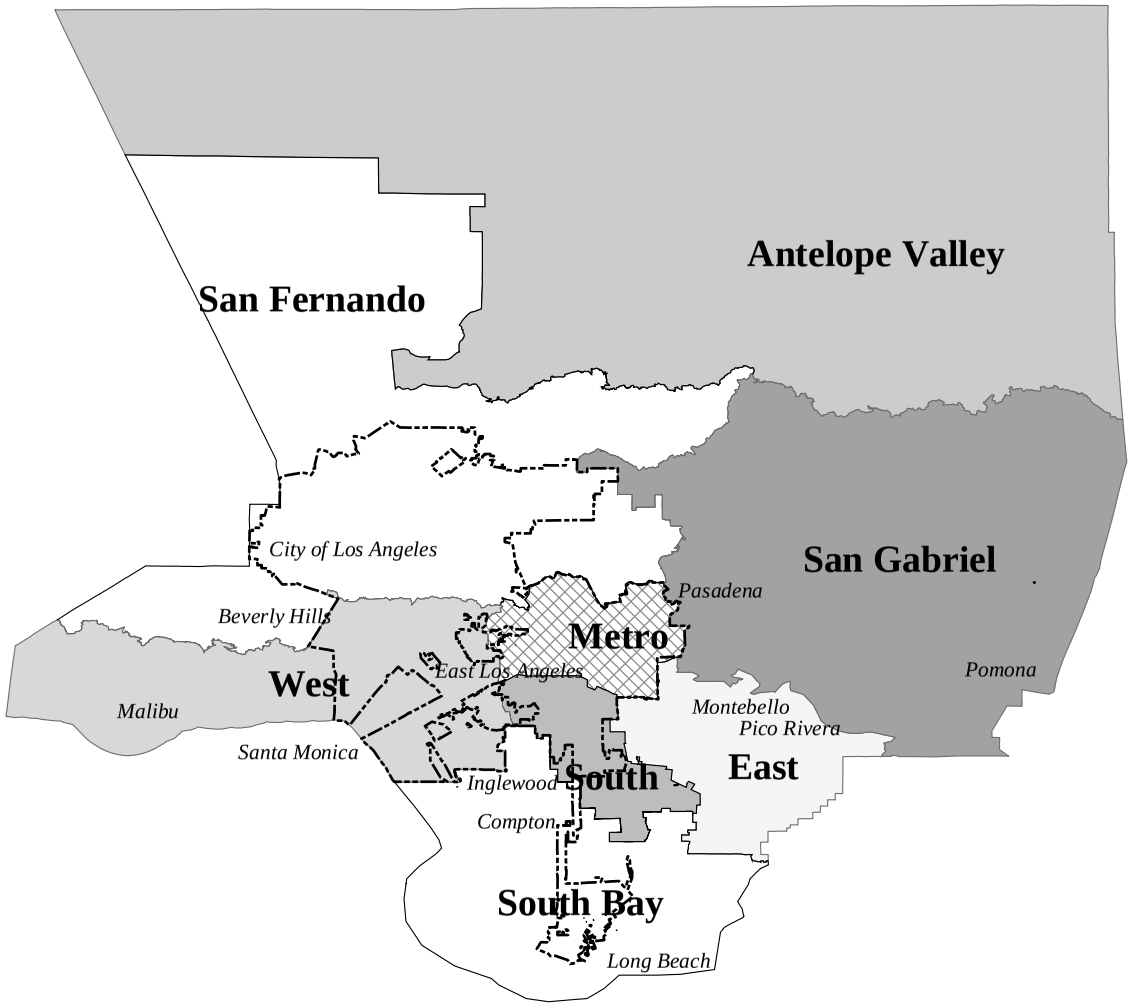
Figure 1.2
Service Planning Areas and Well-Known Neighborhoods of Los Angeles County



City of Los Angeles municipal boundary

SOURCE: Urban Change Neighborhood Indicators Database.

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Table 1.1

Demographic and Economic Trends, Los Angeles Metropolitan Area

Trend	1970	1980	1990	2000
Population				
CMSA	9,972,037	11,497,568	14,531,529	16,373,645
Los Angeles County	7,032,075	7,477,503	8,863,164	9,519,338
Los Angeles City	2,816,061	2,966,850	3,485,398	3,694,820
Long Beach City	358,633	361,334	429,433	461,522
CMSA population in central city (%)	28.2	25.8	24.0	22.6
Poverty rate (%)				
CMSA	10.2	11.6	12.8	15.3
Los Angeles County	10.7	13.2	14.8	17.6
Los Angeles City	13.0	16.1	18.5	21.7
Long Beach City	11.3	13.8	16.2	22.4
Percentage who are African-American				
CMSA	8.3	9.2	8.4	7.6
Los Angeles County	10.8	12.6	11.2	9.8
Los Angeles City	17.9	17.0	13.9	11.2
Long Beach City	5.3	11.2	13.7	14.9
Percentage who are Latina				
CMSA	17.2	24.0	32.4	40.3
Los Angeles County	18.3	27.6	37.3	44.6
Los Angeles City	18.4	27.5	39.3	46.5
Long Beach City	7.3	14.0	23.3	35.8
Percentage who are foreign born				
CMSA	9.8	18.5	27.1	30.9
Los Angeles County	11.3	22.3	32.7	36.2
Los Angeles City	14.6	27.1	38.4	40.9
Long Beach City	6.8	14.2	24.3	28.6
Total employment				
CMSA	3,887,802	4,852,187	6,976,701	6,932,631
Los Angeles County	2,826,565	3,149,077	4,222,818	3,957,917
Los Angeles City	1,150,796	1,240,395	1,673,731	1,533,738
Long Beach City	139,523	152,063	207,566	189,805
Percentage employed in manufacturing				
CMSA	26.2	26.4	19.4	14.7
Los Angeles County	27.3	28.1	20.4	14.8
Los Angeles City	24.0	25.9	18.4	13.2
Long Beach City	24.2	25.5	19.4	14.4

SOURCES: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 1970, 1980, 1990, 2000.

NOTE: In the case of the Los Angeles, the CMSA (consolidated metropolitan statistical area) includes the five counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

extent by declining proportions of both whites and African-Americans over the past few decades. Several predominantly African-American neighborhoods in South Los Angeles lost numerous residents. The white population in the county declined by nearly half a million between 1990 and 2000.

Inflows of immigrants have made Los Angeles one of the nation's most youthful counties, with a large share of Los Angelenos being in their late twenties and early thirties. With many Latinos starting families in Los Angeles, the county also has a sizable number of children: In 2003, almost 30 percent of the county's residents (over 2.7 million) were under age 18.

The contrasts of Los Angeles are as evident in the population's educational attainment as in its cultural and ethnic diversity. About one-quarter of the adults in Los Angeles are college-educated. However, the percentage of the population who have graduated from high school fell between 1990 and 2000. Trends in educational attainment suggest an economic restructuring with the emergence of "two economies" in Los Angeles: a high-skilled population segment that is disproportionately represented by whites and Asians and a low-wage segment that is disproportionately African-American and Latino.[15]

Economy

The evolution of Los Angeles County's population is paralleled by enormous changes in the county's economy. In particular, manufacturing once played a pivotal role in the area's economic stability, but the proportion of jobs in manufacturing declined dramatically since the 1980s, as it did in many areas of the United States. As Table 1.1 shows, the manufacturing sector employed fewer than one out of seven workers in 2000, compared with over one out of four in 1980. Still, Los Angeles remains a major manufacturing center, particularly in the manufacture of apparel, instruments, and aircraft and parts. The leading industries in Los Angeles today are business and professional management services, entertainment and tourism, health services and biomedical enterprises, and direct international trade. The "new economy" of Los Angeles County is driven in large part by technology, with growth in biomedical, digital information, and advanced transportation technology.[16]

There were some improvements in Los Angeles on key economic indicators during the 1990s. In particular, Figure 1.3 shows that unemployment rates peaked in 1992-1993 and then began a decline that was barely interrupted until 2001, coinciding with the end of the study period for this report. However, other indicators show a more compromised economic story for the city

[15]Brookings Institution, 2003.
[16]Los Angeles County Economic Development Corporation.

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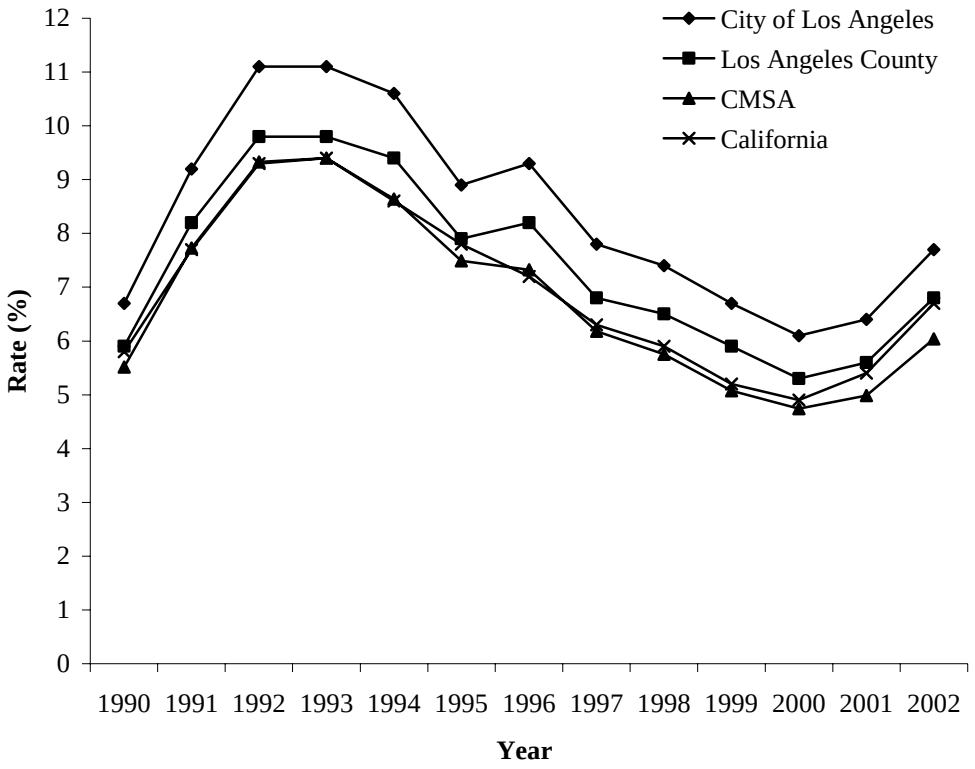
Figure 1.3

Unemployment Rates in Greater Los Angeles and California



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, 2003.

NOTE: The CMSA (consolidated metropolitan statistical area) includes the five counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

and county. For example, only six out of ten adults in Los Angeles were in the labor force in 2000 — one of the lowest labor force participation rates among large cities in the United States. Median household incomes fell by almost 10 percent over the decade (adjusted for inflation), reflecting a decline in middle- to higher-income households and a corresponding growth in low-income households. The median household income in 1999 was just over $42,000.

Meanwhile, poverty in Los Angeles County has steadily increased since the 1970s. In 1970, only about one out of ten Los Angelenos were below the official poverty line; by 2000,

the poverty rate had grown to 17.6 percent — more than a 65 percent increase. According to the 2000 Census, nearly 1.7 million women, men, and children in Los Angeles County were poor.

A situation of particular concern to the low-income population of Los Angeles is the trend in housing. Contrary to what happened nationally, home ownership in Los Angeles declined in the decade from 1990 to 2000, with a home ownership rate of only 50 percent in 2001. In the third quarter of 2002, the average rent for a one-bedroom apartment in Los Angeles was $1,032.[17] Such rents would consume 95 percent of a minimum-wage worker's gross monthly salary, working 40 hours per week. Indeed, it has been argued that the official poverty rate undercounts the number of poor people in Los Angeles, because federal poverty limits do not take differentials in cost of living into account and because housing costs in Los Angeles are among the highest in the nation. Consistent with these steep housing costs, nearly a quarter million people are homeless in the county at some point during the course of a year.

In summary, welfare reform was being implemented in Los Angeles during a period of multiple and substantial changes in the county's economy and its demography.

Los Angeles in Context: Comparison with Other Urban Change Sites

As noted, this report on Los Angeles is the last in the series of four city reports in the Urban Change project; the other cities are Cleveland, Miami, and Philadelphia. Although this report focuses on the manner in which welfare reform moved forward in Los Angeles and on how the lives of its welfare recipients evolved over time, some of the discussion in each chapter examines similarities and differences between Los Angeles and the other three cities. In drawing conclusions about the ways in which the four sites differed, it is important to understand that the social and economic conditions within which welfare reform unfolded were vastly different.

The four counties participating in the Urban Change study are among the most populous in the United States, ranking from number 1 (Los Angeles County) to 23 (Cuyahoga County) in 2000. Trends over time indicate that the populations in Cuyahoga and Philadelphia Counties have been on the decline, whereas Miami-Dade and Los Angeles Counties are growing rapidly. As Table 1.2 shows, the four counties are sharply different in terms of geographic area, ranging from only 135 square miles in Philadelphia to over 4,000 square miles in Los Angeles. This, in turn, has implications for population density: Philadelphia's density (over 11,000 people per square mile) is about five times the density of Los Angeles (2,344 per square mile).

[17]Institute for the Study of Homelessness and Poverty at the Weingart Center, 2003.

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Table 1.2

Selected Demographic and Economic Characteristics in the Four Urban Change Sites, 2000

Characteristic	Cuyahoga	Miami	Philadelphia	Los Angeles	United States
Population					
County	1,393,978	2,253,362	1,517,550	9,519,338	
Primary city	478,403	362,470	1,517,550	3,694,820	
Population change, 1990-2000 (%)	-1.3	16.3	-4.3	7.4	13.2
Land area, square miles	458	1,946	135	4,061	
Percentage who are:					
Below the poverty line	13.1	17.6	22.2	17.6	12.4
African-American	27.4	20.3	43.2	9.8	12.3
Hispanic/Latino	3.4	57.3	8.5	44.6	12.5
Foreign born	6.4	50.9	9.0	36.2	11.1
High school graduates, age 25 or older	81.6	67.9	71.2	69.9	80.4
Under 18 years of age	25.0	24.8	25.3	28.0	25.7
Unemployed	4.2	5.3	6.1	5.3	3.7
Employed in manufacturing	13.9	7.0	8.8	14.8	14.1
Cost-of-living index (2001)	109.3	103.9	121.1	140.0	100.0

SOURCES: American Chamber of Commerce Researchers Association, 2001; U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 1990 and 2000.

NOTE: The "primary cities" are Cleveland, Los Angeles, Miami, and Philadelphia. Note that, in Philadelphia, the county and city are the same (that is, the county encompasses the city and nothing else).

All four of these urban counties are ethnically diverse, but with different ethnic patterns and to different degrees. The majority of residents are white in Cuyahoga County, but ethnic and racial minorities outnumbered whites in the other three counties in 2000. African-Americans represented 43 percent of the Philadelphia residents and 27 percent of Cuyahoga County residents, compared with only 10 percent of Los Angeles residents. Los Angeles and Miami-Dade had very large populations of both native-born Hispanics and immigrants, mostly from Spanish-speaking countries and (in the case of Los Angeles) Asia.

All four sites are characterized by higher rates of poverty (and unemployment) than the national average, but poverty varied considerably across the four Urban Change counties. The 2000

poverty rate ranged from a low of 13 percent in Cuyahoga County to a high of 22 percent in Philadelphia. However, being poor in Los Angeles — where the poverty rate was about 18 percent in 2000 — may have especially severe consequences in terms of purchasing power, because the cost of living in Los Angeles was substantially higher than elsewhere. Differences in housing expense are especially noteworthy. For example, in 2002, the cost-of-living index for housing in Los Angeles (199) was among the highest of metropolitan areas in the nation, compared with a housing-expense index closer to the national average of 100 in Cleveland (96). This means that housing in Los Angeles is twice the amount, on average, as in other metropolitan areas.[18]

On several fronts, the general economic picture in Cuyahoga County in 2000 was somewhat more favorable than in other sites. For example, Cuyahoga had the highest percentage of adults who had graduated from high school, and it also had the lowest unemployment rate in 2000. However, in Cuyahoga County as in Los Angeles, Miami, and Philadelphia, manufacturing jobs declined sharply in the last decades of the century. Less-educated workers tend to be especially hurt by industrial declines, because manufacturing jobs tend to be unionized and to require less formal education than the service jobs that have replaced them.

Components of the Study

To analyze recent welfare policy changes and their effects in Los Angeles (and the other three sites), the Urban Change project included five major components:

1. ***An implementation study*** describes the policies and programs that the Los Angeles welfare agency put into place and the successes and obstacles it experienced in delivering benefits and services. As noted earlier, welfare reform gave state and local governments considerable flexibility in how they administered programs. The implementation study uses extensive field research, surveys of welfare staff, and analysis of program participation and expenditure data to understand how local TANF programs operated and evolved and how welfare recipients perceived the programs.

2. ***An analysis of state and county administrative records*** measures the effects of welfare reform on welfare receipt, employment, and earnings. The study collected records for the universe of Medi-Cal (Medicaid), food stamp, and cash assistance recipients between 1992 and 2001. The analysis uses a multiple cohort comparison, which compares outcomes for similar groups of wel-

[18]The cost-of-living index is based on data from 310 metropolitan areas, compiled by the American Chamber of Commerce Researchers Association (ACCRA). The national average in each quarter is standardized at 100.

fare recipients before and after welfare reform went into effect, to see whether the new policies led to significant changes in behavior.

3. ***A longitudinal survey*** gathered detailed information on low-income families' employment and income, economic hardship, quality and stability of living arrangements, marriage and childbearing, health, and receipt of services. The survey was administered to a random sample of about 1,250 single mothers who were between the ages of 18 and 45, lived in high-poverty neighborhoods, and received either food stamps or AFDC in May 1995. These women were first interviewed in 1998 and were interviewed again in 2001. About 800 women responded to both interviews. About 700 of these women were receiving cash benefits at baseline.

4. ***An ethnographic study*** provides an in-depth look at the experiences of disadvantaged families in certain low-income neighborhoods. While the longitudinal survey yields aggregate statistical information, the ethnographic study provides qualitative data on similar topics. Ethnographic respondents were asked to discuss their welfare, employment, and other life experiences during a series of interviews conducted between 1998 and 2001.

5. ***A neighborhood indicators study*** developed statistical profiles of Los Angeles as a whole and of low-income neighborhoods in the county and determined whether conditions in low-income neighborhoods changed over time. The indicators include employment, poverty, residential mobility, births to teenagers, child maltreatment, access to health care, and others. The study investigated trends in neighborhoods from 1992 through 2000.

Table 1.3 summarizes the data sources used for this report. The combination of individual-level and neighborhood-specific data provides a comprehensive and rich description of how welfare agencies, low-income families, and poor communities have adapted to welfare reform. The longitudinal data offer insights into changes over time — and whether welfare reform may have contributed to these changes. Figure 1.4 shows when the various types of data were collected.

Although the rich array of data enhance the study's ability to understand welfare reform's implementation and effects, it is important to remember that this report covers the late 1990s through the early 2000s, when Los Angeles was making an economic recovery. During that period, greatly reduced caseloads combined with stable block grant funding to leave the Los Angeles welfare department with unprecedented amounts of money for welfare-to-work services. Most pieces of the study describe only what happened before families reached the federal five-year lifetime time limit on welfare receipt.

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Table 1.3

Data Used for the Los Angeles Study

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Program implementation	Field/observational research	Interviews and observations conducted in 3 CalWORKs welfare benefit offices and 3 GAIN Welfare-to-Work offices, and in the central administrative office for the county.	Five rounds of field research conducted between 1997 and 2002.	2
	Survey of intake officers (Eligibility Workers)	Surveyed staffing in 8 offices.[a] Eligible staff completing survey: 81% in 2000 (n = 254).	Staff were surveyed in 2000.	2
	Survey of welfare-to-work case managers (GAIN Service Workers)	Surveyed staffing in 7 regional offices. Eligible staff completing survey: 81% in 2000 (n = 133).	Staff were surveyed in 2000.	2
County and state administrative records: cash assistance, food stamps, and unemployment insurance records	Los Angeles County administrative records and California state unemployment insurance records	The universe of recipients who received food stamps or AFDC/TANF in Los Angeles between January 1992 and December 2001 (5,854,789 recipients in 632,662 cases).	Eligibility and payment records for the period January 1992 to December 2001; unemployment insurance records for the period Quarter 1, 1992, to Quarter 3, 2002.	3, 6
Longitudinal surveys	Two waves of in-person interviews with current and former welfare recipients, conducted by the Institute for Survey Research, Temple University	Randomly selected recipients of cash assistance or food stamps in Los Angeles County in May 1995 who were single mothers, between the ages of 18 and 45, and resided in neighborhoods where either the poverty rate exceeded 30% or the rate of welfare receipt exceeded 20%. In Wave 1, 76% of the sample completed a survey; in Wave 2, 81% of Wave 1 respondents completed a survey; 773 respondents completed both surveys. 697 of these women were receiving cash benefits in May 1995.	Wave 1 completed between April 1998 and April 1999; Wave 2 completed between March and October 2001.	2, 4, 5

(continued)

Table 1.3 (continued)

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Ethnography	Three rounds of in-depth, in-person interviews with current and former welfare recipients. Conducted by on-site researchers from the University of California, Los Angeles.	50 women residing in three neighborhoods varying in ethnic composition and poverty: Westmont / West Athens, Longbeach (including a Cambodian sample), and Boyle Heights.[b]	Interviews conducted from 1998 to 2001.	2, 4, 5
Aggregate neighborhood indicators	Social and economic indicators from administrative agency records, prepared by the Urban Research Division of the County of Los Angeles.	Census-tract-level demographic data from the 1990 and 2000 Census. Census-tract-level annual indictors for 1992 to 2000.	All residential census tracts in Los Angeles County.	6

NOTES:

[a]These offices were Belvedere, El Monte, Glendale, Lincoln Heights, Metro North, South Family, South West Family, and West Valley.

[b]The Cambodian sample (11 women) was not interviewed in the first round of interviews.

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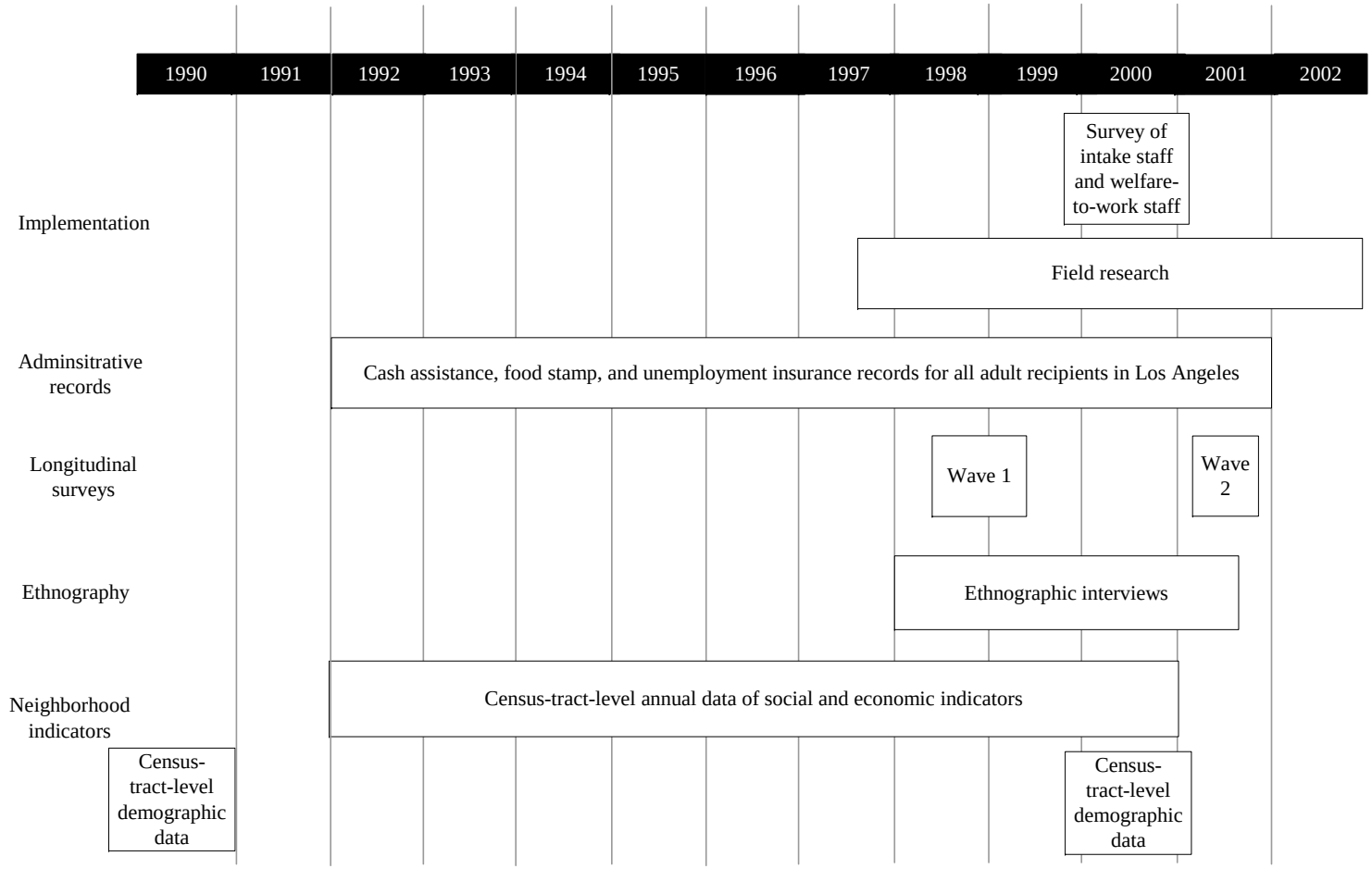
Figure 1.4

Time Line of Data Collection



The Organization of This Report

This report is organized into six chapters, with conclusions and a discussion of policy implications located in the Summary Report at the front of this volume. Each chapter provides a different view of how welfare reform was implemented and what happened as a result.

- Chapter 2 focuses on the policy and program changes introduced after welfare reform and the experiences of former and ongoing welfare recipients. Drawing on documents, observations, and key informant and client interviews, it addresses the questions: *How were the new welfare policies implemented in Los Angeles, and in what ways was that distinctive in comparison with other Urban Change sites?*

- Chapter 3 uses administrative records for nearly 6 million welfare recipients in Los Angeles between 1992 and 2001 to examine how patterns of welfare use and employment changed before and after new welfare policies were implemented. Using a carefully constructed cohort design, the chapter addresses the question: *Did welfare reform in Los Angeles have a measurable effect on rates of entering or leaving welfare or on becoming employed?*

- Chapter 4 draws on surveys and ethnographic interviews with welfare recipients who lived in poor neighborhoods. It addresses the questions: *How did the employment situations among welfare mothers in Los Angeles change during welfare reform implementation, and how did their employment experiences compare with those of welfare mothers in the other three Urban Change sites?*

- Chapter 5 uses the same survey and ethnographic data as Chapter 4, but it focuses on the questions: *What were the material and social circumstances of welfare families in Los Angeles over time, and how did economic circumstances and changes vary in the Urban Change sites?*

- Chapter 6 shifts attention from individuals to the neighborhoods in which they live. By comparing trends in neighborhoods where welfare recipients reside and trends in the balance of the county, it addresses the questions: *How did conditions in low-income neighborhoods in Los Angeles change during the implementation of welfare reform, and how did neighborhood trends compare with other Urban Change sites?*

Chapter 2

The Implementation of Welfare Reform in Los Angeles

As described in Chapter 1, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 set the parameters for welfare reform, but it left a number of important decisions to state and local governments. For example, cash assistance — known as Temporary Assistance for Needy Families (TANF) — was limited to five years for most families, yet states were allowed to set shorter time limits and to determine exemption policies. Other aspects of the federal law allowed flexibility and choices at the state and local levels. For instance, TANF was ascribed four purposes: aiding poor families, ending dependence on government benefits through employment, preventing out-of-wedlock pregnancies, and encouraging the formation and maintenance of two-parent families. States and localities could emphasize each of these objectives equally or could give some objectives more attention than others.

This chapter examines how welfare reform played out in Los Angeles County, after the California Work Opportunities and Responsibility to Kids (CalWORKs) act was signed into law in August 1997. The data used in this chapter come from a number of sources, including several rounds of field observations between 1997 and 2002 in three Los Angeles welfare offices and three welfare-to-work offices; interviews and informal discussions with welfare staff and administrators over the same period; focus group sessions with recipients at the welfare office; review of the welfare agency's records, reports, and documents; a survey of welfare staff in eight welfare district offices and all seven welfare-to-work regional offices in 2000; survey interviews with nearly 700 ongoing or former welfare recipients in 1998 and again in 2001; and in-depth ethnographic interviews with 50 welfare recipients in three low-income neighborhoods between 1998 and 2001. The chapter focuses on policy implementation through the year 2002. Changes that have occurred since that time may not be captured here.

The chapter addresses three broad sets of questions:

- What was California's response to PRWORA? How did California's welfare reform policies differ from the policies that were established in the three other sites that were involved in the Urban Change study?
- How were the state's policies implemented in Los Angeles County and how did the program unfold over time? What were the specific challenges and programmatic initiatives in Los Angeles County?

- What were the experiences of participants and caseworkers during welfare reform in Los Angeles? How did their experiences differ from the experiences of participants and caseworkers in the other Urban Change sites?

Summary of Findings

- **California attempted to balance the goal of moving families toward economic self-sufficiency and the desire to protect children on welfare.**

California adheres to the federal lifetime limits on cash assistance — 60 months — but, unlike most other states, the time limits (as well as sanctions for noncompliance) apply only to the adult portion of a case's grant. California's plan is intended to safeguard recipients' children, who continue to be eligible for TANF (as well as for Medi-Cal, California's Medicaid program) at the state's expense. California's policies to move recipients into employment include a welfare-to-work participation requirement of 32 hours per week, starting immediately on approval. California also instituted a "work-trigger" time limit: After 18 months (24 months for those who were on the rolls when the program was put in place), recipients must work at least 32 hours a week in unsubsidized employment or community service.[1] At the same time, recipients are offered expansive incentives for employment: generous earned income disregards, along with child care, transportation, and access to additional training.

- **California protected immigrants' access to benefits.**

California uses federal TANF funds to provide benefits to immigrants who quality for TANF under federal law (those who entered the United States before August 22, 1996, or who have been in the country for at least five years), but it uses state funds to provide TANF and Medi-Cal benefits to legal immigrants who immigrated after that date or who arrived less than five years ago. California also used state funds to pay for food stamps for immigrants who lost eligibility with the passage of PRWORA, until the federal government restored eligibility to nearly all immigrants in 2002.

- **Los Angeles County had a program in place in 1996 that was broadly compatible with CalWORKs, so it did not need to make radical changes in its program or mission — only in its scale of operations.**

Los Angeles's prior experiences had moved the county toward an emphasis on quick employment in the early and mid 1990s. PRWORA did not so much change the emphasis as it pushed Los Angeles to expand its program to include more of the recipient households in its

[1]The work-trigger time-clock policy was in place throughout the study period. However, this first time limit was abolished as of December 2004, in accordance with state legislation SB1104.

employment efforts. Following PRWORA, the two most significant policy changes in Los Angeles were time limits and mandatory participation for all nonexempt households.

- **Los Angeles's employment-focused approach was enhanced with supports for getting better employment.**

Continuing its earlier emphases, the Los Angeles plan articulates the view that finding employment is a critical first step toward achieving self-sufficiency but that retaining jobs and moving up the employment ladder are also vital in the long run. Thus, the Los Angeles County Department of Public Social Services (DPSS) emphasized postemployment services to help working participants develop advanced job skills and find better jobs. DPSS also developed specialized screening procedures and services for participants who had certain barriers to employment — domestic violence, substance abuse, and mental health problems.

- **Los Angeles has the largest and one of the most diverse welfare caseloads in the nation, which complicated the implementation of new welfare policy.**

In Los Angeles County, the welfare agency began implementing CalWORKs during a period of declining caseloads, decreasing from a peak of about 315,000 in 1994 to just under 260,000 when CalWORKs took effect in early 1998. The caseload in Los Angeles County is larger than that in any other county in the United States, however, and over 40 percent of the cases do not speak English as their native language. Los Angeles also has a relatively high percentage of two-parent households among the caseload. Thus, the size and diversity of the agency and its clients created a challenging environment for effecting change.

- **The complexity of Los Angeles's time-limit policies, combined with the application of penalties only to the adults in the assistance unit, may have undermined the effectiveness of policies intended to push participants toward employment.**

California's 18-month work-trigger time clock (24 months for participants who were receiving welfare as of April 1, 1998) begins when clients sign a welfare-to-work plan and begin to receive employment services. Most recipients in Los Angeles, however, never sign this plan — often because they find employment. Caseworkers explain both the 18-month and the 60-month time limit, but since relatively few recipients were affected by the first (work-trigger) time limit, many recipients may have concluded that time limits — including the lifetime limit — are not real. This ambiguity, combined with the fact that penalties for noncompliance with participation requirements and the lifetime limits themselves apply only to the adult portion of the grant, may have reduced the effectiveness of the time-limit policies for some recipients.

- **Despite the complications noted above, caseloads in Los Angeles County fell after CalWORKs was implemented, and the rates of participating in the**

state's welfare-to-work program (Greater Avenues for Independence, or GAIN) increased substantially.

Although welfare-to-work policies may have been undermined to some extent, caseloads continued to decline in Los Angeles County throughout the late 1990s and early 2000s. By the end of 2002, the total caseload was just over 175,000 recipients. Increasing percentages of the adult caseload enrolled in GAIN, and actual rates of participating in work-related activities peaked at nearly 47 percent of the single-parent caseload in early 2001. Recipients who did not comply with participation requirements were increasingly likely to be penalized; by mid-2002, sanctioning affected about 20 percent of single-parent cases.

- **A steadily high percentage of recipients in Los Angeles combined welfare benefits with employment income.**

A substantial percentage of the caseload in Los Angeles met their participation requirements by combining welfare benefit receipt with earned income. California's generous earnings disregard policy — in conjunction with high benefit levels — allows families to continue to receive benefits at a higher level of earnings than in most other states, and recipients in Los Angeles County appear to have taken advantage of this policy. For example, in January 2001, about 25,000 GAIN participants were in unsubsidized employment (compared with fewer than 2,000 in job club; about 8,000 in vocational training; and about 2,000 in adult basic education). By the first quarter of 2001, 40 percent of adult recipients in single-parent families were combining work and welfare.

- **Beginning in 2001, the implementation of some of Los Angeles's innovative programs was hamstrung by budget problems.**

An innovative, multiagency plan to consider entire families as a service unit — the Long-Term Family Self-Sufficiency (LTFSS) plan — was generated in a series of countywide community meetings involving county residents, nonprofit and religious organizations, and public agencies. Although some programs from the plan were put into service, a budget crisis put the brakes on full implementation and also resulted in a hiring freeze that threatened core CalWORKs services.

- **Recipients had mixed views of Los Angeles's program.**

The enthusiasm of DPSS staff did not translate into positive perceptions of the department on the part of all welfare recipients. Recipients complained that eligibility workers were difficult to contact, and many recipients left the welfare office with inadequate knowledge of the rules. There were fairly high levels of misunderstanding about basic policies, especially about time limits. Moreover, while some recipients felt inspired by the welfare-to-work activities,

many said that their case managers pushed them to take jobs that did not pay enough and that the case managers offered little assistance in finding good jobs.

Rewriting the Rules: California's Welfare Reform Policies

This section examines welfare policies that were in place in California before PRWORA and then describes the state's response to the new federal legislation. California's policies are put into context by comparing them with policies in the three other Urban Change sites. Most of this chapter, however, describes the actual implementation of California's policies in Los Angeles County and the experiences of the staff and clients during the transition to CalWORKs.

California's Welfare Policies Before PRWORA

California had taken steps to reduce welfare rolls and to promote employment well before PRWORA was passed in 1996. The state's welfare-to-work program, Greater Avenues for Independence (GAIN; established in 1985), had originally offered education to most program participants. A random assignment study of several California counties' GAIN programs (including Los Angeles), however, revealed that Riverside County's approach — combining an emphasis on quick employment with opportunities for training and human capital development for those who could not find jobs — was more effective in reducing welfare caseloads and in improving earnings than approaches in other counties.[2] Several counties subsequently relied on these results to make changes in their policies, and, in 1995, California passed legislation to encourage all counties to focus on quick employment as the principal strategy for GAIN programs.

Also before PRWORA, California had strengthened its policies to encourage welfare recipients to work, by removing time limits on the disregards of earned income in the calculation of cash benefit levels. The federal government allowed agencies, in calculating benefit levels, to disregard the first $90 (a work-expense disregard) plus the first $30 of monthly earnings plus one-third of the remainder for a limited period. California was granted a federal waiver in 1992 that extended the earned income disregard for as long as the case continued to qualify for benefits.[3]

Given the compatibility of the existing welfare program with PRWORA's emphasis on employment, California should have been positioned for a relatively smooth transition to TANF-compliant welfare policies. An extended debate in the state legislature, however, delayed California's response to PRWORA. As shown by the time line in Figure 2.1, almost a year passed before

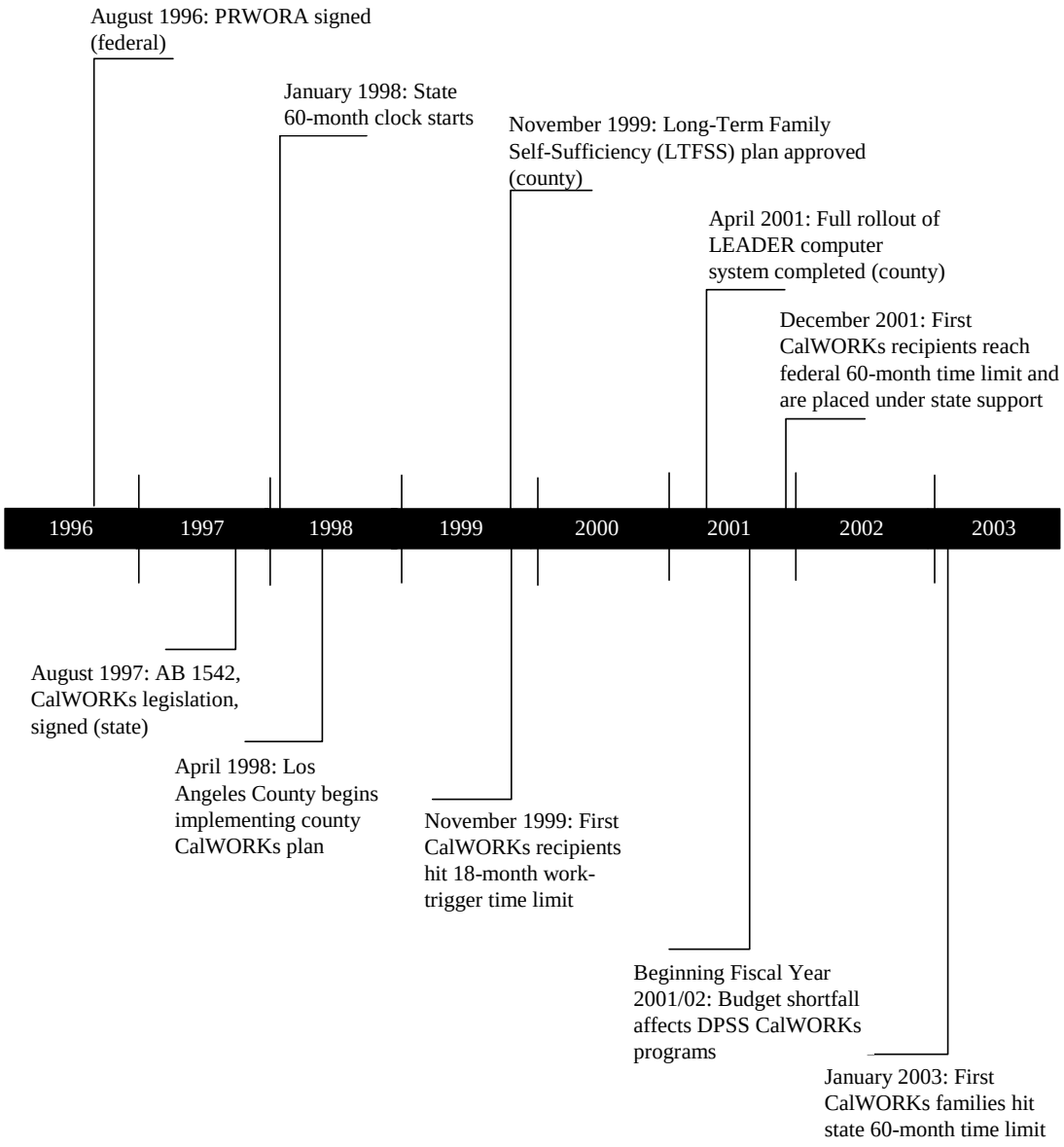
[2]Riccio, Freidlander, and Freedman, 1993.

[3]In 1996, a family of three would be at the "breakeven" point — that is, become ineligible for cash welfare benefits — with earnings of $1,215 per month. The extension of the $30 and one-third earned income disregard went into effect in 1993.

The Project on Devolution and Urban Change

Figure 2.1

Time Line of Welfare Reform in Los Angeles



AB 1542 — California Work Opportunities and Responsibility to Kids (CalWORKs) — was finally signed into law on August 11, 1997. According to the legislation, California continues to provide oversight of the state's overall welfare program, with administration and some decision-making being devolved to the counties, as had been the case even before PRWORA.

CalWORKs Policies

CalWORKs combines policies intended to limit welfare receipt, encourage work, and change the behavior of welfare recipients while preserving a safety net for children. As shown in Table 2.1, CalWORKs introduced a number of changes to welfare policies in California. Key features of the new policies are described below.

Time-Limited Welfare

Although California adopted the federal 60-month lifetime limit on welfare receipt, it is one of only six states that decided not to apply time limits to children's portion of the grant.[4] California's 60-month clock began ticking on January 1, 1998. Any families who received welfare continuously after that date and who were not exempted from the time limits received their last full-family check in December 2002. Families subsequently received benefits only for children 18 years of age or younger who remained in the assistance unit, and these benefits were at the state's expense.[5]

Participation Requirements

Welfare recipients who are not exempted from participation in work activities are automatically enrolled in GAIN, the welfare-to-work program, after they are approved for CalWORKs benefits.[6] The minimum participation requirement is 32 hours per week of qualifying activities for single-parent households — higher than the federal 30-hour requirement.[7]

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[4]The other states are Arizona, Indiana, Maine, Maryland, and Rhode Island. Texas applies the 60-month limit to the whole family but removes the adult from the case when the family reaches the interim limit.

[5]Because California signed its CalWORKs legislation late, the state committed to paying for benefits to families who were still eligible for benefits between December 2001 and December 2002 — the dates when the federal clock and the state clock, respectively, hit 60 months of continuous welfare payments.

[6]Before CalWORKs, California officially required adults whose youngest child was 3 years of age or older to participate in qualified activities — including employment, job training, or education — but, in fact, allowed many households to receive benefits without such participation. In Los Angeles, capacity limitations led DPSS to require participation only of long-term recipients, with other recipients' being invited to participate voluntarily.

[7]Beginning October 1, 1999, assistance to two-parent families was covered under a separate state program, rather than as part of the federally funded CalWORKs program. This allowed California to eliminate two-parent households from calculations of participation rates. The participation requirement for two-parent families is 35 hours per week, which can be fulfilled with part-time work by both parents.

The Project on Devolution and Urban Change

Table 2.1

Changes in Welfare Policies in California Since Welfare Reform

Benefit Type	Pre-Welfare Reform (1993-1997)	Post-Welfare Reform (1997-2000)
Cash assistance (AFDC or TANF)		
Maximum grant, family of 3	$607 (in 1996)[a]	$626 (in 2000)
Time-limit policy	None	Lifetime limit of 60 months, applied to the adult portion of the cash grant
Diversion policy	None	Up to 3 months lump sum payment in lieu of TANF, or up to 6 months lump sum payment in certain circumstances; specific policies determined by counties
Earnings disregard policy	$90 work expense plus $30 and 33 percent of earnings	$225 of monthly earnings plus 50 percent of the remainder
Income level at which eligibility ends, family of 3	First 4 months: $1,215 (in 1996) After 12 months: $820 (in 1996)	$1,458 (in 2000)
Work requirements		
"Work-trigger" time limit	None	Must be employed in unsubsidized work or community service work by 18 months (24 months for participants receiving benefits as of April 1, 1998) to continue to qualify
Age of youngest child for "mandatory" recipients	3 years	6 months (3 to 12 months, at county discretion) for first child; 12 weeks for subsequent children (up to 6 months, at county discretion) – Los Angeles elected 12 months and 6 months
Number of hours of work activities required each week	20-40 hours, depending on the activity and whether the family was a single-parent family or a two-parent family	32 (single-parent household) 35 (two-parent household)
Penalty for noncompliance	Termination of adult portion of the grant (adult-only sanction)	Termination of adult portion of the cash grant (adult-only sanction)

(continued)

Table 2.1 (continued)

Benefit Type	Pre-Welfare Reform (1993-1997)	Post-Welfare Reform (1997-2000)
Child support enforcement		
Penalty for noncompliance	Termination of adult portion of the grant (adult-only sanction)	Termination of 25% of the cash grant (adult-only sanction)
Amount of child support collections "passed through" to recipient	$50	$50
Parental/behavioral requirements		
Family cap	None before August 1997	No child born 10 months or more after household enrolls in welfare added to unit
Immunization requirements	None	Immunization records required for all non-school-age children
School attendance requirements	None	Proof of school attendance required for school-age children; penalty for truancy or noncompliance is adult portion of the cash grant for children under 16 years of age, and child's share if child is 16 or older
Food stamps		
Maximum grant, family of 3	$292-321[b]	$321-$335[b]
Income level at which eligibility ends, family of 3	$1,254-$1,445[c]	$1,445-$1,504[c]
Penalty for noncompliance with work requirements or child support enforcement	None	Adult's food stamp allotment sanctioned

(continued)

Table 2.1 (continued)

Benefit Type	Pre-Welfare Reform (1993-1997)	Post-Welfare Reform (1997-2000)
Medicaid		
Coverage of children in poverty	Children under age 6 in households with income at or below 133 percent of the federal poverty level, and children ages 6 through 18 in households with income at or below 100 percent of the federal poverty level	Medi-Cal for children ages 0 to 1 at 200 percent of the federal poverty level, for children ages 1 to 6 at 133 percent of the federal poverty level, and for children ages 6 to 19 at 100 percent of the federal poverty level
Penalty for noncompliance with AFDC or TANF work requirement	None	None

SOURCES: California Budget Project, 1997; Los Angeles Coalition to End Hunger and Homelessness, 2003; U.S. House of Representatives, 1993, 1996, 1998, 2000; Los Angeles County Department of Public Social Services.

NOTES:

[a]California's maximum AFDC payment declined in three steps from a high of $694 in 1990 to $565 in 1997.

[b]$321 was the maximum food stamp allotment for a family of 3 in fiscal year 1998.

[c]$1,445 was the income cutoff for food stamps for a family of 3 in fiscal year 1998.

Work-Trigger Time Limit

The state also initially imposed a "work-trigger" time limit on recipients: After 18 months (24 months for those who were receiving welfare on or before April 1, 1998), they were required to be working in unsubsidized employment or community service to maintain eligibility for TANF.[8] If a household reached the work-trigger time limit and did not fulfill the requirements, only the adult portion of the grant was discontinued.

Benefit Levels

Under CalWORKs, as before PRWORA, California offers generous cash benefits: $626 per month for a family of three in 2000.[9] When a case is sanctioned for noncompliance (or when a case reaches the five-year time limit), the amount of the grant is reduced by about 20 percent — for example, down from $626 to $505 per month for a family of three.

Earned Income Disregard

Under CalWORKs, California increased the amount of monthly earnings that are disregarded in calculating welfare benefits — to the first $225 plus 50 percent of additional earnings — and continued to offer it for an unlimited period. This disregard (one of the most generous in the nation), along with California's high grant levels, meant that, in 2000, a family of three could continue to work and could draw some cash benefits until the family's earned income reached $1,458 a month.[10]

Benefits for Immigrants

California's policy protects immigrants from the loss of benefits under PRWORA. The state uses federal TANF funds to provide benefits to immigrants who qualify under federal law: those who entered the United States before August 22, 1996, or who have been in the country for at least five years. The state uses its own funds to provide TANF and Medi-Cal benefits to

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[8]Recipients who reached the 18-month point could request a single six-month extension, if they were engaged in training that was likely to result in employment by the end of the extension period. As noted previously, the 18- or 24-month time-clock policy was eliminated in December 2004.

[9]In 1997, for example, California's maximum grant for a family of three was $565; only Alaska, Connecticut, Hawaii, Massachusetts, New York, Vermont, and Guam provided equal or higher amounts. As of 2000, only Alaska, Connecticut, Hawaii, New York (Suffolk County), Vermont, Wisconsin, and Guam offered higher benefits (U.S. House of Representatives, Committee on Ways and Means, 1998, 2000). In 2002, California's grant was $679 for a family of three.

[10]For a household working and receiving benefits for more than one year, California's breakeven level is higher than in any other state except Alaska and — for work-exempt households — Hawaii (U.S. House of Representatives, Committee on Ways and Means, 2000). Many states "step down," or eliminate, the disregards after some months of employment.

those legal immigrants who entered the United States after August 22, 1996, or who are within their first five years of immigration. California also used state funds to pay for food stamps for immigrants who lost eligibility with the passage of PRWORA, until the federal government restored eligibility to nearly all immigrants in 2002. California continues to use state funds to provide food stamps to legal immigrants who remain ineligible under current federal law (that is, those who have not been in the country for at least five years).[11]

Family Cap

Before August 1997, a family's monthly welfare benefit was increased by approximately $100 whenever a new child was born. California instituted a "family cap" policy at about the same time that CalWORKs was implemented: Children born 10 months or more after a case opens do not result in an increased grant (although they are eligible for Medi-Cal). This family cap policy is not technically a response to PRWORA, but its implementation nearly coincided with CalWORKs.

Parenting Requirements

Under CalWORKs, parents are required to show evidence of immunization for preschool-age children and of school attendance for school-age children.

Sanctions

Recipients in California can be sanctioned for a variety of reasons, including not showing up for meetings with caseworkers, not cooperating with efforts to collect child support, and not participating in assigned welfare-to-work activities. Sanctions result in the termination of only the adult portion of a case's grant.[12] For the first instance, the sanction is in place until the adult complies. For the second instance, the sanction is in place for three months, or until com-

[11]The provisions in the TANF legislation relating to benefits for noncitizens were among the most controversial of the new federal policies. The cost of federal retrenchment from providing for noncitizens would, of course, be disproportionately borne by the seven "port-of-entry" states where three out of four new Americans reside (California, New York, Texas, Florida, Illinois, New Jersey, and Arizona). Of these seven states, only California provides state-subsidized cash assistance, health care, and nutritional benefits to postenactment immigrants. California's efforts to provide these supports to immigrants must be seen in the context of the voters' passage, in 1994, of state Proposition 187, a ballot measure that (had it not been overturned) would have restricted undocumented immigrants' access to public services. While Proposition 187 was defeated in federal court in 1998, it is widely believed to have led many immigrants, documented and not, to shun public services for fear of attracting the attention of the Immigration and Naturalization Service (INS) (Zimmermann and Fix, 1998).

[12]In total, 15 states do not apply full-family sanctions (State Policy Documentation Project, 2001).

pliance, whichever is longer. And for the third and subsequent infractions, the case is sanctioned for a minimum of six months.[13]

Taken together, these policies suggest that the state and the county had two principal objectives for welfare reform: (1) to end dependence on government benefits by helping recipients find employment and (2) to protect children from potential harm by exempting their cash assistance from sanctions and time limits imposed as a consequence of the activities of adult caretakers. CalWORKs policies are broadly compatible with California's welfare policies before PRWORA. While some new policies have been put into place (significantly, time limits, stricter participation requirements for the entire nonexempt caseload, and more generous work incentives), CalWORKs can also be seen as an evolution of welfare policy trends in California.

Policies in the Four Urban Change Counties

To provide a broader context for understanding California's welfare policies after PRWORA, Table 2.2 summarizes the key features of the policies that were in place in Los Angeles County and in the other three Urban Change sites: Cuyahoga County, Ohio (Cleveland); Miami-Dade County; and Philadelphia County. As this table shows, all four counties had a lifetime time limit, transforming cash assistance from an entitlement to temporary income assistance. The four counties also had an employment-focused program with enhanced work incentives, employment-related services, and mandatory participation requirements for parents of young children.

However, the four counties' policies and messages to recipients differed considerably in several respects. Cuyahoga and Miami-Dade have stringent time-limit policies; the lifetime limit is only four years in Miami-Dade, and both counties have interim time limits that temporarily terminate cash assistance after even shorter periods. Both counties also mandate that mothers of very young children (only 12 weeks of age in Cuyahoga County) participate in work-related activities, and the penalty for noncompliance is termination of the family's entire grant. Los Angeles and Philadelphia have more lenient lifetime time-limit policies, but they implemented work-trigger time clocks. Los Angeles has policies that shield children from sanctions *and* from time limits, meaning that California is responsible for paying for the children's portion of the grant after the parents exceed the federal lifetime limits of five years. Los Angeles also has the most generous grants, which — when combined with the county's earned income disregard — allows recipients to keep a substantial share of their earnings (nearly twice as much as in Miami-Dade) before they lose eligibility for cash assistance.

[13]A recipient's failure to file a monthly report, however, is an infraction of an eligibility requirement and results in the total discontinuance of aid.

Table 2.2

Key Welfare Policies After PRWORA in the Four Urban Change Sites

Descriptor	Cuyahoga County	Miami-Dade County	Philadelphia County	Los Angeles County
Lifetime time limit	5 years	4 years	5 years	5 years, adult portion of grant only
Interim time limit	36 months, with 24 months off before reeligibility	24 or 36 months, depending on circumstances	None	None
Work-trigger time limit	None	None	2 years	18 months (24 months for those on welfare when Cal-WORKs first implemented)
Program emphasis	Work-focused, mandatory participation	Work-focused, mandatory participation	Work-focused, mandatory participation	Work-focused, mandatory participation
Hours of work activity required each week	30	30	20 (after 2 years)	32 for single parents; 35 for two-parent families
Age of youngest child for mandatory participation	12 weeks	6 months	12 months[a]	12 months for the first child, 6 months for subsequent children
Sanctions for noncompliance	Full-family sanction	Full-family sanction	Adult portion for first 24 months on TANF, then full-family sanction	Adult portion only
Maximum cash grant, family of 3 (2000)	$373	$303	$403	$626
Work incentives — amount of earnings disregarded	$250 of monthly earnings plus 50% of the remainder	$200 of monthly earnings plus 50% of the remainder	50% of monthly earnings	$225 of monthly earnings plus 50% of the remainder
Income level at which eligibility ends, family of 3 (2000)	$974	$787	$806	$1,458
"Family cap" policy	No	Yes	No	Yes
Child school attendance and immunization requirement	No	Yes	No	Yes

NOTE: [a]The maximum was 12 months in a lifetime.

Organizational Challenges and Responses to Welfare Reform in Los Angeles County

In California, the state's Department of Social Services oversees TANF, while each county develops and administers its own program as specified in its state-approved TANF plan. Los Angeles County submitted its plan — formulated with significant community input — for approval in January 1998 and then began implementing the CalWORKs plan in April 1998.

The Los Angeles County Welfare Plan

The Los Angeles County Department of Public Social Services (DPSS) faced welfare reform with a program in place that already incorporated many of the elements mandated by CalWORKs. Perhaps more than any other county in California, Los Angeles had resolved in the early 1990s to learn from the MDRC random assignment evaluation of the GAIN program and to improve its outcomes for the agency and for the families on welfare. As a result, Los Angeles's Jobs-First GAIN program emphasized quick employment through engagement in a job search-oriented job club, with education and training as secondary options for participants.[14] Participation was enforced through sanctions, although participation requirements were focused on long-term welfare recipients until 1996, when Los Angeles also began attempting to recruit new recipients into employment services.[15] GAIN welfare-to-work staff saw themselves as employment specialists, and they embraced the employment-focused philosophy. The program in operation in Los Angeles in 1997 was a strong foundation on which to build a program responsive to PRWORA.

Consistent with state policies, the Los Angeles County plan promoted the idea that any job was a good (first) job, but it also articulated a goal of assisting families to achieve and maintain self-sufficiency and positive personal circumstances. Los Angeles's plan acknowledges that finding and retaining employment are critical first steps but that — particularly in the high-cost context of Los Angeles — continuing to move up the employment ladder is vital to long-term self-sufficiency for welfare recipients.[16] Thus, DPSS also emphasized postemployment services to help working participants develop advanced job skills and find better-paying work.

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[14]Weissman, 1997.

[15]Quint et al., 1999.

[16]The Los Angeles plan began with a statement of the county's goals: "The overall goal of the Los Angeles County CalWORKs program is to improve the lives of children and families by assisting adults/caretakers to become economically self-sufficient. Pursuant to this overall goal, major objectives include: (1) helping participants to secure employment; (2) helping participants to retain employment; and (3) helping participants to secure employment with sufficiently high earnings to no longer qualify for cash assistance" (Bayer, 1998).

In those areas where Los Angeles County had room to shape policy, DPSS's plan exhibited a concern for how to assist households to achieve and then sustain healthy economic and personal circumstances. For example, DPSS placed a priority on developing screening procedures and specialized services for participants who had specific employment barriers (domestic violence, substance abuse, or mental health problems). DPSS also instituted generous exemption and deferral policies; for example, Los Angeles elected to allow mothers of new babies to have the longest exemption period permitted under state policy, that is, one year.

DPSS also recognized that many recipients face difficulties in transitioning to work. To address the needs of participants who had multiple obstacles to success, DPSS engaged in a year-long planning process to develop the Long-Term Family Self-Sufficiency (LTFSS) plan. Created through an unprecedented collaboration involving over 250 county staff, nonprofit and religious organizations, public agencies, school district employees, and researchers, the LTFSS was approved by the Los Angeles County Board of Supervisors in November 1999. The plan, which originally included 46 projects,[17] involved a set of broad, integrated strategies to provide a range of services to all members of households receiving CalWORKs (as well as other low-income families), with the aim of helping these households achieve economic self-sufficiency.

Despite developing a plan with strong supports, Los Angeles County took the responsibility of employment seriously, requiring a minimum of 32 hours per week of participation for single-parent households with children over 1 (35 hours for households with two parents) — the maximum stipulated in the state plan. Moreover, the state plan allows a lower participation requirement for single-parents with a child under 6 years of age — 20 hours per week — but the county elected not to reduce its requirement for parents with young children. Los Angeles's plan also addressed the issue of welfare fraud: In 1999, under pressure from the Board of Supervisors, DPSS adopted home visits as part of the CalWORKs application process. Within five days of the completion of the intake interview, DPSS staff make unscheduled visits to the home to confirm the validity of the application.[18] Thus, the LTFSS combines supports for stabilizing personal circumstances, finding a job, and improving job skills with pressures to move into self-supporting employment.

[17]Examples of projects include a multidisciplinary "family inventory" for each CalWORKs participant, to identify family strengths and service needs (Project 38); a public health nurse home visitation program for current and former CalWORKs participants who are pregnant or have new babies (Project 34); support for child care providers to increase the availability of evening, night, and weekend child care (Project 31); and opportunities for teen children of GAIN participants to attend, with their parents, the Passport to Success job club program (Project 20).

[18]Greene, 2002.

Challenges in Los Angeles County: Size and Complexity

DPSS is an enormous public agency, with a workforce of approximately 13,000 people in 2002. In addition to providing TANF cash assistance and welfare-to-work services, DPSS is also responsible for administering a variety of other programs, including General Relief, Refugee Cash Assistance, the Cash Assistance Program for Immigrants, Supplemental Security Income Assistance Program, the Food Stamp Program, Medi-Cal, and In-Home Supportive Services.[19]

This complex agency served a welfare caseload that, in January 1998, when CalWORKs was implemented, had just under 260,000 cases (Figure 2.2). Los Angeles's welfare caseload — although dramatically reduced from its peak of over 315,000 cases in Fiscal Year (FY) 1994/95 — is the largest county caseload in the nation and, in fact, is larger than the caseloads of 48 of the 50 states. (Only the *state* caseloads of California and New York are larger than this county caseload.)

In addition to the size of the agency, DPSS faces challenges serving a diverse and geographically dispersed population. There is a high percentage of immigrants in the agency's caseload: In 1997, for example, over 40 percent of the cases did not speak English as a native language.[20] DPSS has Spanish- and English-speaking caseworkers in all its offices, but applicants who speak other languages may have to undergo initial interviews with the assistance of a telephone translator.[21] CalWORKs application forms are available in 10 languages.[22] DPSS has contracted with private agencies to provide welfare-to-work services to approximately 11,000 speakers of languages other than English and Spanish.

In addition to single-parent cases, the welfare rolls in Los Angeles have a relatively high percentage of two-parent family cases, many of which are immigrant households. DPSS also serves a large number of child-only cases, many of which are children of parents who, because of their immigrant status, do not qualify for benefits themselves.[23]

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[19]In addition to the major programs listed here, DPSS administers other, smaller programs, including, for example, a Toy Loan program and a special program to provide Medi-Cal to individuals in foster care who have not yet reached age 21. For information on special programs, see the Los Angeles County DPSS Web site: www.ladpss.org/pages/dpss_homepage_specialpgms.cfm.

[20]Quint et al., 1999.

[21]Many offices have staff who speak Cantonese and Vietnamese, and some have workers who speak other languages (Armenian, for example), in areas where there is a concentration of specific populations.

[22]The application forms are printed in Armenian, Cambodian, Chinese, English, Farsi, Korean, Russian, Spanish, Tagalog, and Vietnamese.

[23]For example, in December 2002, 56 percent of the welfare caseload of 176,806 cases were single-parent families; 8 percent were two-parent families; and 35 percent were child-only cases (California Department of Social Services Web site).

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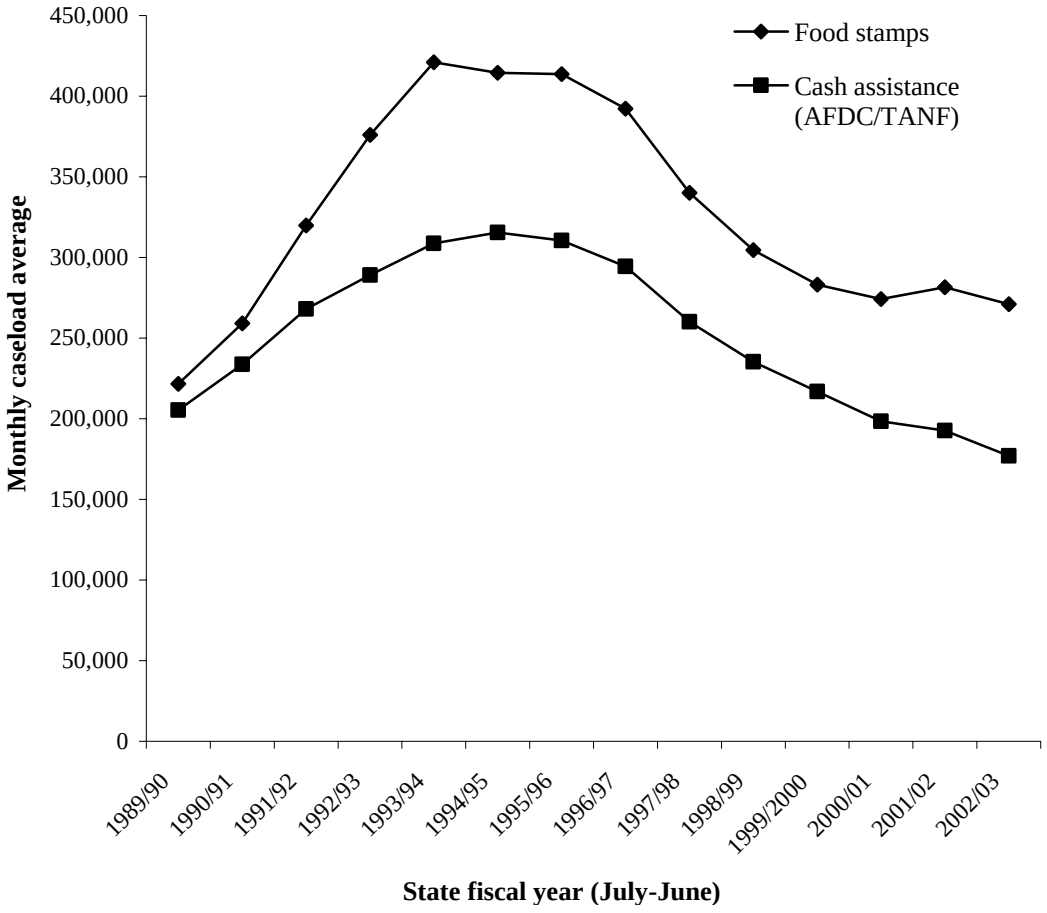
Figure 2.2

Monthly Cash Assistance and Food Stamp Caseloads in Los Angeles, 1989/90 to 2002/03



SOURCE: Los Angeles County Department of Public Social Services.

NOTE: A case represents any configuration of household members who receive benefits together, which may include adults and children together or children only.

Thus, although welfare policies in Los Angeles already incorporated many of the requirements of PRWORA, the size and complexity of DPSS made it difficult to implement the modifications required by CalWORKs. Even small changes in an agency of this size require careful coordination of resources. One change that DPSS underwent in an effort to smooth the

management of CalWORKs implementation was to separate program and line management functions, which earlier had been fused within service domains.[24] DPSS also contracted for the development of a new computer system for the cash assistance case management functions, including eligibility determination and case review. This contract, in fact, preceded CalWORKs, but the bulk of development, pilot testing, installation, and training occurred during the early period of CalWORKs implementation. The computer system, LEADER (Los Angeles Eligibility Automated Determination Evaluation Reporting), handles over 5 million transactions per day on 11,000 terminals, with a live database of 1.9 terabytes. LEADER is one of the largest data processing systems in the world.[25]

Organization Within DPSS

In Los Angeles County, welfare recipients typically must interact with two different sets of staff in different DPSS offices:

Eligibility Workers

Applicants for cash benefits first meet with an Eligibility Worker (EW) in one of the 23 district offices. The EWs obtain eligibility information from applicants, secure needed documentation, and outline welfare policies and expectations. Once approved, recipients meet periodically with EWs to recertify eligibility and to deal with any issues or problems affecting their status.

GAIN Service Workers

Successful applicants who are not exempted are referred to one of seven GAIN regional offices, where they meet with GAIN Service Workers (GSWs) — the welfare-to-work case managers who oversee recipients' participation in work-related activities.

Shortly after the implementation of CalWORKs in Los Angeles, the Los Angeles Board of Supervisors ordered DPSS to contract out welfare-to-work services in two GAIN districts. DPSS staff believe that the board was interested in seeing whether a private sector firm could provide the same level of service at a lower cost than DPSS.[26] Lockheed-Martin[27] and Maximus each secured contracts for GAIN services starting October 1, 2000.

In addition to the contracting out of welfare-to-work services in two out of seven GAIN regions, in 2001 the Board of Supervisors also required DPSS to re-let the contract for GAIN

[24]Interview at DPSS headquarters in August 2002.
[25]Yokomizo, 2002; see also Peck, 2002.
[26]Interview at DPSS headquarters in August 2002.
[27]As of August 2001, the Lockheed Martin contract has been continued under its affiliate, Affiliated Computer Services (ACS).

orientation and job club services. The Los Angeles County Office of Education (LACOE) had been providing GAIN workshops since 1988, and LACOE had developed the materials and curriculum for the job club and for GAIN orientation and motivation sessions. The idea of contracting out these services was jarring to many DPSS staff, because LACOE's program was highly regarded both inside DPSS and by many outside evaluators; in the end, however, LACOE won the new contract.

Early Implementation of CalWORKs in Los Angeles County

GAIN had served only a fraction of the welfare caseload before PRWORA, and so a major challenge for Los Angeles County was to enroll the entire nonexempt caseload into the GAIN program: DPSS had only from April 1 to December 31, 1998, to officially enroll adults from approximately 149,000 households that for the first time became subject to participation requirements.[28] This anticipated bulge in client services necessitated the hiring and training of a large cohort of new GSWs, many of whom were recruited from the ranks of EWs. As a result, DPSS needed to hire new EWs to fill those vacated positions and to process new paperwork and policies. Between 1996 and 2000, the number of GSWs tripled, from 283 to 900; during the same period, the number of EWs expanded by about 20 percent, from 4,357 to 5,189.[29] DPSS itself grew from a workforce of around 10,000 to nearly 15,000.[30] The agency also opened one new GAIN regional office near the Los Angeles airport to handle some of the additional welfare-to-work participants. DPSS established a training academy, putting new staff through 10 weeks of training — much of it focused, for EWs, on the LEADER computer system. Thus, during this startup period, there were many raw recruits in both EW and GSW positions.

To get out the message about the new welfare rules — federal lifetime limits, work-trigger time limits, and work supports — DPSS sent out mailers, discussed these issues during eligibility and recertification meetings, produced a video about GAIN (which it showed in CalWORKs offices to new and recertifying recipients), and bought radio advertising time. To smooth services for this large client pool, DPSS situated some GSWs in CalWORKs offices to handle new CalWORKs recipients. Although colocation of GSWs in eligibility offices presented some challenges (some eligibility staff were envious of the GAIN work environment, and oversight of the colocated GSWs from a distance was sometimes problematic), colocation also facilitated communication between EWs and GSWs and created a relatively seamless process to refer newly enrolled recipients to welfare-to-work services. DPSS succeeded in enrolling all mandatory participants in GAIN by the deadline of December 31, 1998, but, in fact, many of

[28]Moreno et al., 1999.
[29]DPSS data, provided August 3, 2004.
[30]Interview at DPSS headquarters in August 2002.

those who were "enrolled" had actually only received a letter notifying them of a scheduled appointment for orientation and appraisal.

CalWORKs and the Budget Crisis in Los Angeles

Los Angeles County, and DPSS specifically, faced a budget crisis beginning in late 2001. Figure 2.3 shows that although the overall level of expenditures declined beginning in late 1995 as a result of caseload declines and associated reductions in cash payments, Los Angeles stabilized expenditures and services for CalWORKs beginning in 1999. By 2000, about 10 percent of DPSS's expenditures were for welfare-to-work services, compared with less than 3 percent in 1995. However, in FY 2001/02, the state unexpectedly froze funds for Los Angeles's CalWORKs programs at the previous year's level, even though expected costs had been projected to increase substantially. Los Angeles County faced even higher deficits for FY 2002/03, when the state budget gap forced cuts in state CalWORKs and other social services funding. These budget problems compelled DPSS to implement a hiring freeze and to limit or eliminate certain services. In addition to threatening core CalWORKs services, the budget shortfall impacted the implementation of all 46 projects in the Long-Term Family Self-Sufficiency (LTFSS) plan. Then, in FY 2002/03, only 21 of the LTFSS projects received funding, and the outlook for continued funding was uncertain.[31]

The budget crisis was exacerbated by a problem with high error rates for food stamps. In 2002, the State of California was penalized $126 million by the federal government for food stamp error rates higher than the national averages in FY 1999/2000 and FY 2000/01.[32] Much of the problem originated in Los Angeles County. Although California eventually negotiated a settlement with the federal government in 2004, Los Angeles was threatened with responsibility for paying its share of the penalty ($88.3 million),[33] and this problem diverted the attention of several of DPSS's top staff for nearly a year.[34] DPSS at first attempted to resolve the problem by instilling a greater awareness among EWs, requiring them to watch a video on the importance of reducing food stamp errors. Then, in 2002, DPSS initiated countywide retraining of EWs in the use of the LEADER system, to reduce errors when inputting information. DPSS

[31]Interview at DPSS headquarters in August 2002; DPSS data provided June 15, 2004.

[32]California Legislative Analyst's Office, 2003.

[33]County of Los Angeles Board of Supervisors, 2002.

[34]DPSS attributed much of the error rate problem to three factors. First, California is one of only a few states that require monthly, rather than quarterly, recalculation of food stamp eligibility. This triples California's exposure to the possibility of errors in data input or calculation. Second, Los Angeles has a high rate of food stamp recipient households that include immigrants or working members, both of whom complicate the calculations. Third, DPSS assumed that some of the errors resulted from EWs learning to use the new computer system (County of Los Angeles Board of Supervisors, 2002).

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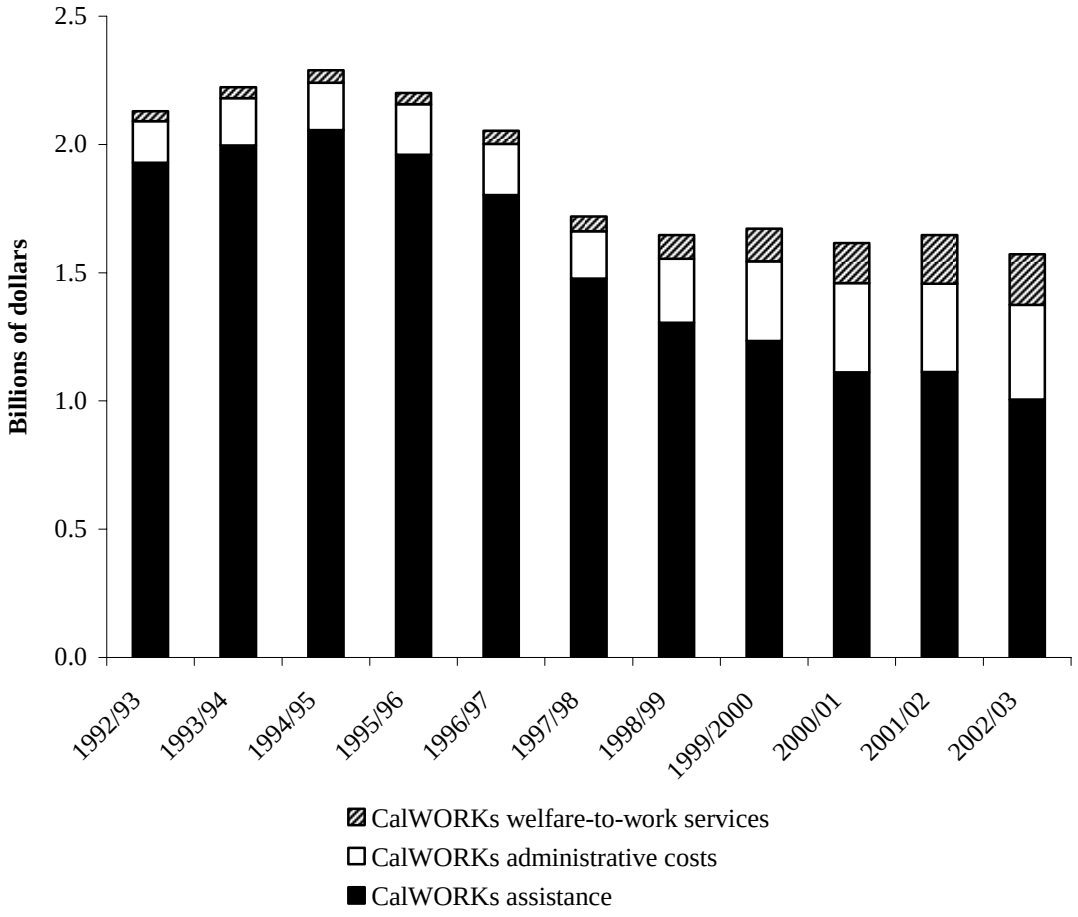
Figure 2.3

CalWORKs Expenditures, Fiscal Years 1992/93 Through 2002/03



SOURCE: Los Angeles County Department of Public Social Services, Fiscal Operations.

also reconfigured work units to create specialized positions to log in the monthly income reports. Although the focus on reducing the food stamp error rates took a great deal of energy at a critical time, the efforts may also have led to some improvements in the CalWORKs offices. In interviews with EWs in the summer of 2002, several commented that the LEADER retraining had been helpful.

Case Management, Service Delivery, and Outcomes Under CalWORKs

The cash benefit and welfare-to-work aspects of case management in Los Angeles offer contrasting experiences in terms of the feel of the offices, encounters with caseworkers, and content of the communication.

District offices, where EWs are stationed, are generally bland, institutional buildings; many are in isolated industrial or mixed-use neighborhoods. At all district offices, visitors pass through a metal detector at the entrance. The reception area is often chaotic, bursting with men and women, many struggling to keep small children quiet. In contrast, GAIN regional offices are well appointed and calm.[35] Children rarely come to a GAIN office; as an adult space, the waiting rooms are quieter and more professional. Although neither district offices nor GAIN offices allow for much privacy during interviews between caseworkers and clients, interviews in the GAIN offices are conducted at the GSW's personal cubicle, whereas eligibility interviews in district offices are held in warrens of small booths shared by all the EWs. Observations suggest that a benefits *recipient* in the district offices is accorded nominal respect, whereas a welfare-to-work *participant* in the GAIN offices receives the professional attention of a case manager.

Based on information from a staff survey in 2000**,** EWs and GSWs are also different demographically (see Table 2.3). According to the survey, most EWs are women, and nearly half are Hispanic; though they have some college experience, many do not have a degree. GAIN case managers are more likely than EWs to be men, and they are more diverse ethnically; the majority have a college degree. The staff survey suggests that GSWs have more years of education than EWs and have been working for the county for longer than their counterparts on the eligibility side. The field research suggests that many GSWs attained their positions after working as EWs for some time.

CalWORKs Benefits Case Management

On the eligibility/benefits side, case management is primarily a matter of collecting information, entering it correctly into the LEADER computer system, explaining the rules to

[35]Welfare-to-work case management may be carried out either in a GAIN regional office or in a DPSS district office. Some GSWs are colocated in the district offices, in special GAIN service areas that are distinguished from CalWORKs areas by new, modular furnishings and appointments that appear very professional next to the more institutional equipment on the eligibility side of the office. GAIN has attempted to make the experience at the district offices as close as possible to the experience at the regional offices. Initially, colocated GSWs provided GAIN services to new applicants; at the beginning of CalWORKs implementation, GSWs in the regional offices handled participants who had been receiving assistance before April 1, 1998, while colocated GSWs provided GAIN services to new CalWORKs applicants. Now colocated GSWs provide postemployment services to recipients who are working.

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Table 2.3

Knowledge, Practices, and Characteristics of Los Angeles Case Managers

Outcome	Eligibility[a] Workers (EWs)	GAIN Service Workers (GSWs)
Knowledge of welfare policies		
Percentage of staff who correctly reported that the county:		
Has a job search requirement	89.9	99.2
Requires adult recipients to work or participate in an approved activity	89.1	100.0
Has a lifetime time limit on cash assistance	78.1	89.5
Has an earnings disregard policy and understands the details	21.4	13.1
Has an earnings disregard policy but is unsure of the details	77.4	84.6
Discretion in case management		
Percentage of staff who reported that agency rules, rather than personal judgment, guide the following decisions:		
What initial program or activity to assign a client[b]	NA	80.9
What subsequent program or activity to assign a client[b]	NA	73.9
When to exempt or defer clients from participation	79.4	77.9
When to sanction clients[c]	87.2	NA
When to sanction clients, pre-24 months[b]	NA	86.1
When to sanction clients, post-24 months[b]	NA	79.0
When to remove a sanction	84.9	56.7
When to exempt a client from the time limit[c]	81.9	NA
When to enroll a client in transitional benefits[c]	79.1	NA
Staff who report that:		
They had proper training to do their work	66.8	82.0
Their job functions were clearly described	60.0	75.0
Monitoring and sanctioning		
Average percentage of clients whom staff reported are contacted each month	39.6	61.2

(continued)

Table 2.3 (continued)

Outcome	Eligibility[a] Workers (EWs)	GAIN Service Workers (GSWs)
Staff characteristics		
Gender (%)		
Female	73.5	61.1
Male	26.5	38.9
Race/ethnicity (%)		
White, non-Hispanic	18.3	14.6
Hispanic	46.0	22.8
Black, non-Hispanic	8.9	19.5
Asian or Pacific Islander	23.8	41.5
Other	3.0	1.6
Education (%)		
No high school diploma	1.7	0.0
High school graduate	8.3	0.8
Some college	31.3	4.8
Associate's degree	23.8	24.8
Bachelor's degree or higher	35.0	69.6
Years employed by the county (average)	7.7	9.8
Caseload size (average)[d]	163.3	122.0
Sample size	254	133

SOURCE: MDRC calculations using data from a staff survey in Los Angeles, administered in 2000.

NOTES: "NA" indicates that these survey questions were not applicable to staff.

[a]Eligibility Workers include intake, ongoing, and monthly reporting staff.

[b]Questions pertain to GAIN Service Workers only.

[c]Questions pertain to income staff only.

[d]Caseload figures reflect TANF clients only. Total caseload estimates, which also include clients receiving other benefits, were significantly higher.

applicants and recipients, and managing the process of sanctioning. CalWORKs Eligibility Workers (EWs) are specialized into two types: *Intake workers* interview applicants for aid and process their applications, and *Approved workers* handle existing, approved cases. Application interviews with Intake EWs typically take more than an hour and a half (and may take much longer, if the household composition is complicated), while recertification interviews with Approved EWs — conducted annually — are somewhat shorter.

Intake interviews are largely scripted by the LEADER system: EWs ask questions and enter information into a series of computer screens. In addition to the computer-driven questioning process, EWs present applicants with a series of legal forms that need to be signed; EWs often read the text of these papers aloud, to be certain that applicants understand what they are signing and to keep the interview moving. The forms include statements about paternity, promises to attend GAIN services, acknowledgments of having been offered supportive services, acknowledgments of having been informed of the lifetime limit on welfare receipt, and so on.

Despite the warm personalities of many EWs, observations of the intake process suggest that most application interviews are hurried bureaucratic encounters, driven by the need to gather a great deal of information, photocopy documents, and secure numerous signatures. Yet applicants must also be told about CalWORKs rules, such as the lifetime time limit, the family cap policy, the need to file a monthly income statement, and so on. The EWs' information dissemination role often seems to take second place to their information extraction role. Moreover, applicants who were observed in intake interviews at district offices tended to ask few clarifying questions while the EWs dutifully explained a long list of rules and policies; applicants often appeared overwhelmed by the volume of new information.[36] Although EWs generally try to convey concern for the circumstances under which an applicant has come to the office, the congeniality of the first meeting is limited by the pace of the interview, combined with certain procedures that may give the appearance of mistrust (for example, applicants and their children are fingerprinted; applicants must meet with the district attorney's representative to provide information about child support; and EWs inform applicants that a home visit will be scheduled to confirm the legitimacy of their application).

Once an application is approved, the case becomes the responsibility of a different person: the Approved EW, who interviews recipients annually when they come to recertify their continued eligibility for benefits. Approved EWs occasionally see recipients at other times — for example, when recipients come to the office to file paperwork or to remove or "cure" a sanction. Although recertification interviews usually are shorter than intake interviews, they are similarly driven by the need to gather information, enter it into the computer system, and secure signatures on official documents. Recertification interviews tend to be somewhat more relaxed than intake interviews, however. Recipients are no longer at the crisis point that brought them to the office in the first place, and they have had a year or more to learn how the system operates. Observations indicate that recipients are likely to ask more questions — and to offer more opinions about the process — in recertification interviews than applicants ask in intake interviews.

[36]Applicants take home a newsprint booklet — created by an advocacy organization — that summarizes the key rules as well as recipients' rights.

Yet Approved EWs feel pressured by high caseload demands. In the staff survey conducted in 2000, EWs reported average caseloads of 163 clients (Table 2.3). The situation got worse after 2002, when Approved EWs no longer had to enter monthly payment information into the computer system, which led DPSS to double or triple their caseloads.[37] One EW, whose caseload had jumped to 324 cases, commented: "During recertification time, I can't interview clients on a personal level, and the client feels that. It's like going to see a doctor, and he's looking at his watch; you feel uncomfortable then, like, 'Hey! You're supposed to be helping me!' Clients feel us looking at our watches."[38]

EWs also felt that they lacked adequate training. In the staff survey, about a third of them reported that they did not have sufficient training to perform their work, and 40 percent did not feel that their job functions were clearly described (Table 2.3). In interviews, several EWs complained specifically about the transition to the new computer system. One said, "The only time I've wanted to quit was when we had the transition from LEGACY to LEADER."[39] Even though EWs had eight days of training on the system, many said that when they were given additional training to reduce food stamp-related errors in 2002, they discovered that they had been entering information incorrectly. Training shortcomings are reflected in the confusion that some EWs had about certain new CalWORKs policies, including the time limit.

Communicating Time Limits

EWs are responsible for explaining CalWORKs rules to clients, including the time-limit provisions. In the staff survey (Table 2.3), some 22 percent of EWs did not know that there is a lifetime limit on cash assistance; in fact, they apparently had greater clarity about work requirements than about time limits. However, in observations of intake and recertification interviews, EWs did consistently discuss both the 60-month lifetime limit and the 18/24-month work-trigger time limit. In the observed sessions, EWs explained that welfare is time limited, emphasized the importance of securing employment, explained that participants could now combine work income and welfare benefits, and conveyed that participants would have to be working after 18 (or 24) months to continue to qualify for benefits. Applicants had to sign a form acknowledging that they understood that they were limited to 60 months of aid.

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[37]Until 2002, in addition to the recertification function, Approved EWs were responsible for entering into the computer the information from the monthly income reporting form (Form CA-7) for each household in their caseload. This information determines the amount of the cash benefit as well as the food stamp allotment. In the wake of the state's critical problem with the food stamp error rate, DPSS separated the CA-7 functions from the ongoing case management functions, and the agency trained specialists in how to handle benefit calculations. When the task of entering CA-7 information was given to other specialized workers, many Approved EWs saw their caseloads increase.

[38]Observations at CalWORKs office in August 2002.

[39]Observations at CalWORKs office in August 2002.

Nevertheless, many recipients who were observed at interviews appeared to be confused about the time limits, for several reasons. First, the participants rarely asked questions about time limits; they did not take it upon themselves to clarify the time-limit policies. Second, caseworkers often reassured recipients that the time limits would not affect the aid that their children would receive, which undermined the "push" value of the limits. Third, caseworkers did not appear to make an effort to personalize their discussion of time limits when talking with participants. Although EWs (and GSWs) reported that they could easily determine how much time remained for a participant, during observations, the participants were rarely told how close they were to either the work-trigger or the lifetime limit. Note, however, that MDRC's observations were conducted before Los Angeles began to call in recipients who were nearing the 60-month lifetime limit.

Communicating Work Incentives

Another responsibility of EWs is to communicate information about the expanded earned income disregard. Although most EWs knew that there was an earnings disregard policy, only one out of five understood its details (Table 2.3). Because benefits are calculated automatically by the LEADER computer system, EWs do not need to understand how to do the calculations themselves in order for clients to receive benefits. The power of the disregard policy to motivate participants to take a low-wage job, however, can be undercut by caseworkers' inability to communicate the effect of the disregard on total potential take-home income. In particular, the EWs who were observed in intake and recertification interviews did not walk participants through example calculations to show the effect of the earned income disregard.

Behavioral Provisions of CalWORKs

In addition to eligibility determination or recertification, EWs are charged with implementing four provisions of CalWORKs that affect participants' behavior: the rules about child support collection assistance, family caps, children's immunization, and children's school attendance. If child support might be owed, for example, applicants are required to assist Los Angeles County in locating noncustodial parents. Representatives from the Office of the District Attorney (DA) are colocated in DPSS district offices so that applicants can meet with them as part of the application process.[40] EWs explain that applicants are required to inform the DA of the names of their children's fathers and, to the best of their knowledge, to report the fathers' whereabouts. During observed interviews, EWs often halted the intake process to allow applicants to meet with the DA's representative and to secure the required evidence of compliance. This requirement to pro-

[40]After this study's fieldwork was completed, the DA's office established a special branch — the Child Support Services Department (CSSD) — whose staff now handle child support issues and coordinate their efforts with CalWORKs staff.

vide child support collection assistance, however, can create stressful circumstances for applicants who bring their children to the intake interview — which often happens, because applicants are required to have their children with them to prove the children's existence.[41]

Intake EWs also inform applicants about the other three behavioral provisions, but these are not emphasized. Households with children younger than age 6 must return within 30 days to supply evidence that the children have received age-appropriate immunizations.[42] Households with school-age children must also show proof (generally the child's report card) of regular school attendance. If a child misses more than nine days of school during a semester, the household incurs a sanction. If the child is younger than 16, the adult caretaker's portion is sanctioned; if the child is 16 or older, his or her portion of the grant is sanctioned, and the child may become subject to work participation requirements. Compliance with these three behavioral provisions of CalWORKs is also checked during recertification. In several observed interviews, parents expressed concerns about their inability to control their adolescent children's school attendance. Although the EWs reiterated the importance of compliance, interviews with them suggest that many EWs had some sympathy with parents in this regard.[43]

In fact, EWs expressed some ambivalence about their role in monitoring parental behavior. The family cap, immunization, and school attendance requirements were not seen as unworthy goals, but many EWs were uncomfortable in the role of behavioral enforcer. Despite mixed feelings, however, the EWs were observed as being consistent in fulfilling their responsibilities to check children's vaccination and school attendance records.

Exemptions

EWs are also responsible for determining whether clients are eligible for an exemption from participation requirements. CalWORKs requires parents of children age 1 or older to participate in work-related activities, but it gives counties discretion to mandate the participation of parents of younger infants (ages 3 months to 12 months).[44] As noted previously, Los Angeles elected to give mothers of new babies an exemption for 12 months. Exemptions are also granted for other groups, including those with a medically verified disability that is expected to last more than 30 days, persons caring for a household member who is ill, and pregnant women whose condition precludes participation.

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[41]In two observed interviews, applicants responded to questions about paternity by subtly indicating to the EWs that the children had a different understanding of their paternity than was, in fact, the case. In both instances, the EWs suggested returning on another day, without the children, to talk with the DA's representative.

[42]A total of 18 vaccinations are required by age 6. Households may request an exemption from the vaccination requirement if they have religious or medical objections.

[43]Observations at CalWORKs office in 2001.

[44]After the first exemption, subsequent births exempt parents from participation for six months.

When CalWORKs was first implemented, exemptions represented a relatively small percentage of cases. For example, in late 1999 and early 2000, the exemption rate for recipients in single-parent households averaged 3 percent to 4 percent. Exemptions more than tripled in a single month (July 2000) when programming modifications were introduced. Exemptions increased until mid-2001, then held steadily at 16 percent to 17 percent through the rest of 2001 and 2002.[45]

GAIN Welfare-to-Work Case Management

California requires that welfare recipients begin participating in an approved activity immediately upon approval of cash aid. Recipients who are not exempted from participation are automatically enrolled in the GAIN program after they are approved. Enrollment rates in GAIN fluctuated in the years after CalWORKs was implemented. For example, in December 1999, the *enrollment rate* (that is, the percentage of recipients participating in the GAIN program or scheduled for an appraisal) among single-parent families was 73 percent, but the rate dipped to around 60 percent by mid-2000. The enrollment rate peaked at 81 percent in February 2001, followed by a slow but steady decline thereafter.[46]

Newly approved applicants are scheduled for a GAIN orientation, usually within a few weeks of intake. The GAIN program orientations — which are motivational and informational sessions run by the staff of the Los Angeles County Office of Education — are held at the seven GAIN Regional offices.

New participants usually first meet their GSW for an appraisal on the day that they attend the GAIN orientation. In any given month, thousands of such appraisals take place in Los Angeles County.[47] In the appraisal, GSWs gather information about participants' goals, education and experience, and current circumstances, including where they are in the GAIN program flow and whether they are currently employed. GSWs also attempt to discover needs for sup-

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[45]California Department of Social Services, 2002a, 2002b. Exemption rates were calculated by dividing the number of exemptions listed on the monthly "WTW 25 - Cash Grant Caseload Movement Report" for single-parent families (line 2) by the number of single-parent cases receiving a cash grant in Los Angeles County for the corresponding month, listed on the "CA 237 CW - CalWORKs Welfare-to-Work Monthly Activity Report" (line 8, "All other families"). California's trend report on exemptions from July 1999 to May 2004 specifically notes that the sharp spike in the number of exemptions statewide in July 2000 was because "there was a significant increase (27.1%) in July 2000 when Los Angeles County implemented programming modifications" (California Department of Social Services, 2004a).

[46]California Department of Social Services, 2002a, 2002b. Enrollment rates were calculated by dividing the number of enrollees listed on the monthly "WTW 25 - Cash Grant Caseload Movement Report" for single-parent families (line 1) by the number of single-parent cases receiving a cash grant in Los Angeles County for the corresponding month, listed on the "CA 237 CW - CalWORKs Welfare-to-Work Monthly Activity Report" (line 8, "All other families").

[47]California Department of Social Services, 2002b. For example, in December 1999, there were 9,392 appraisals for single-parent cases (from line 6 of the "WTW 25 - Cash Grant Caseload Movement Report").

portive services (mental health, substance abuse, or domestic violence services) that had not been identified by the EWs. GSWs reinforce the message that participants must find a job, that any job is a good first job, and that welfare is time limited. At the appraisal meeting, participants sign some documents, and GSWs assign participants to their first activity, which, for most, is a GAIN job club. Although GSWs in fact have little latitude in making activity assignments, they often try to elicit career goals from participants to help tailor their employment-focused messages. The observations of these appraisal sessions suggest that they are more spontaneous and responsive than the meetings with eligibility workers.

Most participants initially are assigned to job club, which provides guidance in developing job-seeking skills and applying for jobs, access to job listings, and telephones for calling potential employers. However, there are some exceptions. For example, participants who are already working, as well as those who are enrolled in school and are receiving training for a job that is in demand, are not required to attend job club. Participants who are already working sufficient hours are offered child care and transportation support and are referred to voluntary *postemployment services* — which include support groups, job fairs, and possibilities for additional training — to help them move up the job ladder. Those who are employed but need additional hours to meet the requirements are generally referred for vocational assessment, and they generally participate in another GAIN activity. Some working participants are encouraged to enroll in training (for the additional required hours) if they express interest in a career track.

Participants who are already taking an approved training or education course are categorized as being in a Self-Initiated Program (SIP). GSWs work with SIP participants to make sure that they comply with the 32-hour minimum activity requirement. SIP participants sign a welfare-to-work plan during their first meeting with the GSW, and this starts their 18/24-month work-trigger time clock.[48]

Job club was initially set up as a three-week activity, but DPSS offered a fourth week to participants who wished to continue looking for employment. In 2002, DPSS modified the job club program, and it became a four-week Enhanced Job Club (EJC), with an optional extension of a fifth week. These enhancements were an attempt to keep harder-to-employ participants engaged in job search activities, on the principle that even a minimum wage or a temporary job is the best steppingstone to a better job.

Participants who complete job club without securing employment are referred to a vocational assessment process, a full-day activity during which they undergo tests and interviews to uncover unidentified employment barriers (such as learning disabilities, medical or psycho-

[48]In December 1999, nearly 6,000 recipients in single-parent cases were in a SIP, representing about 15 percent of GAIN participants from single-parent cases; by December 2002, the percentage had declined to just under 11 percent (California Department of Social Services Web site).

logical conditions, or substance addictions) and to identify skills to build upon. The assessment results in recommendations for the activities that the participants need to pursue in order to secure employment. Some seek immediate employment through another round of job club. Education and training may also be part of the plan; during the first 18 months in the GAIN program, participants may count training or education toward their minimum hours of participation. (When participants attend an approved educational activity, their books and other ancillary expenses are paid for.) Based on the vocational assessment, participants generate a plan for attaining employment, and their signed welfare-to-work plan starts the 18/24-month work-trigger clock. GSWs explain that the 18/24-month period is the length of time that participants need to engage in a postassessment activity without being required to participate in community service or to work for the full 32 hours per week.

Once recipients become GAIN participants, they are contacted every 90 days to confirm attendance, if they are working or enrolled in school, or they come to the office at the end of an activity for the next assignment. One deputy director estimated that participants are seen "on average once a month, one way or the other; maybe there is a child care payment problem, or supportive services issue. They might be requesting money for tools or equipment for their job."[49] The GSWs who were surveyed, whose average caseloads were 122 participants (Table 2.3), reported that they saw about 61 percent of their clients each month. GSWs also attempted to bring participants in for a discussion when they approached the work-trigger time limit and, starting in late 2002, when they approached the lifetime limit on benefits.

Recipients with Special Needs

DPSS places special emphasis on assisting individuals who face certain employment barriers: substance abuse, mental health, or domestic violence problems. GSWs (as well as EWs) are trained to screen for these issues, primarily through the use of a scripted diagnostic checklist that is presented to participants. Treatment and assistance programs to deal with these barriers were offered through community partners. Participants who are referred to these special supportive services providers also sign a welfare-to-work plan.

Despite the priority placed on dealing with these problems, a relatively small number of participants have been identified and have received help. According to DPSS data, in Fiscal Year 1999/2000, no more than an average of 1,812 recipients per month, or under 2 percent, appear to have been in such services (and some who are referred do not keep their appointments).[50] In part, this situation may have arisen because of problems with the screening system: In MDRC's observations, many staff appeared uncomfortable with the screening questions.

[49]Observations at GAIN regional office in August 2002.
[50]Brock, Nelson, and Reiter, 2002.

Moreover, participants may have hesitated to reveal problems in an office environment that lacked privacy. In one observation, the caseworker expressed uneasiness about the way that the screening questions were phrased, and she warned the participant that the questions "assume" that you are using drugs.[51] Some staff also speculated that mothers were likely to be afraid that their children would be taken away from them by child protective services if they revealed significant problems with mental health, substance abuse, or a violent situation at home.[52]

The Welfare-to-Work Plan

Participants who signed a welfare-to-work plan were subject to the 18/24-month work-trigger time clock. A large percentage of CalWORKs recipients, however, do not sign the welfare-to-work plan, and so they never start their work-trigger clock (although this has no effect on their lifetime time clock). According to one GAIN regional administrator, about one-third of nonexempt recipients never show up for GAIN orientation and the appraisal session; they fall into sanction status, although their households continue to receive benefits for the children. In addition to noncompliant households, CalWORKs recipients who are working when they first apply and those who succeed at job club may never sign a welfare-to-work plan. They would have been subject to the 18/24-month work-trigger time limit only if they lost their job, attended an additional cycle of job search, and failed to find a job by the end of the program.

This peculiarity of the GAIN program flow may have affected perceptions of time limits. Both EWs and GSWs advise clients of the 18/24-month time clock, along with the 60-month lifetime limit on benefits, yet many CalWORKs recipients would never be subject to the work-trigger time clock. Some GSWs reported that a lot of participants did not believe that the lifetime time limit is real, and this may reflect the low impact of the work-trigger time clock. One GSW explained: "I don't think the participants think they are going to be taken off. They have heard this so many times, and a lot of them, as long as they can still receive benefits for their children they are not really concerned. . . . They thought the cash aid would stop after the 18/24-month limit. I think this may affect the 60-month-limit reality for a lot of them."[53]

Program Participation

Clearly, not all recipients who are enrolled in the GAIN program actually participate in employment-focused activities, but the rates climbed during the period after CalWORKs was implemented, as shown in Figure 2.4. In December 1999, about one out of three recipients in single-parent cases were in a work-related activity. By February 2001, when participation rates were peaking, 47 percent of single-parent cases were in an approved activity. Note that these

[51]Observations at GAIN regional office in August 2002.
[52]Observations at CalWORKs office in August 2002.
[53]Observations at GAIN regional office in August 2002.

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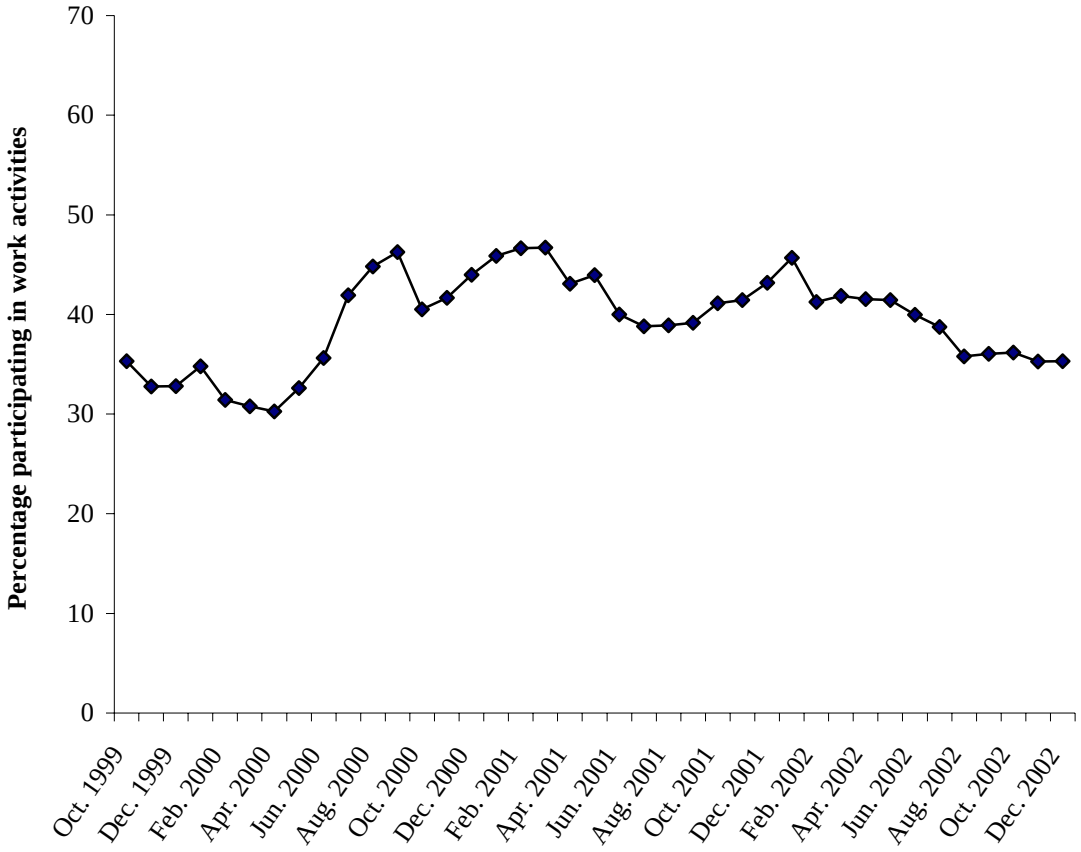
Figure 2.4

Percentage of Adult Cash Assistance Recipients Participating in Work Activities in Los Angeles County, October 1999 to December 2002[a]



SOURCES: California Department of Social Services, 2002a, 2002b.

NOTES: The rate was calculated by dividing the number of individuals (unduplicated) in single-parent families participating in activities in Los Angeles County by the number of single-parent cases receiving a cash grant in Los Angeles County. The number of individuals participating in activities was taken from item 30 of the "CA 237 CW - CalWORKS Welfare-to-Work Monthly Activity Report" for "All Other Families." The number of single-parent cases was taken from item 8a of the "WTW 25 - Cash Grant Caseload Movement Report."

[a]Does not include adults in two-parent families.

rates include *all* cases. When exempt cases are removed from the denominator, the rates are much higher — for example, 55 percent of nonexempt single-parent cases in March 2001 were true GAIN participants.

Because of the generous earned income disregard, many recipients have been able to meet their participation obligations through unsubsidized employment. For example, in January 2001, about 25,000 GAIN participants in single-parent families were in unsubsidized employment (compared with fewer than 2,000 in job club; about 8,000 in vocational training; and about 2,000 in adult basic education).[54] In the first quarter of 2001, over 40 percent of the caseload were working. And, indeed, the relatively high rate of employment among recipients means that the low rate of signing the welfare-to-work-plan may be somewhat irrelevant: Many of those who failed to sign it were already working, and so the work-trigger time clock would have had essentially no effect on them even if they *had* signed a plan, because they were already fulfilling work requirements.

In discussions, GSWs expressed confidence and pride in their program. (In fact, California received a federal high-performance bonus for workforce success in 1999 and 2000.) One GSW said: "I think that it was a good idea for them to input the welfare reform, although [for] a lot of people, it's made it harder for them, but some with low self-esteem, it's pushing them to push themselves and realize that they are able to succeed and in turn improves their life and their kids' well-being. Since we have welfare reform, we now have the opportunity to offer counseling, substance abuse, domestic violence, etc., and that's good. . . . And even with the postemployment, when I first came to GAIN, once you started working, that's it; but now, if you want to go to school, [you can improve your skills]."[55]

On the other hand, many CalWORKs recipients avoid GAIN, as noted earlier. No-shows receive a notice of action, and, if they continue to refuse to participate, they are sanctioned. Sanctioning rates did, indeed, increase over the study period, as shown in Figure 2.5. Early after the implementation of CalWORKs, sanctioning rates hovered between 5 percent and 10 percent of all recipients. The huge spike in sanctioning rates in June 2001 (up to nearly 13 percent) was attributed to "the full roll-out of Los Angeles County's LEADER system."[56] Sanctioning rates continued to increase in late 2001 and throughout 2002, reaching 24 percent of all recipients (about 25 percent of all nonexempt cases) in July 2002.

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[54]The employment rate among recipients in one-parent families grew after CalWORKs was implemented, increasing from 37 percent in the first quarter of 1998 to 44 percent in the last quarter of 1999 (California Department of Social Services Web site). Thereafter, however, the rate declined somewhat, down to 35 percent at the end of 2002. The decline may reflect a changing economy or the increase in exemptions. Nevertheless, substantial percentages of recipients combined work with welfare under CalWORKs.

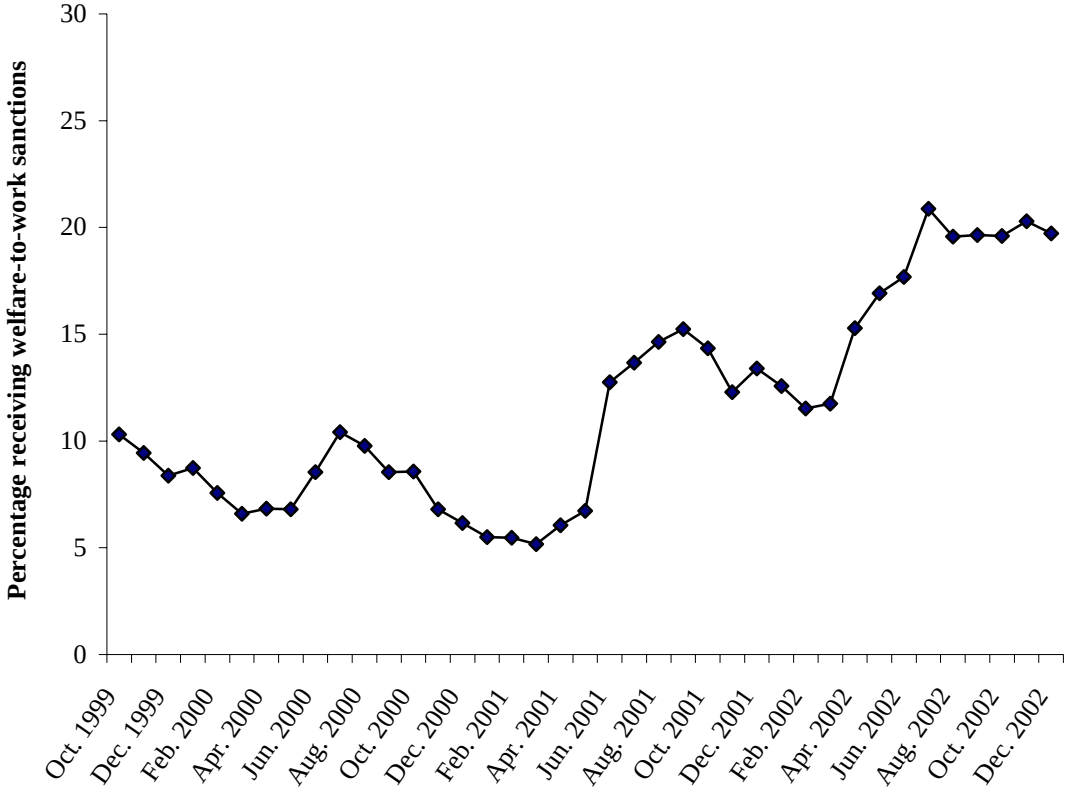
[55]Observations at GAIN regional office in August 2002.

[56]California Department of Social Services, 2004b.

The Project on Devolution and Urban Change

Figure 2.5

Percentage of Adult Cash Assistance Recipients Receiving Welfare-to-Work Sanctions in Los Angeles County, October 1999 to December 2002[a]



SOURCES: California Department of Social Services, 2002a, 2002b.

NOTES: The rate was calculated by dividing the number of adults in single-parent families removed from the Assistance Unit due to welfare-to-work sanctions in Los Angeles County by the number of single-parent cases receiving a cash grant in Los Angeles County. The number of adults removed from the Assistance Unit was taken from item 3a of the "CA 237 CW - CalWORKS Welfare-to-Work Monthly Activity Report" for "All Other Families." The number of single-parent cases was taken from item 8a of the "WTW 25 - Cash Grant Caseload Movement Report."

[a]Does not include adults in two-parent families.

In talking about their sanctioning duties, one GSW commented that it is sometimes hard to reconcile the employment mission with their punitive responsibilities: "The administrator here has tried to get our workers here to be a kinder, gentler GAIN office — we are not the GAIN sanction office; we are the office that helps participants to develop their careers. . . . We have supportive services, lots of participants who have barriers — mental health, substance abuse — and by bringing this out, having the participants say, 'Yes,' and admit that they have this problem, is a wonderful start to get them to hang on to the jobs that are offered to them. . . . Our reason for working is to help the participants, not to sanction them because they missed an appointment. And the more workers we get with this mentality, the better it will be."[57] The many recipients who avoid the GAIN office altogether makes it difficult for the GSWs to sell the program's services.

Problems with child care complicate the mission of getting participants into activities and into employment. Participants complained about the difficulties of finding child care, the anxiety of putting children in care, and the complications of arranging transitions to home or a care arrangement after school. While some of these concerns simply reflect anxieties of parents reluctant to leave their children in the care of strangers, Los Angeles's research shows that although there was an adequate supply of child care during regular working hours, more care was needed on weekends and in the evenings — the very shifts that many CalWORKs recipients, as newly hired workers, are offered.

Participants also experienced some difficulties with the reimbursement system for child care. The State of California had mandated a complicated "stage" system of child care eligibility and reimbursement.[58] Moreover, delays in Sacramento in passing the state budget each year reverberated in Los Angeles: The state could not send reimbursements to child care providers until the budget was passed, leading to annual problems in the summer for welfare recipients who needed to reassure their child care providers that the state eventually would pay them.

Despite these challenges in connecting recipients to jobs, sizable numbers of CalWORKs recipients in Los Angeles were working, as previously noted. To assist these families in becoming economically self-sufficient within the 60-month lifetime limit, DPSS developed postemployment services for working recipients and for former recipients who were within one year of the termination of their benefits. Postemployment services included additional training

[57]Observations at GAIN regional office in August 2002.

[58]GAIN participants who are not yet in a stable work situation (Stage 1) are entitled to child care, and that care is paid by county CalWORKs funds; stably employed GAIN participants and former participants (Stage 2) may get child care for up to two years after leaving CalWORKs, as long as the household income stays below 75 percent of the state median income; and households that have income below 75 percent of the state median but that do not fall into Stage 1 or Stage 2 are classified as Stage 3: eligible for child care support if resources are available. Stages 2 and 3 are operated by the California Department of Education.

and education and help with job search and presentation skills. These services were typically offered at GAIN regional offices at times that were presumed to be convenient for working parents.[59] Nevertheless, DPSS found it difficult to get working recipients to take advantage of postemployment services, presumably because those individuals were, by definition, already working at least 32 hours per week and also had child care responsibilities.[60] One GAIN deputy regional administrator commented: "It's hard to get them to take up services. We tried weekend, evening, day . . . [but] they are not responding [as well as expected]. Partly it's 'I've worked all day; I don't want to spend more time with postemployment.' A lot of them, too, emotionally struggle with guilt about leaving their kids. They don't want to give up time with their family."[61] A Cambodian ethnographic respondent, who took a low-paying job after going through GAIN, confirmed this impression, noting that she actually felt pressured to enhance her job skills: "The GAIN worker asked me [last month] to take some test at their office. They suggested I take computer class at night. I told them I don't have time. How can I? I can't do it, because I work during the day, and they want me to take class at night as well. I just don't have time. I told them I was interested in computer, but I can't go at night. I'm tired from work. And when will I see my children?"

Time Limits

In the summer of 2002, DPSS began to notify those CalWORKs recipients who were facing the first lifetime benefit cutoff: January 1, 2003. DPSS sent out notices to recipients at Month 54, at Month 58, and at termination (Month 60) and invited recipients who were facing imminent time limits to come to GAIN for additional services (job search, counseling, and information as well as community service job placement and work experience).

In anticipation of the time limits, DPSS expended considerable resources and effort on identifying any reasons to extend benefits to specific recipients who were about to be timed out. GSWs combed through records to identify months that should not have counted toward the 60-month limit — including months when the participant was disabled or was caring for a child who was a dependent of the court or at risk of going into foster care, months when the participant was a victim of domestic violence, and months when the participant was sanctioned.

GAIN also focused on multidisciplinary family services to see whether there were family-based obstacles to successful employment. Participants who timed out were offered a chance to attend a Job Intern component of GAIN so that they could receive post-time-limited services. DPSS also worked to spread the word that families who lost benefits due to time limits could

[59]At first, GAIN offices scheduled postemployment services in the evenings and on weekends; later most offices experimented with daytime schedules.

[60]Observations at GAIN regional office in 2001.

[61]Observations at GAIN regional office in August 2002.

still receive food stamps and Medi-Cal. Evidence from the ethnographic study (presented below) suggests, however, that some recipients may have decided not to complete the paperwork needed to continue these benefits.

There may also have been some confusion about the 60-month limit on the part of recipients: The fact that the 18/24-month time limits had affected few recipients may have led to complacency. As already noted, few participants felt the effects of the work-trigger time limit, and many may have doubted the reality of the 60-month limit. And because, in California, the children in the household continue to receive benefits after either time limit, the bite of time limits is less severe than in states that terminate the entire household's benefits.

Finally, the state's budget problems, noted above, affected DPSS at a critical time — just as the first recipients were about to hit their 60-month limit and when the economy began to weaken. In Los Angeles, 25,237 cases timed out of TANF in January 2003, and thousands more have subsequently timed out.[62]

The Welfare Reform Transition in the Four Urban Change Counties

In many respects, Los Angeles had an easier transition to the new welfare policies than other counties in the Urban Change study, because, unlike in other sites, the employment focus of the CalWORKs program was not new. Also, the structure of income maintenance functions and welfare-to-work functions remained the same as before CalWORKs — which meant that there was no massive overhaul of the fundamental organization of the welfare program. In other sites, by contrast, organizational changes were substantial and (in Miami, at least) were fraught with problems.[63] However, Los Angeles was in a league of its own when it came to the size of its caseload, budget, and staff (see Table 2.4). In 2000, Los Angeles County had more than twice as many welfare cases as the other three counties *combined*, and it also spent more than twice as much as their combined costs for TANF-related expenditures. Moreover, Los Angeles allocated far more of its welfare budget to cash assistance than the other study sites did: 57 percent went directly into welfare checks in Los Angeles, compared with only 27 percent in Miami. All three other sites allocated the majority of their resources to services and administration.

[62]California Department of Social Services, 2003b; see row 24 (Los Angeles), column 17 (Caseload all, TANF timed out).

[63]Florida devolved administrative responsibility for welfare-to-work programming to new, local public-private partnerships. The administrating agency for Miami-Dade County lacked the capacity to manage and administer large human service contracts, as evidenced by the turnover of welfare-to-work services among three different subcontractors and five executive directors over a four-year period. Miami's sanctioning rate was also unusually high, which seems to have been related to changes in subcontractors and to uneven attention by case managers.

The Project on Devolution and Urban Change

Table 2.4

Implementation and Welfare Reform Experiences in the Four Urban Change Sites

Descriptor	Cuyahoga County	Miami-Dade County	Philadelphia County	Los Angeles County
Name of state program	Ohio Works First (OWF)	Work and Gain Economic Self-Sufficiency (WAGES)	Road to Economic Self-Sufficiency through Employment and Training (RESET)	California Work Opportunities and Responsibility to Kids (CalWORKs)
Total state TANF expenditures, 2001	$1.2 billion	$926 million	$975 million	$6.6 billion
State expenditures allocated to cash assistance, 2001	29%	27%	31%	57%
Administration of grants	State	State	State	County
County welfare caseloads: 1995 and 2000 (estimates)	1995: 41,000 2001: 17,000	1995: 50,000 2000: 17,000	1995: 79,000 2000: 44,000	1995: 311,000 2000: 199,000
Caseload declines, 1995-2001	58%	67%	44%	36%
Organization of services	Self-Sufficiency Coaches: new roles with integrated case management (both income maintenance and work welfare services)	Separate organizations for income maintenance and welfare-to-work (the latter underwent many organization-al changes in a short period)	Separate income maintenance and welfare-to-work caseworkers; new and expanded Career Development Unit for welfare-to-work functions	Eligibility workers for income maintenance; GAIN Service Workers for welfare-to-work services
Case managers' caseload	77	164	197	163

(continued)

Table 2.4 (continued)

Descriptor	Cuyahoga County	Miami-Dade County	Philadelphia County	Los Angeles County
Welfare-to-work focus	Job club/job search and unpaid work experience; some encouragement for GEDs	Job search; some in unpaid Community Work Experience Programs (CWEP)	Job search, then flexibility in hours and activities until 2-year work trigger; encouragement for GEDs	Job club; special services for recipients with mental health or other problems
Participation rates	Steady increase in participation and employment after welfare reform	Data not available	Strong increases in participation and employment after welfare reform	Steady increase in participation after welfare reform, steadily high rates of working while on welfare
Sanctions	Low rate of sanctioning (under 2% from 1998 to 2000)	Strict enforcement of rules and participation requirements; high rate of sanctioning (up to 61%), but erratic	Limited use of sanctions (3%-6%)	Rates ranged from 8% in 1999 to over 20% in 2002
Time limits	Rigorous enforcement of interim time limit, with safety net services for those near limits	Extensions on interim time limits for families fulfilling work requirements	Lenient implementation; many extensions for families reaching time limits	Work-trigger time limit not universal; enforcement of 5-year lifetime limit began in 2003
Caseworkers' knowledge of new policies	Strong knowledge of time limits and participation requirements; moderate knowledge of income disregards	Strong knowledge of time limits and participation requirements; weak knowledge of details of income disregard policies	Strong knowledge of time limits, participation requirements, and income disregard	Moderate knowledge of time limits; strong knowledge of participation requirements; weak knowledge of details of income disregard policies
Caseworkers' perceived discretion in case management	Strong perception of discretion in programmatic choices; limited discretion regarding sanctioning	Strong perception of discretion in programmatic choices; limited discretion regarding sanctioning	Moderate perception of discretion in programmatic choices and sanctioning	Moderate perception of discretion in programmatic choices and sanctioning

In addition to differences in policies and implementation challenges, the four Urban Change counties had different experiences in running their programs. In Cuyahoga County (Cleveland), the Self-Sufficiency Coaches — whose jobs integrated cash assistance and welfare-to-work functions — had relatively small caseloads and some discretion in assigning participants to activities. Participation rates were fairly high, and sanctioning was quite low, but the time limits were strictly enforced. In Miami-Dade, by contrast, sanctions for nonparticipation were extremely high (at one point, up to 61 percent of the mandatory caseload), but there was greater leniency in granting time-limit extensions to compliant participants. Philadelphia required limited participation until recipients hit the 24-month work trigger; sanctioning was low, and time-limit extensions were easily granted. In Los Angeles, as just discussed, both participation rates and sanctioning grew over time; the lifetime time limits, while enforced, resulted in a reduction rather than an elimination of cash benefits. Despite all these differences in the sites' policies and practices, welfare caseloads were down in all four counties, and, in every case, the decline preceded the implementation of welfare reform. The rates of decline were sharpest in Cleveland and Miami and more modest in Los Angeles and Philadelphia.

Perceptions and Experiences of Current and Former Welfare Recipients

Given the diversity of the Los Angeles caseload, it is difficult to characterize the experiences of welfare recipients in simple terms. In observations conducted in CalWORKs and GAIN offices, some recipients were seen to be assertive and well informed; many others seemed confused, passive, or distracted. Eligibility Workers (EWs) and GAIN Service Workers (GSWs) varied in their ability to explain the rules clearly and to respond to questions and special circumstances. It is important to keep in mind, however, that, from the recipients' perspective, welfare reform is experienced largely *outside* the offices of DPSS. After applying for aid and — for those who participate in the normal GAIN program flow — attending job club, recipients spend limited time at the welfare or the welfare-to-work offices. Recipients navigate most program requirements as part of their daily lives, juggling child care and participation activities, strategizing around sanctions and time limits, struggling to understand why their benefits fluctuate. Despite the efforts of DPSS staff to communicate the county's priorities and to inform recipients about policies, recipients appear to get much of their information about welfare from the media and from family and friends — sources that are not entirely reliable.

Knowledge of Welfare Rules

According to in-office observations, survey data, and ethnographic interviews, recipients' understanding of welfare reform policies in Los Angeles varied, but their overall level of

knowledge was limited. In particular, the basic fact that welfare receipt now is limited to 60 months in a lifetime was unclear to many Los Angeles recipients: 17 percent of former and/or ongoing welfare recipients who were surveyed in 2001 did not know that there was a time limit on cash assistance, and a full 61 percent did not know that the limit was five years. As shown in Table 2.5, although knowledge about the time limits grew between interviews, it appears that many recipients approached their lifetime limit with little understanding of the new policies. This confusion may have stemmed, in part, from the fact that the work-trigger time limit did not affect everyone and that, in any event, its impact would have been modest, because only the adult portion of the grant was affected for recipients who were not in compliance. Communication problems may also have played a role: About one-third of the Latinas who could not speak English did not know that there was a time limit on cash assistance, compared with 18 percent of English-speaking Latinas and 11 percent of African-Americans (not shown in the table).

There is further evidence to suggest that some recipients may not have understood the difference between the work-trigger time limit and the lifetime time limit. In the survey of recipients in 2001, less than 1 percent reported that they were cut off due to time limits, and 4 percent reported that they had received an extension after reaching their time limit. Since the lifetime limits first affected California's residents in January 2003, these responses must refer to the work-trigger time limit.

Messages about work and combining welfare and work were more successful than messages about time limits: Two-thirds of survey respondents knew that they could continue to keep part of their grant if they got a job. Since many women in the survey sample did work after welfare reform, as discussed in Chapter 4, they would have learned from experience that getting a paycheck did not eliminate their welfare check — even if caseworkers were unable to explain the details of the earnings disregard to them. Still, one in three current or former recipients believed that getting a job would result in the loss of benefits, and knowledge about the expanded work incentives did not improve over time.

Recipients' knowledge about the transitional benefits that might be available if they left welfare for work was mixed. In 2001, nearly three-quarters of survey respondents knew that they might qualify for medical benefits after leaving welfare, but fewer than half knew that they might be able to continue receiving food stamps. Only 60 percent said that they knew about getting assistance with child care costs after leaving welfare. It is possible that recipients' limited knowledge about transitional assistance played a role in their employment decisions.[64]

[64]At least one recipient in the ethnographic sample reported that she had decided not to apply for transitional benefits because of the hassle of the application process itself, as well as confusion about her eligibility.

The Project on Devolution and Urban Change

Table 2.5

Changes in Current and Former Welfare Recipients' Knowledge of Welfare Rules

	First Interview (1998)	Second Interview (2001)	Difference
Understanding of welfare rules			
Percentage of clients who knew that:			
There is a time limit on cash assistance	78.9	83.2	4.4
The time limit on cash assistance is 60 months	25.7	39.2	13.6 ***
They could keep part of their grant even if they got a job	66.3	67.2	0.9
If they left welfare to work, they would continue getting medical benefits	69.9	72.2	2.3
If they left welfare to work, they would get help paying for child care	51.2	59.9	8.7 ***
If they left welfare for work, they would continue to get food stamps[a]	NA	48.1	NA
Sample size	697	697	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.
[a]This question item was not included in the first interview.

Although not shown in Table 2.5, there was also confusion about the behavioral provisions of the new welfare policy. The vast majority of survey respondents knew about child support enforcement rules and the school attendance requirement for their children, but 20 percent of the women did not realize that their welfare checks would not increase if they had another baby.

In-depth interviews with welfare recipients in the ethnography highlight the confusion about policies. Michelle, an African-American recipient, consistently was uncertain about how time limits would affect her. In 1998, she said: "I knew that it is required that you be off welfare. I think they said something like in five years. They're not saying how you have to be off welfare. If your CA-7 [monthly income self-report] is later than the 8th, they cut you off. Also, if you don't go to school, they cut you off. If you make over $1,000 and you're working, you get cut off." At this point, Michelle was confusing sanctions for noncompliance, termination for high income, and time limits. One year later, she was still confused and told the interviewer: "I

don't know if I have a time limit or not. I believe I've been on welfare for five years plus. . . . I guess my thing would be over in March. I would be completely off welfare." Understandably, Michelle was calculating her five years from her own perspective (from the date when she first started getting assistance), rather than taking into consideration that, in California, no one would be subject to the five-year time limit until January 2003. Finally, in September 2000, she reported: "I thought my welfare would be ended in March. I don't know; they haven't called me up for any classes, telling me what to do when that time comes, and I hope the closer it gets to it, I'm hoping they won't just say, 'Oh, you're off the county; you're on your own.'"

Ethnographers found that many respondents remained vague about the time limits. Spanish-speaking recipients tended to get most of their information about welfare policies from Spanish-language media, particularly television. According to the ethnographers, recipients who had had some contact with the GAIN program — even just having attended the orientation session — had a firmer grasp of the new policies than those who had not participated in any welfare-to-work activities. Both the ethnographers and the caseworkers reported that many recipients were confused about the difference between the work-trigger time limits and the lifetime limit on welfare receipt.

Recipients' descriptions of their experiences reveal either confusion on their part or errors on the part of DPSS — or both. Myrna, an immigrant from Mexico, told ethnographers a complicated story about her attempts to get Medi-Cal coverage after her cash benefits ceased. At various points in the story, Myrna reported that she had been denied coverage, that she needed to apply for coverage, and that she had always been covered but "with [another] district." This confusion led Myrna to neglect her health, and the complexity of the application process discouraged her from applying for benefits when she thought she could. Another recipient was told that she would receive transitional Medi-Cal but then discovered that she did not have benefits when she sought to purchase expensive medication for migraine headaches. Several immigrant Latinas in the ethnographic study also reported that they were not receiving transitional benefits and were unsure whether their problems were related to immigration status. Some believed (erroneously) that the county no longer could provide benefits to immigrant families. Moreover, at least one immigrant woman was worried about whether her children's receipt of aid would threaten the status and security of her undocumented husband.

The Use of Services and Interactions with Welfare Staff

When questioned about their experiences with welfare staff, respondents in both the survey and the ethnography tended to express unfavorable reactions, but opinions did become more positive over time. Table 2.6 shows that — among respondents who were on welfare within 12 months of both interviews — significantly more women in 2001 than in 1998 said

The Project on Devolution and Urban Change

Table 2.6

Changes in Use of Services and Welfare Experiences Among Long-Term Recipients

	First Interview (1998)	Second Interview (2001)	Difference
Interactions with welfare staff			
Percentage of clients who report that welfare staff:[a]			
Took the time to get to know them and their situation	19.7	27.5	7.8 **
Would help them deal with problems affecting their participation in welfare program activities	22.7	32.0	9.3 ***
Pushed them to get a job quickly even before they felt ready or a good job came along	41.8	49.1	7.3 *
Urged them to get education or training to improve their skills	21.0	33.4	12.4 ***
Just wanted to enforce the rules	62.0	64.6	2.7
Helped them to find or keep a job	14.8	24.5	9.8 ***
Urged them to save up their months of welfare for when they need/needed them the most	7.4	12.1	4.7 *
Work-related activities			
Percentage of clients who, in the last 12 months, attended:			
At least 1 work-related activity	48.5	46.2	-2.3
Job club	23.5	24.5	1.0
Independent job search	16.8	25.3	8.4 **
Unpaid work	10.5	10.7	0.3
On-the-job training	3.1	2.6	-0.5
Vocational training	14.3	9.2	-5.1 *
GED, ABE, ESL classes[b]	8.4	5.1	-3.3
College	10.2	6.4	-3.8 *
Sanctions, disputes, and time limits			
Percentage of clients who said that:			
They were sanctioned in the last 12 months	28.9	34.8	5.9
They had a dispute with the welfare agency in the last 12 months	26.3	28.9	2.6
They were cut off welfare due to time limits[c]	NA	0.3	NA
They received an extension after reaching their time limit[c, d]	NA	12.4	NA
Sample size	392	392	

(continued)

Table 2.6 (continued)

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: The sample was narrowed to respondents who were currently receiving welfare or had received welfare within 12 months of interview for both the first and the second interviews.

Rounding may cause slight discrepancies in sums and differences.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

[a]Questions were based on a "how much" scale. The scale ranged from 0 to 10, where 0 meant "not at all" and 10 meant "the most possible." Data presented in this table are based on the percentages of respondents answering between 7 and 10 on each question.

[b]Classes in General Educational Development (GED), Adult Basic Education (ABE), or English as a Second Language (ESL).

[c] Time limits did not go into effect until 2003.

[d]This question was asked of respondents who said that there is a time limit on how long a person can get cash welfare and who also were currently receiving welfare or had received welfare within 12 months of the interview.

that welfare staff took the time to get to know them, helped them to deal with problems affecting their participation, encouraged them to get more education or training, and helped them to find or keep a job. However, respondents at the second interview were also more likely to say that their case managers pushed them to get a job quickly, even before they felt ready. Almost two-thirds of the women in both 1998 and 2001 reported that their case managers "just wanted to enforce the rules," while only one out of four felt that their case managers spent time getting to know their personal situations. It should be noted, of course, that the respondents might have been describing their EW for some questions (for example, "just enforcing the rules") but their GSW for other questions — or that different respondents had different staff in mind when they answered these questions. Nevertheless, the overall sense is that respondents did not feel that the welfare staff provided them with strong personal service.

Table 2.6 also shows that about half of these long-term recipients at both interviews reported having been in at least one work-related activity in the previous 12 months — most frequently, job club and independent job search, which is consistent with GAIN's focus. The percentage of women who reported taking college courses declined significantly, from 10 percent in 1998 to 6 percent in 2001; only the percentage who were involved in independent job search increased over time.

Ethnographic respondents complained about difficulties communicating with their EWs, who do not have voice mail and answer their phones only during certain hours of the day. (This is a work condition negotiated by their union.) Although there are telephone help lines, it is difficult for recipients to directly call the EW in charge of their case. GSWs, on the other

hand, do have voice mail and have unrestricted phone hours. Recipients complained to GSWs, one of whom said: "Many times calling a welfare office it's almost impossible to get in touch with a worker. When I say, 'You have to talk to Eligibility,' I can feel the resistance. 'Oh, no; I have to call them again?!'" Perhaps underscoring the importance of adequate communication is the fact that more than a quarter of the survey respondents reported that they had had a dispute with the welfare agency within the past 12 months.

Survey responses indicate that a large percentage of recipients in Los Angeles thought that they fell into sanction status during any year. In 2001, for example, 35 percent of the respondents reported that they had been sanctioned within the past 12 months, an increase from 29 percent in 1998 (Table 2.6). A number of the ethnographic study participants had, in fact, decided not to take actions to remove sanctions but instead to collect benefits only for their children. Norma made this choice so that she could "bank" the months of eligibility remaining on her time clock. Lisa decided to enroll on her own in a General Educational Development (GED) course, which, she knew, did not meet the participation requirements; she never reinstated the adult portion of her grant. Most of the sanctions reported by the ethnographic respondents were related to nonparticipation in GAIN activities.

A sample of Cambodian recipients was included in the ethnographic study. Their comments shed light on the experiences of the thousands of non-English-speaking and non-Spanish-speaking recipients in Los Angeles County. In the years just before PRWORA was signed in 1996, the Cambodian community had been significantly affected by changes in eligibility for Supplemental Security Income (SSI), and that process helped them understand the changes associated with CalWORKs, particularly as they concerned immigrants. Cambodian recipients shared information with family and friends, so those who had not yet attended a GAIN orientation learned useful information from those who had. Moreover, many Cambodian recipients were treated deferentially by Cambodian caseworkers, who often were younger than their clients. The Cambodian recipients were concerned, however, that their lack of English skills would doom them to poorly paid jobs. Moreover, like other recipients, they expressed deep concerns about placing their children in the care of strangers.

Several ethnographic respondents expressed frustration about the deemphasis on education and training. A 40-year-old recipient said: "That's not a good idea, the vote to stop county aid [that is, lifetime limits], but I mean, it's, like, give us a chance to at least go back to school. . . . If they have been going to school to try to better themselves and you see that they going to make something out of themselves when they graduate, let them stay on." Another recipient said about GAIN: "You have to look for any kind of job. I don't think that's right. They should offer school or training."

Some recipients were also frustrated by what they saw as the uselessness of the GAIN job club and the requirement to participate. Several ethnographic participants who worked told interviewers that they had not found their jobs through GAIN. Latina participants, in particular, complained both about the number of contacts that job club participants are required to make and about the requirement to take any job offered; they felt that, without better English skills, they would be forced to take jobs that could not support a family. (Note that at least two Latina respondents would probably have qualified for medical exemptions from participation, but linguistic or cultural reasons kept them from informing their caseworkers about this, and so they were not exempted.)

Almost all the ethnographic respondents expressed deep misgivings about leaving their children in order to fulfill the participation requirement. The theme of several children getting out of school at different times and needing someone to meet them (if only to bring them to the child care site) came up repeatedly. As one Cambodian recipient put it: "They explain to me that working is more beneficial than being on welfare. I cannot do that at this moment because I have many small children. They get out of school at different times. Who will pick them up from school if I work?" Another recipient noted: "They used to not put you in [job club] until your baby was 6 years old. Now they cut the age down. But I haven't been able to go. I have a little boy who is in kindergarten; I got one kid that gets out at two o'clock, and it's kind of hard. Somebody has to be here when the kids come home from school. Then I've got a baby [age 15 months] here, too. When the kids come home from school and I'm at GAIN until five o'clock, who's going to be here?" Another mother explained her concerns this way: "I already do what I want to do in life. I want to take care of my kids. . . . I'm a good mom. And I can do that better than anybody else can. I can't understand. They're gonna pay somebody to come into my home and take care of my kids? . . . I just want to be home with my kids."

Some women who had participated in GAIN did say that the program was useful. For example, one Chicana noted: "[GAIN] helped me out. . . . It's helped; it's pushing me, like, to do things for myself — which is good — you know." According to the ethnographers, GAIN participation helped the women understand the CalWORKs policies and how their families would be affected by them. Some respondents also expressed the idea that welfare reform helps women regain the confidence to believe in themselves and have goals. One woman mentioned the program's positive effect: "GAIN was a good experience because of what it does for self-esteem. I think it's a good thing to motivate people." Nevertheless, according to the ethnographic study, the overall picture that emerges of clients' experiences with CalWORKs shows that the enthusiasm of DPSS staff did not translate into clarity and optimism on the part of recipients.

Experiences Among Recipients in the Four Urban Change Counties

Because welfare recipients in the four Urban Change counties encountered different welfare policies and programs, their experiences might also be expected to differ. Table 2.7 summarizes several key indicators of welfare recipients' knowledge about new policies and their experiences with them in Cuyahoga, Miami, Philadelphia, and Los Angeles Counties. In terms of recipients' knowledge, the women in Los Angeles were least well-informed about the time-limit policies but had the best understanding about the earned income disregards. This is consistent with the fact that the women in Los Angeles were especially likely to combine work and welfare (see Chapter 4), and so many would have had firsthand experience with work incentive policies. Women in Cuyahoga and Miami Counties, by contrast, would have been especially likely to have experience with the time limits (and with the ability to continue getting food stamps after leaving welfare). Indeed, according to the survey, 39 percent of respondents in Cuyahoga County (17 percent in Miami) said that their benefits were terminated because they had reached the time limits.

In terms of the women's experiences with welfare staff in the four counties, there were more similarities than differences. In all the study sites, only a minority reported that their caseworkers took the time to get to know their personal circumstances, while about half (or more) said that they were pushed to get a job quickly. The majority of women in all four sites said that their caseworkers just wanted "to enforce the rules." Fewer than half the respondents said that their case managers urged them to further their education — which is consistent with the employment focus in place in all the sites — but the women in Los Angeles were especially unlikely to say that they were encouraged to pursue educational or training opportunities.

Summary and Conclusions

While Los Angeles County can boast of some successes with welfare reform, it also still confronts enormous challenges. Some of these challenges are inherent in the size of the caseload and the scale of the agency; some reflect the diversity of the county's population and the circumstances of its economy; some are products of internal contradictions within the policy itself. All the challenges were made more difficult by the budget problems confronting both the county and the entire state beginning in the early 2000s, which forced Los Angeles to pull back from some of its initiatives just as recipients approached the 60-month lifetime limit.

Even though the preexisting policies were not remarkably different from CalWORKs, Los Angeles had to deal with a huge logistical challenge in implementing welfare reform. By the December 1998 deadline, the county successfully hired and trained caseworkers, got a new

The Project on Devolution and Urban Change

Table 2.7

Selected Welfare Experiences of Respondents in the Four Urban Change Sites in 2001

Outcome	Cuyahoga	Miami	Philadelphia	Los Angeles
Among former and ongoing recipients				
Percentage who knew:				
That there is a time limit on cash assistance	96.6	93.3	92.3	83.2
The number of months they can receive cash assistance	70.8	NA	50.5	39.2
That they could keep part of their grant and work	47.0	51.6	63.1	67.2
That they could continue getting food stamps if they left welfare for work	63.7	66.3	68.9	48.1
Among ongoing recipients[a]				
Percentage who said that welfare staff:				
Took time to get to know them/their situations	37.4	34.2	23.6	27.5
Pushed them to get a job quickly	59.2	51.7	62.1	49.1
Urged them to get education or training	40.2	42.4	42.6	33.4
Just wanted to enforce the rules	69.3	59.5	76.0	64.6
Percentage who said they were cut off welfare due to the time limits	39.2	17.2	1.6	0.3
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE:

[a]Questions were only asked of respondents who had been on welfare within the 12 months prior to the interview. This included 223 recipients in Cuyahoga, 119 recipients in Miami, 260 recipients in Philadelphia, and 392 recipients in Los Angeles.

eligibility computer system on-line, and enrolled the entire nonexempt caseload into welfare-to-work services. The process was far from smooth, however: New EWs and GSWs had insufficient training, and it was these caseworkers who faced the largest bulge in participant services. Problems with LEADER, the computer system, contributed to high error rates for food stamp benefits, which shifted the focus away from customer service at a crucial point. Despite these problems, however, Los Angeles accomplished needed change on a remarkable scale.

Los Angeles's approach emphasized that welfare is temporary and that recipients should move toward self-sufficiency by seeking employment. This message was undermined, however, by confusion regarding time limits (the 18/24-month limit that affected few recipients versus the

"distant" 60-month limit), the protection of the child's portion of the grant, and recipients' disbelief that the kinds of jobs they could get would lead to self-sufficiency. A large proportion of recipients did choose to get jobs and combine welfare benefits with earned income, but it is unclear whether working recipients were on a career trajectory that would enable them to support their families without a supplementary welfare check. It is also unclear how well GAIN participants fared in the tighter employment market that they confronted in the early 2000s, when unemployment rates began to climb (see Figure 1.3 in Chapter 1). Moreover, only a small fraction of working recipients and former recipients took advantage of the county's postemployment services, which are aimed at helping workers to secure better jobs. Nevertheless, during the period of this study, Los Angeles experienced steady decline in welfare rolls, increasing participation in welfare-to-work activities, and a fairly steady rate of employment among recipients.

Chapter 3

Did Welfare Reform in Los Angeles Have an Effect? An Analysis of Entry, Exits, and Employment

Both proponents and opponents of the 1996 federal welfare reform expected it to produce extraordinary changes. Proponents predicted a dramatic decrease in welfare receipt and a corresponding increase in employment among current and former recipients. Opponents conjectured that many people would be pushed into poverty without a safety net. This chapter explores whether the Temporary Assistance for Needy Families (TANF) program in Los Angeles is likely to have had either kind of effect.

Los Angeles County's welfare caseloads did decline after 1993 (see Figure 1.1 in Chapter 1), but the declines began before TANF was implemented, which suggests that factors other than the 1996 welfare reform are at least partly responsible. Part of this decline may be reflective of California's proactive stance in changing its welfare policies prior to the signing of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. Specifically, Los Angeles's TANF program of the early 1990s — called Jobs-First Greater Avenues for Independence (Jobs-First GAIN) — was a strongly employment-focused mandatory welfare-to-work program in operation from January 1995 through March 1998. Although Jobs-First GAIN engaged only part of the caseload in welfare-to-work services, some features of the program were similar to those required under PRWORA, such as an emphasis on work first, strong encouragement to combine work and welfare, high enforcement of mandatory participation requirements, and generous financial incentives. In addition to these early policy innovations, the growing Los Angeles economy might have made it easier for current and potential welfare recipients to find relatively high-paying jobs. The expansion of the federal Earned Income Credit (EIC), in addition to California's already generous work incentives, may have encouraged many people to leave welfare for work or to go to work instead of applying for welfare.[1] Restrictions on eligibility for immigrants and declines in out-of-wedlock childbearing may have resulted in fewer families being eligible for cash assistance.[2] However, the steady increase in poverty in Los Angeles over time would be expected to increase the use of welfare benefits.

The presence of these other factors makes it difficult to ascertain the independent effect of the 1996 federal reforms. Most of the factors would be expected to reduce caseloads, and all were present both before and after April 1998, when welfare reform was implemented in Los Angeles. Only one important factor began with welfare reform: welfare reform itself. Using that

[1]Meyer and Rosenbaum, 2001.
[2]Sawhill, 2001.

fact, this chapter investigates the effects of TANF by comparing patterns of welfare receipt and employment over time.[3] If the California Work Opportunities and Responsibility to Kids (CalWORKs) program had an effect on caseloads and employment, the patterns after April 1998 should look different than the patterns before reform.[4]

CalWORKs could have affected many outcomes, but this chapter focuses on only a few: how quickly cases closed, whether cases were deterred from receiving cash assistance, and whether employment and employment stability among recipients increased. These outcomes represent some of the express goals of welfare reform. The employment outcomes are of particular interest, because they underscore the ability of recipients to support themselves and their families with work. This has become increasingly important in light of federal lifetime limits on cash assistance receipt.

The data used in this chapter include information up to the end of 2001 but do not cover the period after families began reaching the lifetime time limit. It is possible that time limits had effects in this early period by encouraging parents to put greater effort into finding work or to leave welfare in order to preserve their eligibility for benefits at a later time, although such an effect is likely to be small because the county did not send a strong message about the time limit and the time limit reduced the typical welfare grant by only a little over $100 each month. Thus, the analysis cannot explore the changes in outcomes associated with reaching the time limit.

Summary of Findings

This chapter presents results for a number of findings related to whether people came onto welfare faster or slower after CalWORKs was implemented, whether they left the rolls faster or slower after CalWORKs, and whether they were more likely or less likely to go to work. Although many of the results are quite uncertain, the set of results that indicate that long-term recipients left welfare faster after CalWORKs was implemented than before is the most believable because the exit rate for long-term recipients was fairly stable before 1998 and increased suddenly and persistently after that point.

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[3]For a detailed discussion and evaluation of this method, which is called "multiple cohort design," see Michalopoulos, Bos, Lalonde, and Verma (2000).

[4]Some people consider the "gold standard" of policy evaluation to be randomly assigning people to either a program group, which is subject to the rules of the new policy (in this case, CalWORKs), or a control group, which is subject to the old policy (in this case, Jobs-First GAIN). In a random assignment study, the control group represents what would have happened in the absence of the new policy. Unfortunately, a random assignment study of welfare reform was not practical, because the reforms were so well publicized that they might have influenced the behavior of control group members. However, in California, MDRC conducted a random assignment evaluation of Los Angeles's Jobs-First GAIN program, which emphasized labor force attachment and contained many of the components of CalWORKs, as mentioned earlier in the text (Freedman, Knab, Gennetian, and Navarro, 2000).

Here is a brief summary of other findings.

- **During the 1990s, the Los Angeles County welfare caseload declined by record levels.** Over the period from 1993 to 2001, Los Angeles County experienced a 44 percent decline in the caseload, slightly less than the nationwide caseload decline. The behavior of welfare recipients in Los Angeles changed over time in offsetting ways that were consistent, on average, with reduced caseloads. For instance, while slightly more new people came onto the rolls or returned to welfare after a period of nonreceipt, cases closed faster in 2001 than in 1993, and this effect overshadowed the entry patterns, resulting in a net decrease in the number of cases open in 2000 and 2001. Most of these trends appear to have started prior to the implementation of CalWORKs in April 1998.

- **Cases closed more quickly after the implementation of CalWORKs in Los Angeles.** Before the implementation of CalWORKs, the proportion of cases that closed within a specified period of time, say six months, was gradually decreasing. After 1998, this trend changed, and people left the rolls slightly faster than expected. As mentioned above, CalWORKs appears to have especially increased the rate at which long-term recipients left the rolls. These outflows may have been associated with such CalWORKs features as time limits and work incentives, which may have encouraged some welfare recipients to leave the rolls sooner (especially long-term recipients).

- **The effects of CalWORKs on entry onto welfare depended on the group.** Prior to 1998, the number of new welfare cases declined to such a low level that CalWORKs had little opportunity to cause further decline. The evidence does suggest that CalWORKs reduced the likelihood of receiving cash assistance for a particular at-risk group, namely, families who began receiving food stamps without cash assistance. By contrast, CalWORKs appears to have noticeably increased recidivism.

- **In contrast to the findings on welfare receipt, employment among current and recent welfare recipients experienced virtually no change after the introduction of CalWORKs.** There was a small but statistically significant increase in unstable employment and a correspondingly small but statistically significant decrease in stable employment. “Stable employment” is defined here as being employed four or more consecutive quarters within one year of starting welfare receipt. Although statistically significant, these changes are

small enough that they might not be meaningful in a policy sense, and the post-reform trends in employment are very similar to trends prior to April 1998.

Expected Effects of Los Angeles's Reforms

The early implementation of CalWORKs might have affected recipients' behavior in diverse ways. The sanctioning policies that removed the adult benefits from the case and the employment-focused services should have encouraged or helped people move to work and off welfare faster. Anticipation of the time limits might also have encouraged some people to leave welfare faster, although this effect might be small, since the county did not send a strong message related to the time limit and the penalty for reaching the time limit was smaller than in most places around the country.[5] Finally, the enhanced earned income disregard might have encouraged welfare recipients to work, but this policy would also have allowed more of them to stay on welfare and more of them to begin receiving welfare.[6]

Random assignment studies of welfare-to-work programs shed light on the likely effects of some of these policies.[7] Perhaps the most relevant information comes from MDRC's evaluation of Los Angeles's Jobs-First GAIN. Most of that program's features continued under CalWORKs, which replaced it in April 1998. In an effort to move thousands of welfare recipients quickly into employment, Jobs-First GAIN anticipated the philosophy and goals of PRWORA, emphasized job search assistance, and imparted a strong pro-work message. After one year of follow-up, Jobs First GAIN produced substantial increases in employment and earnings and also brought reductions in welfare expenditures relative to what recipients would have achieved had they not entered the program.[8] Furthermore, the program produced positive results for many different types of welfare recipients. During the two-year follow-up period, Jobs-First GAIN increased employment by 10 percentage points and earnings by an average of $1,627 (26 percent) relative to control group levels. The program produced modest reductions in welfare and food stamp receipt (that is, the proportion of people receiving each of

[5]Grogger and Michalopoulos, 2003.

[6]Moffitt, 1992.

[7]Bloom and Michalopoulos, 2001.

[8]Prior to the implementation of Jobs-First GAIN, California obtained a waiver from the U.S. Department of Health and Human Services to implement an enhanced earned income disregard policy. This policy became part of Jobs-First GAIN's strategy for convincing people to find employment as quickly as possible even if available jobs paid little. While both experimental and control group members were covered by California's earned income disregard, it is likely that fewer control group members than experimental group members knew about the earned income disregard, because they did not attend special orientation sessions and did not meet with Jobs-First GAIN case managers to discuss work alternatives (Freedman, Knab, Gennetian, and Navarro, 2000).

these benefits) and large reductions in welfare and food stamp payments (that is, actual expenditures for each type of assistance).[9]

In addition to Job-First GAIN, MDRC's random assignment evaluations of TANF policies in Florida's Family Transition Program (FTP) and Connecticut's Jobs First program also provide relevant evidence.[10] Both programs increased employment and earnings, and their effects on these outcomes were similar before and after families began reaching the time limit. In both cases, welfare savings were substantial after families began reaching the time limit, and the programs' effects on income became smaller (but were never negative). Results from MDRC's random assignment evaluation of the Minnesota Family Investment Program (MFIP), moreover, imply that a more generous earnings disregard can encourage some families to work but also allows many of them to stay on welfare longer.[11]

Reports on the three other Urban Change counties — Cuyahoga, Miami-Dade, and Philadelphia — also provide insight into the likely effects of Los Angeles's TANF program. All three counties increased and simplified their earnings disregards and put into place mandates and services to help and encourage people to move from welfare to work. Cuyahoga and Miami-Dade Counties firmly enforced time limits and work mandates, while Philadelphia provided more time-limit extensions and exemptions to families. While Cuyahoga ensured that families were aware of their cutoff date and offered short-term extensions and transitional jobs to recipients who had employment barriers or no other income, Miami-Dade had recurring problems in managing and delivering services to help people become employed, and many families were cut off welfare because of noncompliance with work rules. Despite these differences, welfare reform appears to have encouraged welfare recipients — particularly long-term recipients — to leave the rolls faster in all three counties. However, welfare reform had smaller and less consistent effects on employment in the three counties, and it appears to have increased recidivism in Miami and Philadelphia.

In summary, the random assignment studies suggest that the effects of CalWORKs on welfare receipt are likely to be small during most of the period covered in this chapter. The expanded earnings disregards would be expected to keep more people on the rolls, while participation requirements and sanctions would encourage or force them to leave the rolls. The prior Urban Change studies, by contrast, suggest that the policy changes that were implemented under CalWORKs may be associated with faster exits and some increased employment but also with

[9]It is important to remember that CalWORKs modified the Jobs-First GAIN program model by extending the policies to the entire caseload, while adding time limits on eligibility (although only for adult recipients), somewhat stronger financial incentives to work, extended transitional benefits, postemployment services aimed at increasing job retention and advancement, and special services for victims of domestic violence and people with mental health or substance abuse problems. The Jobs-First GAIN Evaluation therefore tests the effects of CalWORKs' primary preemployment strategy, but without time limits and postemployment and special services and with smaller financial incentives to keep working (Freedman, Knab, Gennetian, and Navarro, 2000).

[10]Bloom et al., 2000; Bloom et al., 2002.

[11]Miller et al., 2000.

increased recidivism. The effects might have increased when families began reaching the time limits, in the fall of 2003, but this lifetime limit did not come into effect until after the present analysis was completed. In short, the full story of TANF's effects in Los Angeles can be told only after more information has been gathered.

Data and Outcomes

The analysis in this chapter uses administrative records for all people in Los Angeles County who received cash assistance or food stamps between January 1992 and December 2001. This consists of 5,854,789 recipients, including 1,226,438 recipients in 632,662 cases that were opened with both an adult and children. The records contain information on food stamps and cash assistance eligibility and earnings reported to California's unemployment insurance (UI) system. Because work requirements, time limits, and other CalWORKs policies apply only to welfare cases headed by adults and because child-only cases became more important during the 1990s yet were subject to different rules, the analysis in this chapter is limited to cases that contain an adult.[12]

Administrative data contain accurate information, but they have several limitations. First, they are limited to activity in California; if recipients move to another state, they are counted as though they did not receive public assistance and did not work. Second, the UI data do not include information on workers who are self-employed, those who provide informal child care, or those who do work that is "off the books." Third, because UI records report earnings by calendar quarter, they provide only rough measures of employment duration and stability. For instance, people who begin working or who change jobs during a calendar quarter probably experience weeks of joblessness that UI records do not capture. Finally, UI records report total earnings, not hours worked per week, weeks worked per quarter, or hourly wages.

Although a range of issues could be addressed in this analysis, the chapter focuses on the following questions.

- Did CalWORKs in Los Angeles alter the likelihood that a case received cash assistance? This question is further divided into two parts:
  - Did the 1998 CalWORKs program cause fewer or more cases to open or to reopen (return to welfare) once they had left?
  - Did the 1998 CalWORKs program cause welfare cases to close faster?
- Did CalWORKs in Los Angeles increase employment, and did it result in stable employment?

[12]See Appendix Table A.1 for descriptive statistics of the individual-level sample (which is limited to adult recipients).

As mentioned in the Summary of Findings above, the most robust results reported in this chapter are the exit findings for long-term recipients. First, however, the discussion begins with a descriptive analysis of welfare entry to highlight the relation of the study's method to caseload changes and to thoroughly introduce the data used in the analyses. The chapter then explores whether CalWORKs was associated with changes in entry and exit patterns.

Did CalWORKs Alter the Likelihood That a Case Received Cash Assistance?

Welfare caseloads could have declined in Los Angeles during the 1990s through two mechanisms: People could have come onto the rolls in smaller numbers, or they could have left the rolls in greater numbers. This section analyzes the two explanations separately. Some components of CalWORKs were designed to affect one of them more than the other. For example, the strict participation and work rules might deter people from coming onto welfare, while employment programs and services are intended primarily to help people leave welfare. Entry and exits are also examined separately, because reduced entry and increased exits have different implications for how the caseload changes over time.[13]

Descriptive Results

This section begins by looking descriptively at what happened to Los Angeles's welfare caseload and welfare exits over time. The solid line in Figure 3.1 shows the number of open welfare cases that included an adult for each month between 1993 and 2001, and the dotted line shows the number of unemployed individuals each month for a slightly longer period. The figure confirms what is shown in Chapter 2: Welfare caseloads peaked toward the end of 1994 and declined thereafter. Caseloads dropped markedly since 1996. For example, between August 1996 and December 2001, the caseload dropped by 47 percent in Los Angeles.

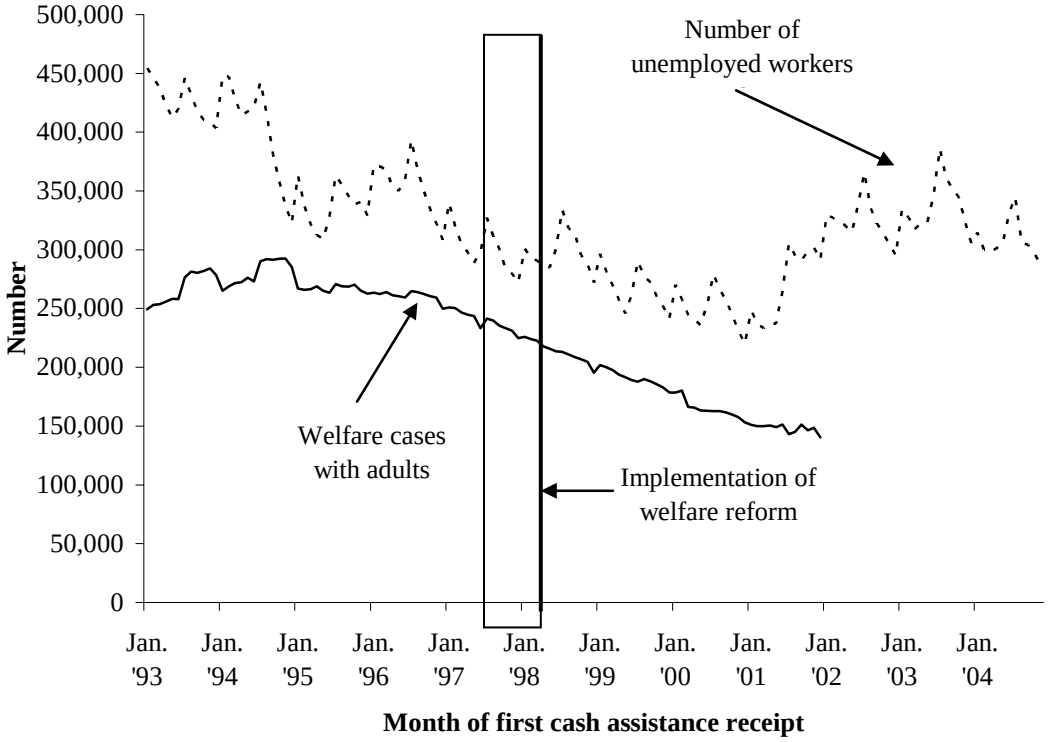
Figure 3.1 also shows that the unemployment trend declined slightly until the end of 2000. The decline in the number of unemployed people between 1994 and 2000 was followed almost immediately by a decline in the number of open welfare cases. The data do not extend past the period in which the number of unemployed people began to increase sharply, which started in 2001.

[13]Klerman and Haider, 2001.

The Project on Devolution and Urban Change

Figure 3.1

Number of Open Welfare Cases Each Month and Number of Unemployed Workers, January 1993 Through November 2004



SOURCES: MDRC calculations using Los Angeles County administrative welfare records and unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics.

NOTES: Family cases include cases that contain an adult and children. The sample of family cases excludes those cases that opened as child-only cases.

Monthly unemployment data are for Los Angeles County.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The thicker vertical line in Figure 3.1 represents April 1998, when CalWORKs began in Los Angeles. Points to the right of the line represent the caseload and unemployment levels after CalWORKs began, and points to the left of the line represent those levels before CalWORKs. The boxed area represents the period when CalWORKs may have first affected welfare recipients' behavior in Los Angeles.[14] Note that the caseload began declining long before CalWORKs was implemented in Los Angeles.

As previously noted, caseloads might have declined because fewer people were coming onto the rolls or because more people were exiting welfare. Figure 3.2 shows entry onto welfare in Los Angeles, defined as the number of cases headed by an adult that opened each month between January 1993 and December 2001.[15] The overall pattern shows dramatic spikes in the number of new cases opening in January and July each year. This pattern has been determined by the Medical Care Statistics Section of the California Department of Health Statistics to be accurate; nevertheless, sensitivity checks excluding these months have been performed and yield qualitatively similar results.[16]

Figure 3.2 shows that, during the period from January 1993 to March 1998, nearly 5,100 cases opened each month. In fact, the figure suggests that case openings slightly declined over this time frame. In contrast, between April 1998 and December 2001, approximately 6,900 cases opened each month. This suggests that new family cases were more likely to open after the implementation of CalWORKs.

Why might entry have increased after 1999? There are several possible explanations. Economic growth, which probably contributed to the decrease in entry rates prior to 1999, had begun to stagnate and decline as well. For example, in Figure 3.1, the number of unemployed

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[14]Welfare reform policies may have affected behavior prior to the implementation of CalWORKs, as the policies were well advertised before being signed into law. In fact, under Jobs-First GAIN, caseworkers warned enrollees that time limits were coming, to encourage enrollees to exit quickly (Freedman, Knab, Gennetian, and Navarro, 2000). The boxed area in Figure 3.1 extends from October 1997 to March 1998; April 1998 represents the implementation of Los Angeles's CalWORKs program.

[15]Because the data extend back only to January 1992, there is no way to know whether a case received benefits before then. Therefore, a case is defined as new if it had not received benefits since January 1992. New welfare cases in January 1993 might have received benefits as recently as 13 months prior (in December 1991), while new welfare cases in January 1999 had not received benefits for at least seven years. Earlier groups of "new" welfare cases might, therefore, contain a fair number of relatively recent cases. To diminish problems that might arise from this data limitation — and because cases that received benefits in 1992 had substantially different characteristics from other cases (that is, the average sizes of these groups are much larger, indicating that many cases may, in fact, have started earlier) — the analysis excludes cases that received benefits in 1992.

[16]Klein, 2000. Other researchers using these data have also noted the higher-than-average numbers of recipients in these months. The present analyses utilize all the data, including the months of January and July, and evaluate the sensitivity of the results to these inclusions. Although some patterns slightly differed when the analyses controlled for the January and July starts, the overall results remained the same.

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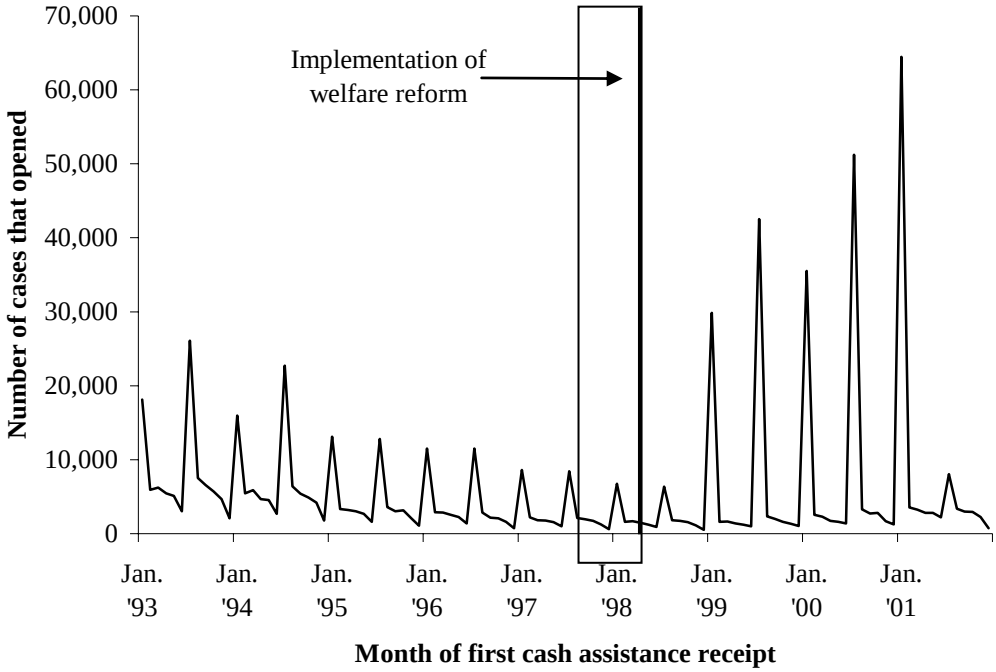
Figure 3.2

Number of New Welfare Cases That Opened Each Month, January 1993 Through December 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

people reached its lowest point at the end of 2000 and had risen sharply by the middle of 2003. Another possible explanation for increased entry may be California's extension of state benefits to legal immigrants, who were ineligible for federal benefits after the passage of PRWORA. California protected immigrants' access to benefits by using federal TANF funds to provide benefits to immigrants who qualified, but it used state funds to provide TANF and Medi-Cal benefits to legal immigrants who immigrated after the federal cutoff date or who were in their first five years of immigration.[17]

Alternatively, the increase in welfare entries could represent a response to the more generous earnings disregard under CalWORKs, combined with California's high benefit levels. This combination of benefits meant that, in 2000, a family of three could work and draw some cash benefits until the family's income reached $1,458 a month. Prior to CalWORKs, a family became ineligible for benefits when earnings exceeded $1,215 per month.[18]

This discussion points out a key problem with Figure 3.2: The characteristics of the caseload might have changed substantially over time, affecting monthly entry rates. For example, if the caseload comprised a greater number of legal immigrants in 2001 than in 1996, this may explain why a larger number of cases opened.

Did the 1997 CalWORKs Program Cause Fewer or More Cases to Open or to Reopen (Return to Welfare) Once They Had Left?

This section explores whether the 1998 CalWORKs program affected the number of cases that opened. The question is examined in three parts:

1. Did CalWORKs reduce or increase the number of welfare cases opening for the first time (new entrants)?
2. Did CalWORKs reduce or increase the number of cases returning to welfare (recidivists)?
3. Did CalWORKs result in fewer or more new welfare cases being opened by individuals who initially received food stamps without cash assistance?

[17]Under federal law, immigrants who entered the United States before August 22, 1996, or who have been in the United States for at least five years are covered by TANF.

[18]U.S. House of Representatives, Committee on Ways and Means, 1998.

New Entrants

The trends for new welfare cases from February 1993 through December 2001 are shown in Figure 3.3. This figure shows the same data as Figure 3.2, with the January and July monthly spikes removed for clarity. During the period from February 1993 to March 1998, slightly more than 3,000 cases opened each month, compared with about 2,100 cases that opened between February 1999 and December 2001. In other words, the majority of the increase in entries shown in Figure 3.2 occurred in the months of January and July, and these increases were larger in the post-CalWORKs period. Most important, the figure shows that the average number of entries onto the welfare rolls was modest over time, with very little room for CalWORKs to affect the trend.

Figure 3.3 also demonstrates how the impacts of CalWORKs are inferred in this chapter. The solid trend line extending from February 1993 to December 2001 shows the number of new cases that opened each month. For example, the point at the far left of the diagram indicates that 5,928 cases opened in February 1993. The point to the far right indicates that 715 cases opened in December 2001. As in the earlier figures, the boxed area represents the period when CalWORKs may have first affected behavior in Los Angeles. Points to the right of the thicker vertical line represent the cases that opened after CalWORKs was implemented, and points to the left of that line represent the cases that opened before CalWORKs.

The trend line in Figure 3.3 shows that the number of new cases declined somewhat over time — from a high of 7,593 cases in August 1993 to a low of 519 cases that opened in December 1998 — only to increase later during the period. Was the 1998 implementation of CalWORKs in Los Angeles responsible for some of that trend? To address this issue requires a *counterfactual,* which is an estimate of what would have happened if CalWORKs had not been passed or implemented. In a random assignment study, the counterfactual is inferred from what the control group does, and the effect of an intervention is measured as the difference between outcomes for the program group and the control group. Likewise, once the counterfactual is identified here, the effect of Los Angeles's CalWORKs program is estimated as the difference between what actually happened and what the counterfactual indicates would have happened without CalWORKs.

Because the impact of CalWORKs is estimated as the difference between actual outcomes and the counterfactual, determining the most likely counterfactual is a crucial step in the analysis. To determine the counterfactual, two assumptions are made. The first assumption is that the trend prior to CalWORKs would have continued if CalWORKs had not been implemented. This is a reasonable premise, because economic growth was strong both before and after 1998. However, it is far from certain that ongoing economic growth and other factors would have had the same effect after 1998 as before. The second assumption is that the relevant

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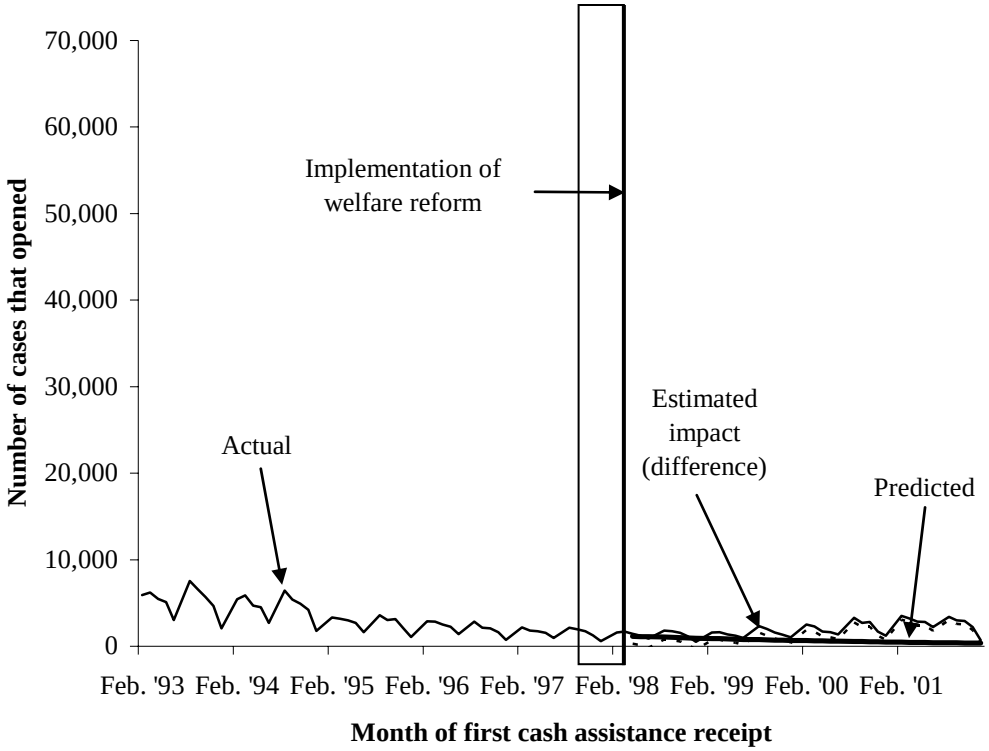
Figure 3.3

Number of New Welfare Cases That Opened Each Month (Excluding the Months of January and July), February 1993 Through December 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The data presented is the same as shown in Figure 3.2, with the exception that January and July starts are excluded. The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted number of cases that would open and the estimated effect of welfare reform are based on the linear model for the pre-reform trend. See text for details.

trend is the one that best fits data from the entire pre-CalWORKs period.[19] This is also a reasonable premise, but it might not be the case if, for example, an important policy or economic change happened in 1995. Because the resulting estimates are only as good as these assumptions, the chapter includes a number of figures like Figure 3.3 to help the reader judge how plausible the assumptions and resulting conclusions are.

The counterfactual shown in Figure 3.3 is the thicker horizontal line (labeled "Predicted") extending from April 1998 until the end of the period. From April 1998 until the end of 1999, the actual number of case entries roughly followed the predicted number of case entries. After 1999, the actual entry numbers and the predicted entry numbers diverged, with the actual number of entries exceeding the predicted number of entries.

In other words, because the number of new welfare cases declined over time prior to CalWORKs, the predicted counterfactual suggests that this decline would have continued. Because the actual number of new welfare cases did not decline after CalWORKs went into effect but, rather, increased, the results imply that CalWORKs may have had an impact. This conclusion is verified by the third row of data in Table 3.1, which shows that there was a significant difference between the cases opened in an average month after CalWORKs (when excluding the January and July entry months), compared with the cases that were predicted to open.

The estimated effect of CalWORKs is illustrated by the dashed trend line at the lower right side of Figure 3.3. The points on this line are above zero, indicating that the predicted outcomes and the actual outcomes are not similar. This suggests that CalWORKs may have affected the number of cases opening.

This method of estimating the affect of CalWORKs is not suitable in all applications, as the pre-reform trend may not be a very good predictor of the post-reform period. In the case of new welfare entries shown in Figure 3.3, the pre-reform trend essentially predicts that very few or no new cases would open by the end of the period. This prediction is not reasonable, but it can be explained by the fact that the trend in the pre-reform period was already very close to zero, suggesting that CalWORKs would have little opportunity to affect a further decline in entries.

Table 3.1 shows some unreasonable predictions that can result from this method. The top panel of the table presents estimated effects of CalWORKs on entry, by whether January or July monthly starts are included in the trend line. For each outcome, the table shows the actual

[19]Several steps were involved in finding the best scenario. First, a linear trend was compared statistically with a quadratic trend to determine whether the trend was nonlinear. If a statistical test rejected the hypothesis that the trend was linear, then the trend was assumed to be semi-logarithmic; that is, the natural logarithm of the outcome was assumed to change linearly with time. A semi-logarithmic trend was assumed rather than a quadratic trend because the quadratic trend forces the counterfactual to change direction at some point, and this seems implausible for most outcomes.

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Table 3.1

Estimated Effect of 1996 Welfare Reform on Cases Starting Cash Assistance Within a Specified Period of Time

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
Starting welfare			
Average number of cases starting welfare each month:			
All months	6,923	-1,869	--
January starts excluded	4,326	-1,531	--
January and July starts excluded	1,935	685	1,251 ***
Average percentage of cases reopening within 6 months (recidivist cases)	14.0	6.7	7.3 **
Food stamp individuals starting welfare			
Average percentage of food stamp cases that open welfare cases within:			
3 months	9.2	12.8	-3.6 ***
6 months	13.3	20.2	-6.9 ***
12 months	17.8	23.3	-5.6 ***
24 months	23.0	24.6	-1.6

SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: See Appendix Table A.2 for sample sizes of first-stage regressions.

The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The estimated effect of 1996 welfare reforms is the average post-reform difference from the best estimated pre-reform trend. See text for more information.

The percentage of cases reopening each month is calculated as the proportion of cases in each at-risk group that return to welfare within six months. See text for details.

Food stamp case results exclude single (adult) recipients, who were subject to different eligibility rules since 1996. The percentage of food stamp cases that open a welfare case refers to the proportion of cases receiving food stamps, but not cash assistance, that open a cash assistance case within a specified period of time.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

value of the outcome, the predicted counterfactual, and the estimated impact. The first row of data in the table shows that 6,923 new adult-headed cash assistance cases opened in the average post-CalWORKs month, but the counterfactual implies that a negative number of entries (on the order of 1,869 cases) would have occurred in the average month if CalWORKs had not been

implemented. Obviously this is not possible, which indicates that the method cannot well predicate entries in Los Angeles, lowering the confidence level of the entry findings.

Recidivism

Caseloads can decline not only if the number of new entrants declines but also if fewer people return to welfare after they have left. It is unclear what effect Los Angeles's CalWORKs policies would have on recidivism. Policies such as participation mandates and time limits not only should encourage people to leave welfare but also should discourage them from returning to the rolls. Countering these effects is the possibility that participation mandates, sanctioning, and time limits may have encouraged some people to leave welfare before they were able to obtain sustainable employment.

Figure 3.4 shows what actually happened with regard to recidivism. In this analysis, a recidivist case is one that closed for at least two months but returned to the rolls within six months of becoming at risk of returning. For example, a welfare case that opened in January 1993 and that closed in January 1994 would have been at risk of recidivism in March 1994 (having been closed for January and February) and would be counted as a recidivist if the case began receiving cash assistance again before August 1994 — six months after it became at risk of returning to welfare. If a case cycled on and off welfare several times, then only its first welfare exit and only its first return to welfare are included in this analysis. By this definition, 16 percent of all former welfare cases in Los Angeles reopened at some point during the period described in this chapter. A six-month period was chosen because most cases that reopen do so within a few months of closing and because a relatively short period was needed in order to observe enough cohorts for the analysis.[20]

According to Figure 3.4, the rate of recidivism before CalWORKs was implemented was extremely choppy but somewhat declining. For example, the leftmost point indicates that, among cases that closed in January 1993 (and therefore became at risk of reopening in March 1993), about 34 percent reopened within six months of becoming at risk of returning. By April 1998, this rate had declined to about 11 percent.

The counterfactual suggests that the gradual pre-CalWORKs decline would have continued in the absence of the program. The estimated effect of CalWORKs — illustrated by the dashed line at the bottom right side of the figure — shows that this is not what happened. That is, on average, the rate at which cases actually returned to the welfare rolls differed from what was predicted. Early in the post-CalWORKs period, the actual rate of recidivism closely followed the

[20]Coulton, Chow, Wang, and Su, 1996.

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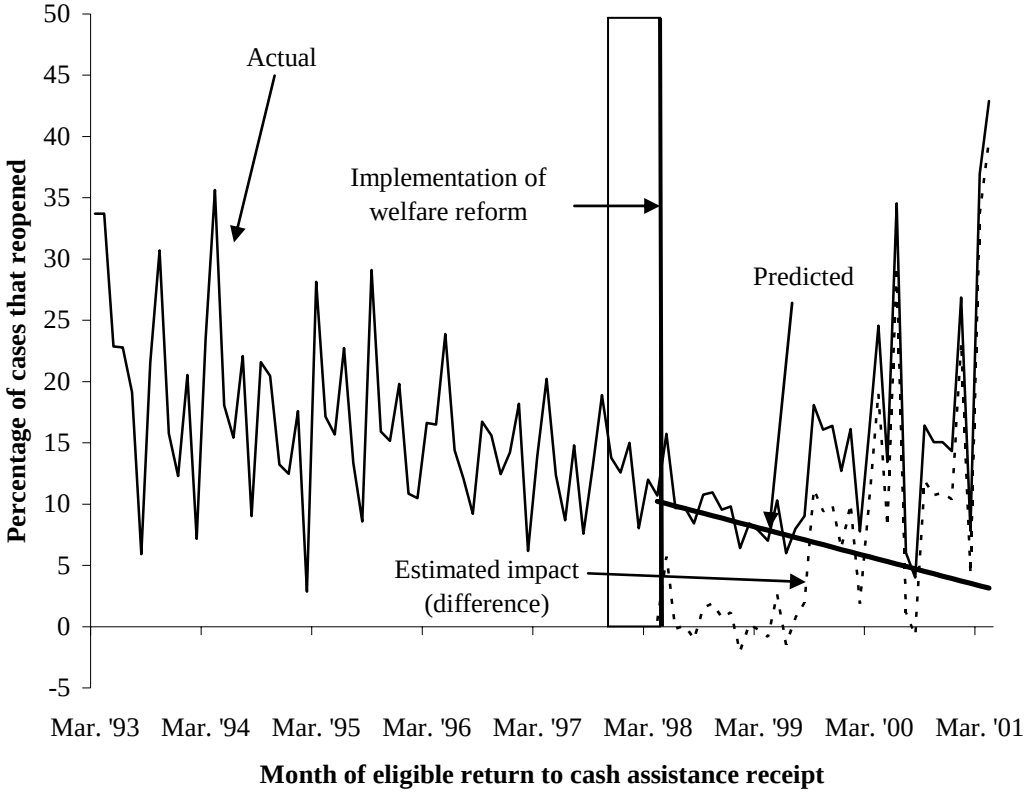
Figure 3.4

Percentage of Closed Welfare Cases That Reopened Within Six Months, March 1993 Through April 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage of cases that would reopen and the estimated effect of welfare reform are based on the linear model for the pre-reform trend. See text for details.

predicted rate. However, in September 1999, the two trends diverged, with the actual rate of recidivism becoming higher than the counterfactual rate. This is consistent with the economic downturn that began around this time. The diversion of the actual rate of recidivism from the predicted rate after this point was large enough to offset the earlier period, in which the actual rate of recidivism closely followed the predicted rate. This implies that the 1998 CalWORKs program affected recidivism. Its effect on the number of cases reopening within six months is verified by the fourth row of data in Table 3.1: In the period after April 1998, an average of 14.0 percent of closed cases returned to the rolls within six months, compared with a predicted recidivism rate of 6.7 percent. The difference implies that the CalWORKs program resulted in a recidivism rate that was higher than the rate that was expected (as determined by the counterfactual).

Welfare Entry Among Food Stamp Recipients

Results reported above suggest that Los Angeles's CalWORKs program may have had an effect on the number of new cases opening. One more difficulty with that analysis, however, is that it does not account for the number of families who were at risk of becoming welfare recipients (or were more likely to enter the welfare program due to limited financial resources), which may have changed over time, irrespective of welfare reform.[21] As a result, the actual increase in new entrants might confound increases in the number of at-risk families with increases in the likelihood that an at-risk family began receiving welfare. Although reform was designed to directly affect the likelihood that an at-risk family would receive benefits, it could lead to changes in the number of at-risk families only over a very long period.

This section explores welfare entry among at-risk families by examining whether individuals who initially received food stamps without cash assistance subsequently began receiving cash assistance. The analysis examines only food stamp cases that include both adults and children. This group probably comprises working people whose income was too high to qualify for cash assistance benefits but who were at risk of receiving cash assistance if they had a modest decrease in income.[22]

Figure 3.5 shows the percentage of new food stamp-only recipients who began receiving cash assistance within six months of first receiving food stamps. For example, the leftmost point indicates that about 11 percent of people who began receiving food stamps without cash assistance in January 1993 had begun receiving cash assistance by July 1993. As in other figures in this chapter, points to the right of the thicker vertical line represent people who first began receiving food stamps after the 1998 CalWORKs program was implemented in Los Angeles; points to the left of that line represent people who began receiving food stamps before the

[21]Sawhill, 2001.
[22]See Appendix Table A.2 for the size of this group and changes over time.

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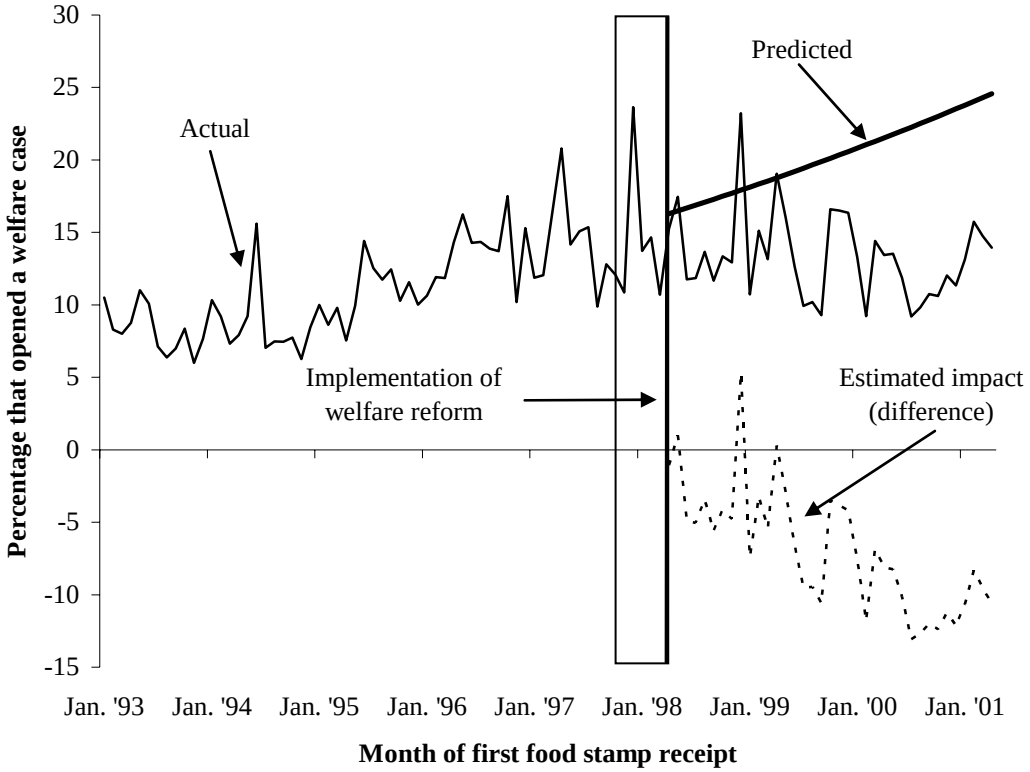
Figure 3.5

Percentage of New Food Stamp Recipients That Opened Welfare Cases Within Six Months of Opening a Food Stamp Case, January 1993 Through April 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

Results exclude single, adult recipients, who were subject to different eligibility rules since 1996. The calculation refers to the proportion of individuals receiving food stamps, but not cash assistance, that opened a cash assistance case within a specified period of time.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage of cases that would open and the estimated effect of welfare reform are based on the semi-log model for the pre-reform trend. See text for details.

program was implemented; and points within the boxed area represent people who began receiving food stamps shortly before the program was first implemented.

Figure 3.5 shows that the predicted percentage of new food stamp-only recipients who received cash assistance within six months increased gradually from 1993 until CalWORKs was implemented. But the proportion moving onto cash assistance decreased shortly after the implementation of CalWORKs until the end of the period. The difference between the counterfactual (an increase after 1998) and what actually happened (a gradual decline starting in 1999) implies that the 1998 CalWORKs program caused fewer people than expected to move from food stamps to welfare.

The bottom panel of Table 3.1 shows the average effect of CalWORKs on the likelihood of food stamp recipients' opening cash assistance cases. Results are shown for four different outcomes: receiving cash assistance within three months, within six months, within a year, and within two years of receiving food stamps. In most cases, the results imply that the 1998 CalWORKs program decreased the number of food stamp-only families who subsequently received cash assistance, with effects ranging from as high as a decrease of 6.9 percentage points within six months to a decrease of 3.6 percentage points within three months. For the outcome shown in Figure 3.5, the table indicates that 13.3 percent of food stamp recipients moved to cash assistance within six months in the period after CalWORKs began, compared with a predicted rate of 20.2 percent. The difference implies that CalWORKs decreased the likelihood (by 6.9 percentage points) that a food stamp recipient would open a cash assistance case within six months.

In summary, the results for new entries suggest that there was limited opportunity for CalWORKs to affect the caseload through entries. While the method of predicting entry outcomes is better at predicting recidivism and entry from food stamp cases than at predicting overall new entry, in general the findings are not very robust, given the variable nature of the actual pre-reform trends in both these outcomes. While the findings are suggestive, they are not as believable as those for the exit results, which are discussed next.

Did CalWORKs Encourage New Welfare Cases to Close Faster?

The previous section indicates that CalWORKs in Los Angeles possibly did not help reduce caseloads by discouraging new entry but that it did contribute to caseload decline by discouraging new entry among those most at risk of starting a new spell of cash assistance receipt. To explore whether CalWORKs contributed to further caseload declines, this section looks at the other part of the story: case closures. The analysis of case closures requires three essential steps: (1) counting the proportion of cases that closed each month, (2) predicting a counterfactual from the pre-CalWORKs trend, and (3) estimating the effect of CalWORKs as the difference between the actual and the predicted outcomes after April 1998.

For the period between January 1993 and October 2001, Figure 3.6 shows exits in Los Angeles, defined as the proportion of welfare cases headed by an adult that closed each month. Consistent with the decline in caseloads, the likelihood that a case closed gradually increased over time, from about 0.8 percent of cases (or about 7,430 cases) on average prior to the implementation of CalWORKs to about 1.2 percent of cases (or about 10,516 cases) on average after CalWORKs.

In order to evaluate whether CalWORKs had an effect on case closures, Figure 3.7 shows the proportion of new cases that closed within six months of first opening. That is, the leftmost point of the figure indicates that nearly 30 percent of cases that opened in January 1993 subsequently closed by June 1993. Similarly, the rightmost point indicates that about 32 percent of cases that opened in April 2001 left cash assistance before September 2001, six months later. Overall, the trend is a bit choppy, showing that case closures fluctuated quite a bit over the period, with a slight downtrend in the pre-CalWORKs period.

The counterfactual in Figure 3.7 indicates that, in the absence of CalWORKs, the rate of case closures would be expected to decline. In actuality, the rate of case closures increased, somewhat erratically, after April 1998. The estimated effect of CalWORKs — indicated by the dashed line in the rightmost corner — is positive. That is, CalWORKs appears to be associated with a considerable increase in case closures.

The second row of data in Table 3.2 verifies this result. In the post-CalWORKs period, 41.8 percent of the cases that opened, on average, subsequently closed within the following six months. Based on the percentage of exits in the pre-CalWORKs period, the counterfactual predicted that only 25.5 percent of the cases that opened would have closed within the next six months. In other words, if CalWORKs were not implemented and the trend remained as it did during the pre-CalWORKs period, only 25.5 percent of cases (on average) would have been expected to close from 1998 to 2001. The difference shows that 16.3 percentage points more cases actually closed under CalWORKs then predicted, suggesting that CalWORKs increased case closures.

Why might exits have increased after 1999? Again, the growing economy may have played a role. As mentioned earlier, the number of unemployed people reached its lowest point near the end of 2000, which coincides with the period of increased case closures. Alternatively, Los Angeles's tough participation requirements may have encouraged families to leave welfare earlier.

The remaining rows of the top panel of Table 3.2 indicate that, compared with the counterfactual, CalWORKs is associated with increased case closures within three months of opening and a year of opening. That is, the actual and predicted percentages of case closures are significantly different for those cases closing within three months of opening and within one year of opening.

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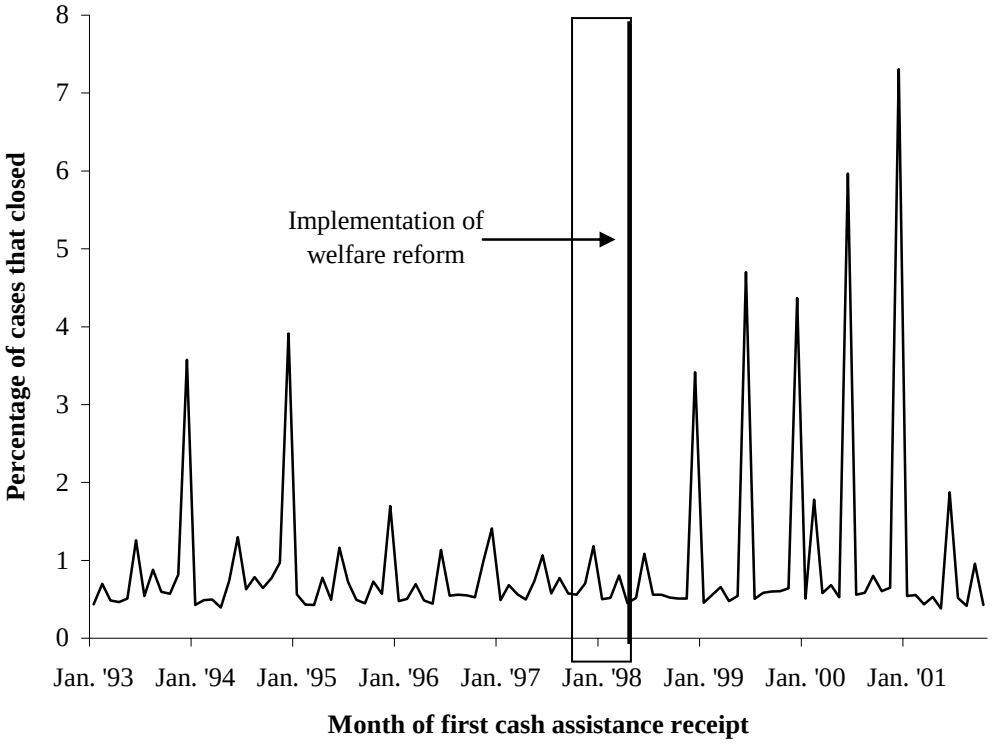
Figure 3.6

Percentage of Adult-Headed Welfare Cases That Closed Each Month, January 1993 Through October 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

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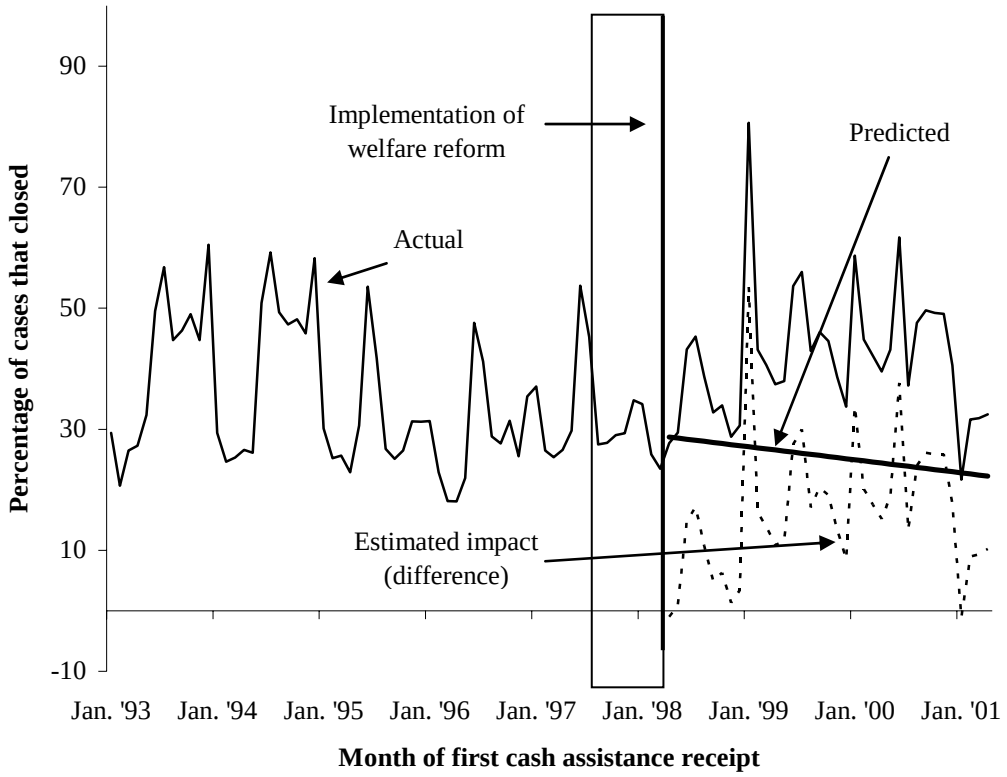
Figure 3.7

Percentage of New Welfare Cases That Closed Within Six Months, January 1993 Through April 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage of cases that would close and the estimated effect of welfare reform are based on the linear model for the pre-reform trend. See text for details.

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Table 3.2

Estimated Effect of 1996 Welfare Reform on Cases Exiting Cash Assistance Within a Specified Period of Time

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
Cases exiting welfare			
Average percentage of welfare cases closing in:			
3 months	24.1	12.9	11.2 **
6 months	41.8	25.5	16.3 ***
12 months	64.4	45.7	18.7 ***
Long-term cases exiting welfare			
Average percentage of long-term welfare cases closing in:			
3 months	39.9	19.5	20.4 ***
6 months	51.4	28.5	22.9 ***
12 months	67.3	42.4	24.9 ***

SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis. See Appendix Table A.2 for sample sizes of first-stage regressions.

The estimated effect of TANF is the average post-reform difference from the best estimated pre-reform trend. See text for more information.

A "long-term case" is defined as receiving cash assistance in 18 out of 24 months from the start of first cash assistance receipt. The percentage of long-term cases that close is calculated as the proportion that close within a specified period of time after the base period of 24 months.

Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

These estimated effects are fairly large when compared with results from random assignment studies. For example, the Portland, Oregon, Job Opportunities and Basic Skills Training (JOBS) program that was studied in the National Evaluation of Welfare-to-Work Strategies (NEWWS) reduced welfare receipt by 8.3 percentage points in the first year after people entered the study; and the very successful Riverside, California, Greater Avenues for Independence (GAIN) program reduced welfare receipt by 7.2 percentage points in the year after people

entered the study.[23] The effects reported here are double the random assignment findings. It is important to remember, however, that the substantial variation in exit rates from month to month make the estimates imprecise. Although they suggest that CalWORKs encouraged people to leave the rolls faster, that effect might be small or large.

Did CalWORKs Encourage Long-Term Cases to Close Faster?

As mentioned in the preceding section, the closure rates of new cases (Figure 3.7) were very erratic, both before and after the implementation of CalWORKs. Further, the rate of case closures was fairly high in both periods, with more than 35 percent of cases, on average, closing within six months of opening in the pre-CalWORKs period and peaks as high as 60 percent (in December 1993). Perhaps CalWORKs is being attributed with having a large effect on the behavior of new welfare cases in Los Angeles because of the erratic highs and lows evident in the pre-CalWORKs period. That is, perhaps many cases would have closed quickly anyway in the post-CalWORKs period if the pre-reform trend had been more stable, reflecting the fact that cases were being closed rapidly before the implementation of CalWORKs. Given these quick case closures, changes in welfare policies may have had little chance to influence new recipients' decisions about leaving. This section focuses on a group of recipients who were more likely to have been exposed to CalWORKs policies, and it shows that the estimated effects of reform were still large.

This section analyzes *long-term welfare cases*, defined as cases that received cash assistance for 18 of the 24 months after first opening. Parents in these cases may have faced barriers to employment that prevented them from leaving welfare. Because they had received welfare for a long time, they might have been more aware of the changes in message and culture at the welfare office, and they might have participated the longest in welfare-to-work activities. For these and other reasons, the effects of CalWORKs for long-term cases might be expected to be larger than the effects for new cases.

Figure 3.8 shows the proportion of cases that closed within six months of becoming long term. For example, the point at the far left of the diagram, which is labeled January 1995, represents the outcome for cases that opened in February 1993 and received benefits for at least 18 of the 24 months between those two dates. It indicates that nearly 24 percent of this group (or about 1,700 cases) left welfare within the next six months, that is, between February 1995 and July 1995. The point at the far right of the diagram, April 2001, represents the outcome for welfare

[23]Hamilton et al., 2001; Riccio, Friedlander, and Freedman, 1994.

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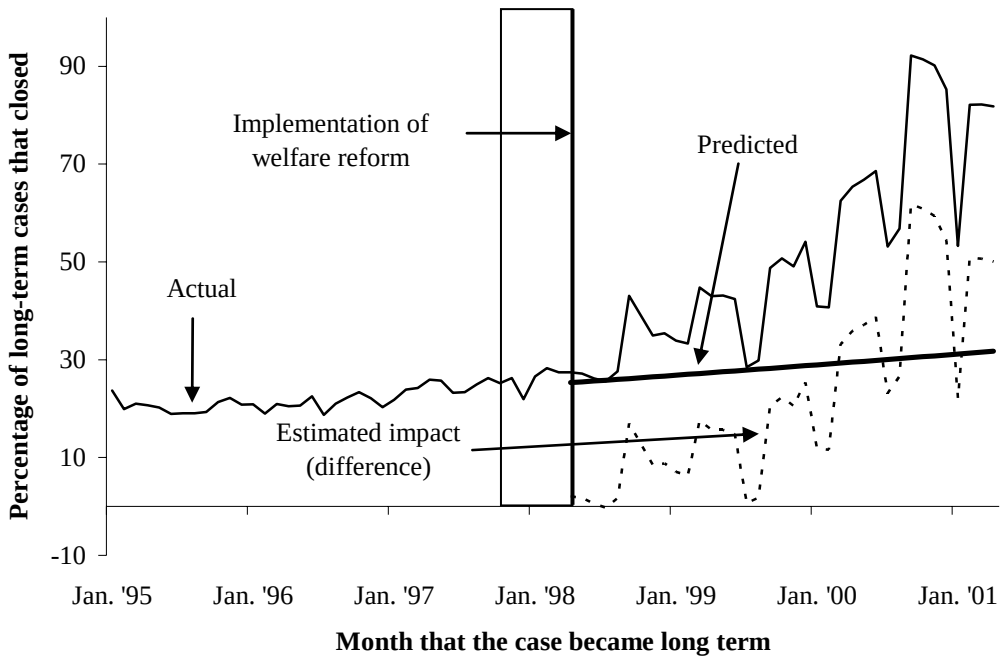
Figure 3.8

Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term, January 1995 Through April 2001



SOURCE: MDRC calculations using Los Angeles County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that open as child-only cases are excluded from the analysis.

A "long-term case" is defined as a case that received cash assistance in 18 out of 24 months from the start of first cash assistance receipt. The percentage of long-term cases that closed is calculated as the proportion of long-term cases that closed within 6 months after the base period of 24 months.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from October 1997 to March 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semi-log model for the pre-reform trend. See text for details.

cases that began receiving benefits in May 1999 and received welfare for 18 of the 24 months that followed.[24] Close to 82 percent (or 117 cases) of this group left welfare within six months.

Figure 3.8 shows that the trend of welfare exits for long-term cases was flat during the pre-CalWORKs period, with an average of 22 percent of cases closing within six months of becoming long term. The counterfactual, therefore, indicates that the proportion of long-term cases that closed would have continued this flat trend in the absence of CalWORKs. In actuality, however, the rate of case closures increased considerably, suggesting that CalWORKs in Los Angeles had a large effect on exits of long-term welfare cases. By definition, these cases were not terminated or sanctioned due to noncompliance with work requirements or other rules for at least 18 months, and presumably they were participating in welfare-to-work activities or were exempt from such activities. The implication is that the services they received or the messages that were delivered to them did provide enough of a "boost" to help them leave welfare faster than they would have in the absence of CalWORKs.

The bottom panel of Table 3.2 shows the estimated effects of CalWORKs on the likelihood that long-term cases closed within three, six, or twelve months of becoming long term. In all three time periods, long-term cases do appear to have closed significantly sooner after CalWORKs was implemented.

In summary, the exit findings suggest that the decline in Los Angeles's caseload was clearly led by notable increases in the number of cases closing within various periods of time. Further, the exit findings are more credible in explaining the caseload decline in Los Angeles, because the pre-reform trends were either flat (as for long-term recipient cases that closed) or significantly away from zero (a floor) (as for all new cases that closed), which resulted in more believable counterfactual predictions. In short, the exit results provide a more convincing explanation for caseload declines in Los Angeles over the period examined in this study.

Effects of Los Angeles's CalWORKs Program on Employment

So far, the chapter has established that CalWORKs may have increased the number of new cases moving onto cash assistance and those reopening (recidivists) and that the program decreased entry from a population considered to be at high risk of entering. While overall entry may have increased somewhat, CalWORKs seems to have had a strong effect on the number of new cash assistance cases that closed, increasing the proportion of case closures to double the levels found in several random assignment studies. In particular, long-term welfare cases appear to have closed significantly sooner after the reforms were implemented.

[24]There were 76 groups of cash assistance cases that became long term between January 1995 and April 2001. See Appendix Table A.2 for the number of cases in each annual group.

Although different policies might have had different effects on welfare receipt, all the policies were designed to increase employment. This section investigates the effects of Los Angeles's 1996 reforms on employment among welfare recipients. Using employment and earnings data as reported to California's unemployment insurance (UI) system, the section examines two outcomes: employment and employment stability. Overall, the results suggest that CalWORKs had modest effects on unstable employment and stable employment.[25]

Did Los Angeles's CalWORKs Program Increase Employment?

This section explores whether CalWORKs in Los Angeles increased the likelihood that any individual who was associated with a new welfare case worked within four quarters of first receiving cash assistance. As in the other analyses in this chapter, the choice of four quarters is somewhat arbitrary. However, results from NEWWS and other random assignment evaluations imply that mandatory job search programs have immediate effects on employment, and results from studies of financial work incentives indicate that they also tend to have immediate effects on employment.[26] Therefore, if CalWORKs affected employment, it seems reasonable to expect that its effects would have occurred within a year.

Figure 3.9 shows the proportion of each group of new welfare cases that contained at least one member who worked within four quarters. The figure shows that employment among new welfare recipients increased over time. For example, about 39 percent of cases that began receiving cash assistance in the first quarter of 1993 contained at least one member who worked before the third quarter of 1994. In contrast, over 59 percent of cases that began receiving cash assistance in the fourth quarter of 2000 contained a member who worked before the fourth quarter of 2001.

Because employment was steadily increasing before CalWORKs, the counterfactual implies that employment would have continued to increase in the absence of CalWORKs. In fact, the actual rate of employment increased as predicted, suggesting that the 1998 reforms did not have a large effect on employment among recent welfare recipients. Table 3.3 confirms this result. According to the first row of the table, an average of 60.7 percent of new cases in the post-CalWORKs period had a member working within four quarters of first starting benefit receipt, compared with a predicted rate of 59.7 percent. The difference is not statistically significant.

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[25]Following Freedman (2000), stable employment is defined as the first employment spell (after starting cash assistance receipt) that lasts four or more quarters in duration. Employment spells that last fewer than four quarters are deemed unstable employment. This is a fairly complex definition intended to capture the fact that many recipients leave employment within the first year after they begin working (Rangarajan, Schochet, and Chu, 1998).

[26]Hamilton et al., 2001; Bloom and Michalopoulos, 2001.

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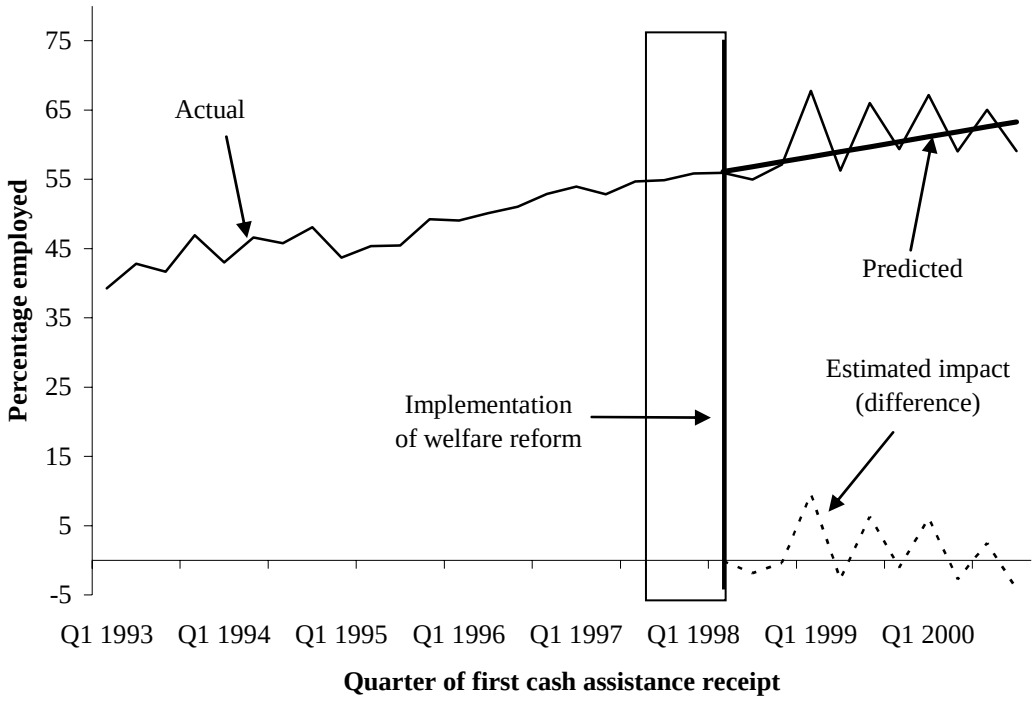
Figure 3.9

Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF, January 1993, Quarter 1, Through December 2000, Quarter 4



SOURCES: MDRC calculations using Los Angeles County administrative welfare records and unemployment insurance records.

NOTES: The sample is limited to adults.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from Quarter 4, 1997, to Quarter 2, 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage employed and the estimated effect of welfare are calculated using a linear model for the pre-reform period. See text for details.

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Table 3.3

Estimated Effect of 1996 Welfare Reform on Employment and Employment Stability

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
Average percentage employed 4 quarters after start of cash assistance	60.7	59.7	1.0
Average percentage with first employment spell lasting (short-term stability): 1 to 3 quarters	27.2	24.5	2.7 ***
lasting (long-term stability): 4 quarters or more	33.5	36.7	-3.2 **

SOURCES: MDRC calculations using Los Angeles County administrative welfare records and unemployment insurance records.

NOTES: See Appendix Table A.2 for sample sizes of first-stage regression.
The estimated effect of 1996 welfare reforms is the average post-reform difference from the best estimated pre-reform trend. See text for more information.
Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

The overall increase in employment is consistent with a work-first policy combined with a strict participation mandate. As Chapter 2 indicates, a number of procedures were already in place to encourage work among recipients under the GAIN program and then the Jobs-First GAIN program. This previous strong emphasis on work, in addition to an improving economy, may have left little room for CalWORKs to alter the trend significantly.

Did Los Angeles's CalWORKs Program Increase Employment Stability?

Employment is likely to provide greater benefits if it is stable. For example, earnings grow faster among people who work regularly than among people who work sporadically.[27] On the one hand, the job search assistance that Los Angeles gave welfare recipients may have helped them find more stable employment. On the other hand, requiring recipients to look for work immediately upon approval may have encouraged many of them to take poor jobs or temporary jobs just to fulfill the requirement.

[27]Gladden and Taber, 1999.

Figure 3.10 shows the proportion of new welfare cases that had at least one member who found work within a year and who then worked for one to three quarters. The figure shows that such unstable employment increased over time. For example, about 21 percent of cases that received welfare for the first time in the first quarter of 1993 had at least one member working anywhere between one quarter and three quarters, compared with about 33 percent of cases that first received welfare in the last quarter of 2000. The small increase in unstable employment began after CalWORKs was implemented, and it continued to the end of the period. Because unstable employment was fairly flat before CalWORKs, the counterfactual implies that the CalWORKs program in Los Angeles did have a significant effect on employment instability.

Table 3.3 provides greater detail. The second row of data in the table indicates that unstable employment increased after the implementation of CalWORKs. The table shows that the actual percentage of cases with at least one member engaged in unstable employment was 27.2 percent, compared with the predicted amount of 24.5 percent. As a result, unstable employment increased 2.7 percentage points after the implementation of CalWORKs.

The bottom row of Table 3.3 indicates that the percentage of cases with at least one member engaged in stable employment — defined as working four or more consecutive quarters — was 33.5 percent, compared with the predicted amount of 36.7 percent. The difference between the actual rate of stable employment and the predicted rate is statistically significant. Figure 3.11 illustrates this finding. The figure shows that long-term stability continued to increase but at a rate slower than would have been predicted based on previous trends. While the findings for both short-term and long-term employment stability are statistically significant, the magnitudes of both differences are programmatically small. Hence, from a policy perspective, the results are suggestive that employment stability did not change much after the implementation of CalWORKs.

Summary and Conclusions

The findings in this chapter imply that the 1998 CalWORKs program had a significant role in reducing caseloads in Los Angeles. The findings suggest that Los Angeles's reforms moved people off the rolls faster despite their employment status, while moderately increasing recidivism. The new policies seem to have had a large effect on the rate at which long-term welfare cases closed. Finally, the findings suggest that Los Angeles's reforms increased short-term employment and decreased long-term employment among welfare recipients by a small amount. These results, although mixed, suggest that some effects of CalWORKs are moderately large. For example, the welfare exit results are larger than the results reported in random assignment studies of work-first initiatives.

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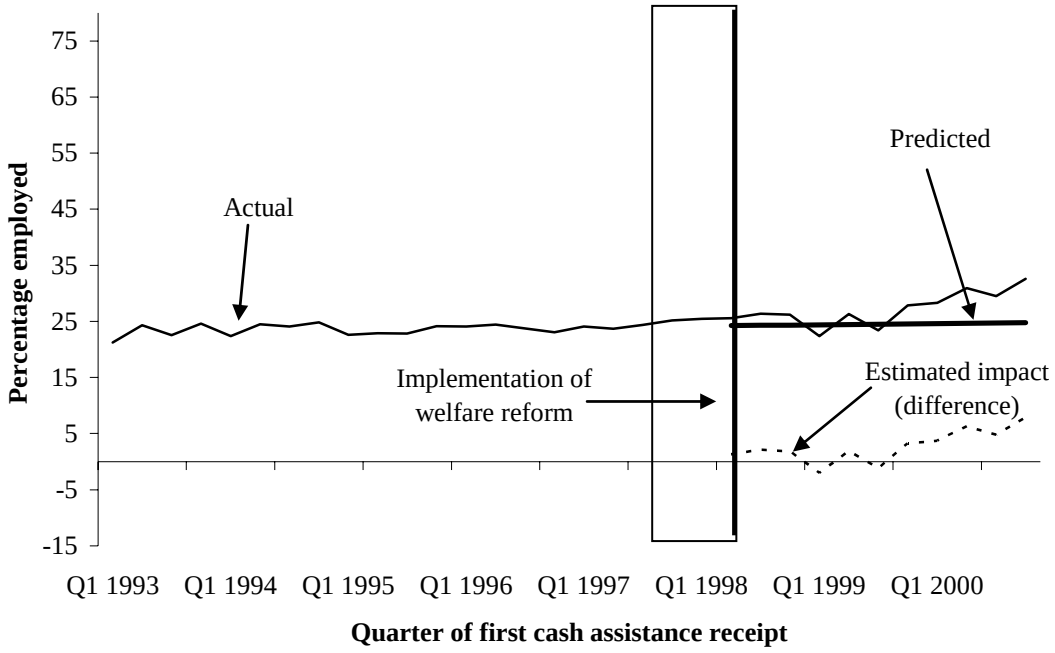
Figure 3.10

Percentage of Cases That Opened with at Least One First Spell of Employment That Lasted One to Three Quarters (Short-Term Employment), January 1993, Quarter 1, Through December 2000, Quarter 4



SOURCES: MDRC calculations using Los Angeles County administrative welfare records and unemployment insurance records.

NOTES: The sample is limited to adults.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from Quarter 4, 1997, to Quarter 2, 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage employed and the estimated effect of welfare are calculated using a linear model for the pre-reform period. See text for details.

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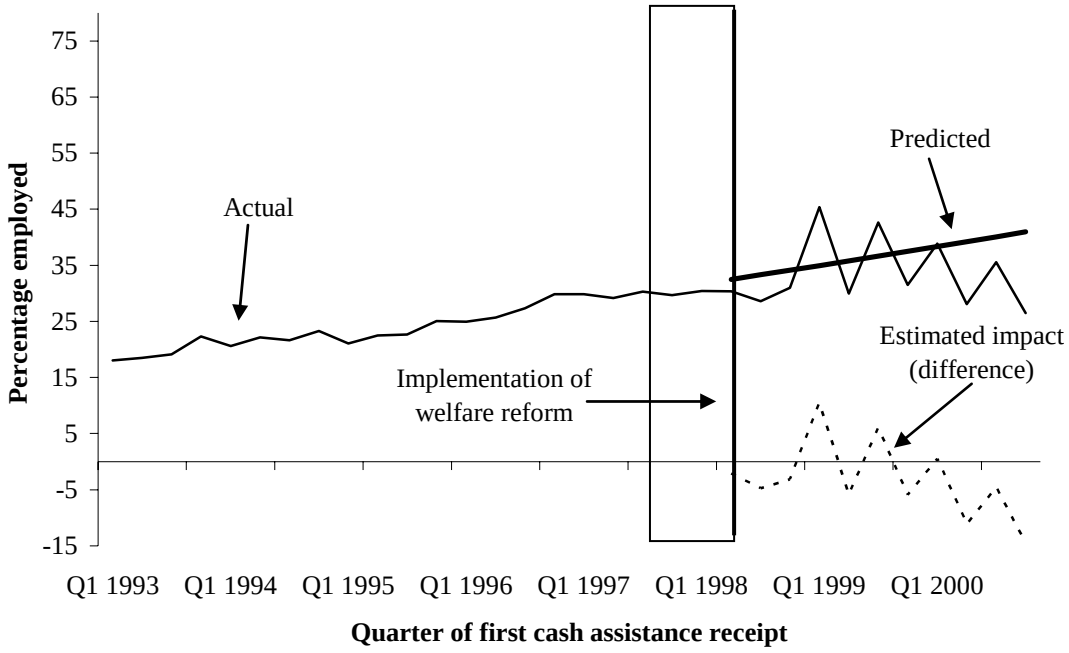
Figure 3.11

Percentage of Cases That Opened with at Least One First Spell of Employment That Lasted Four Quarters or More (Long-Term Employment), January 1993, Quarter 1, Through December 2000, Quarter 4



SOURCES: MDRC calculations using Los Angeles County administrative welfare records and unemployment insurance records.

NOTES: The sample is limited to adults.

The boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well-advertised prior to being signed into law. The area extends from Quarter 4, 1997, to Quarter 2, 1998. The thicker vertical line of the boxed area represents the implementation of Los Angeles's TANF program in April 1998.

The predicted percentage employed and the estimated effect of welfare are calculated using a linear model for the pre-reform period. See text for details.

The effects of CalWORKs on overall welfare entry in Los Angeles were not well estimated by the method used in this chapter. However, the method clearly shows that CalWORKs substantially increased case closures among long-term recipients. Employment instability also increased after CalWORKs, suggesting that the "work-first" message and services as well as the strict enforcement of the work participation mandates affected welfare recipients' employment patterns in Los Angeles. In particular, the strict participation requirements would have influenced the large increase in unstable employment and the increased rate of case closure among long-term recipients.

Although the estimated effects in Los Angeles are reasonable, they should be viewed with caution because of their nonexperimental nature. The effects were estimated by comparing what actually happened after the 1998 CalWORKs program and what would have been expected to happen based on pre-CalWORKs trends. The predicted counterfactual would be accurate only if the factors causing change prior to 1998 continued to cause similar change after 1998 and only if the preexisting trend was modeled correctly. As shown by the analysis of welfare entry, if those assumptions are wrong, then the inferred impacts are also incorrect. If, for example, the effects of CalWORKs began during the 1992 presidential campaign, when Bill Clinton promised to "end welfare as we know it," then an examination of trends after 1998 starts too late to pick up the full effects of CalWORKs. Because the analysis ends in 2001, it also does not capture the long-term effects of welfare reform in Los Angeles, including any effects of the lifetime limit that began in the fall of 2003.

Chapter 4

Employment Patterns and Barriers to Employment: Findings from the Longitudinal Survey and Ethnography

This chapter uses data from the Urban Change survey and ethnographic interviews to explore how welfare recipients in Los Angeles fared over time after California Work Opportunities and Responsibility to Kids (CalWORKs) was implemented. Specifically, the chapter integrates data from these two sources to answer the following questions:

- How did employment experiences and challenges unfold over time among single mothers in Los Angeles who were welfare recipients before the 1996 welfare reform?
- How did the employment experiences and challenges vary among welfare recipients in Los Angeles who had different backgrounds?
- How did the employment experiences and challenges of welfare recipients in Los Angeles differ from the experiences of similar women in the other three Urban Change sites — that is, in Cuyahoga County (Cleveland), Miami-Dade County, and Philadelphia County?

When the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was enacted in 1996, there were widely divergent hypotheses about how poor families would be affected. On the one hand, supporters of welfare reform expected that work participation requirements and time limits, in conjunction with enhanced but temporary assistance, would promote employment and thereby improve the financial situation of poor families in the long run. On the other hand, critics predicted devastating effects on low-income families — that the loss or reduction of cash benefits combined with difficulties in finding steady, adequate employment would result in increased poverty, more homelessness and housing problems, greater food insecurity and hunger, and loss of health insurance and health care access.

It is important to keep in mind that the data available from the Urban Change survey and ethnography cannot be used to rigorously test such hypotheses about welfare reform's effects. The circumstances of poor families would have changed over time even in the absence of the 1996 welfare reform, particularly because its implementation coincided with a strong economy. Thus, if the situations of poor families who were receiving cash aid improve, it cannot be concluded that welfare reform caused the improvements. Improvements would, however, offer some evidence that the new policies did not result in devastation, at least during good economic times. Conversely, if poor families are worse off after welfare reform than they were previously,

it cannot be concluded that welfare reform caused the decline; but worsening situations would undermine the hypothesis that welfare reform would result in beneficial effects.

This chapter examines the evolving circumstances of a sample of welfare recipients with regard to employment and welfare receipt, and it analyzes outcomes for groups of women who differed in terms of characteristics that could affect labor market outcomes: the women's educational attainment at the outset of the study and their racial/ethnic background and proficiency in English. The purpose of these subgroup analyses is to shed light on whether some groups benefited (or suffered) more than others over the study period.

Summary of Findings

- **Many welfare recipients worked after CalWORKs went into effect.** Among survey respondents living in the poorest neighborhoods of Los Angeles and receiving welfare in 1995, the great majority worked for pay after welfare reform was implemented, and over half were working when they were interviewed in 2001. Nevertheless, despite the generous work incentives in place in Los Angeles and the strong economy during the study period, about one out of six women did not work for pay at all in the four years before the 2001 interview.

- **More respondents in Los Angeles than in the other Urban Change sites were still receiving welfare, and more were combining work and welfare.** About half the women in Los Angeles were still getting cash aid in 2001 — a substantially higher percentage than was observed in Cleveland, Miami, and Philadelphia. In Los Angeles, one out of five women took advantage of California's generous earned income disregards by remaining on welfare and working.

- **Most respondents who worked did so intermittently.** Only about one-third of the women worked steadily over the four-year period before the 2001 interview. Employment was most likely to be stable among women who had a high school diploma or General Educational Development (GED) certificate at the outset of the study.

- **Respondents who worked earned, on average, well above the federal and California minimum wage, and job quality typically improved over time.** These women worked more hours, for higher hourly wages, and with more fringe benefits in 2001 than in 1998, earning an average of $8.22 per hour at the job held closest to the 2001 interview. The degree of improve-

ment varied for different subgroups of women, but positive changes in job quality were found for African-Americans and Latinas (and for Latinas who did or did not speak English), as well as for women with and without a diploma or GED.

- **Despite the fact that job quality typically improved over time, most working respondents were in low-wage jobs without fringe benefits.** Only one out of four women who worked in 2001 had full-time jobs that paid at least $7.50 per hour *and* offered medical benefits — a lower percentage than in the other Urban Change sites. Latinas who could not speak English had especially low-quality jobs, even though a majority of these women were working in 2001.

- **Respondents who combined work and welfare had much less favorable employment situations than working women who had left welfare; many welfare leavers appeared to have left despite continued eligibility for some cash benefits.** Welfare leavers were more stably employed and were in far better-paying jobs than women who combined work and welfare; the latter were especially likely to be working in low-wage part-time jobs without fringe benefits. With California's generous earned income disregards, many welfare leavers appeared eligible for at least partial cash benefits. Ethnographic interviews suggest that, for some respondents, getting a small welfare check was "not worth the hassle."

- **Most respondents in Los Angeles had barriers to employment, and they were slightly more likely than respondents in the other Urban Change sites to face multiple barriers.** The women from Los Angeles were particularly disadvantaged in terms of education: About half lacked a diploma or GED in 2001. They were also more likely than respondents in the other sites to have problems speaking English. Certain barriers did decline over time, however. In particular, there was a decrease in the percentage of women who lacked a diploma or GED and in the percentage who reported having a child with an illness or disability that constrained employment. Many women were able to work despite having what are traditionally considered barriers.

- **Ethnographic respondents described their struggles to combine work and parenting.** In the ethnographic interviews, many women who worked talked about how much they liked having money that they themselves earned, and about their pride in having more money to spend on their children. However, they also spoke about the tension between wanting to pro-

vide financially for their children by working and wanting to be home to raise them, which they considered their "real" job.

Data Sources

The Urban Change study involved data collected from multiple sources, including longitudinal survey interviews and longitudinal in-depth ethnographic interviews. This chapter uses data from the two rounds of the survey and multiple rounds of the in-depth ethnographic interviews to describe employment patterns of women who had received welfare in Los Angeles prior to PRWORA and who were potentially subject to the new welfare reform policies.

Survey Data

The Urban Change survey involved women who, in May 1995, were single mothers in Los Angeles County who were receiving cash welfare, food stamp benefits, or both and who were between 18 and 45 years of age. Based on administrative records files, the survey sample was randomly selected from women who were living in census tracts where either the poverty rate exceeded 30 percent or the rate of welfare receipt exceeded 20 percent — that is, the sample members were living in the most economically disadvantaged neighborhoods in Los Angeles County.[1]

The Wave 1 interviews were completed shortly after CalWORKs went into effect in Los Angeles County, between April 1998 and April 1999.[2] In this initial survey, a total of 955 women in Los Angeles were interviewed, representing a response rate of 76 percent of those randomly selected. In Wave 2, completed between March and October 2001, attempts were made to reinterview these same women. A total of 773 women (81 percent of those interviewed in 1998) completed a Wave 2 interview.[3] In both rounds of in-person interviews, the women were questioned on a wide range of topics, including employment, family circumstances, household income, health and material hardship, and the use of support and safety net services.

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[1]The high-welfare and high-poverty neighborhoods are shown on the map in Figure 6.1 (Chapter 6).

[2]About three-fourths of the first round of interviews in Los Angeles were completed in 1998, and the remaining ones were completed in early 1999. For simplicity, Wave 1 interviews are referred to in this report as "1998 interviews."

[3]An analysis of attrition bias was undertaken to determine whether women completing an interview in 2001 were significantly different from those who did not, in terms of demographic characteristics measured in 1998 (for example, race/ethnicity, age, marital status, educational attainment, gender, welfare status). The set of predictors, as a whole, was not significant in differentiating completers and noncompleters. However, two individual predictors were significant. Latinas were more likely to respond to the 2001 interview than African-Americans ($p = .03$), and women with a GED but no college were significantly less likely to respond to the 2001 interview than women with a high school diploma but no college ($p = .02$). For more information about response bias in the 1998 survey, see Polit, London, and Martinez (2001).

This chapter and Chapter 5 focus on the 697 survey respondents who were welfare recipients at baseline — that is, in May 1995 — and who completed both rounds of interviews.[4] This chapter also includes some comparisons with the nearly 2,000 survey respondents from the other three Urban Change sites — women who were selected in a similar manner and who met the same eligibility criteria as the women in the Los Angeles survey sample.[5] Table 4.1 presents the demographic characteristics of the survey samples;[6] the rightmost column shows the data for the women from Los Angeles. All the survey respondents were receiving cash aid in May 1995.

As Table 4.1 shows, the 697 single mothers from Los Angeles were mostly African-Americans or Latinas. Two-thirds of the Latinas were immigrants, although most immigrants were citizens when they were interviewed in 2001 (not shown in the table). The women from Los Angeles were, on average, about 31 years old in 2001. At baseline in 1995, they had an average of about three children, the youngest of whom was a preschooler. Fewer than half the women had a high school diploma or GED certificate in 1995. At the time of the final interview in 2001, only a small minority were married, and fewer than half had ever been married.

Background characteristics are often related to employment trajectories and economic circumstances, and so — in comparing how the lives of welfare recipients in Los Angeles and the other three Urban Change sites unfolded after PRWORA — it is important to understand the respondents' demographic similarities and differences. Table 4.1 shows that, like the women from Los Angeles, the women in the other three sites were typically minority single mothers in their early thirties who had responsibility for several children at baseline, the youngest of whom was age 5 or younger. The women from Los Angeles, however, were more likely than women from the other sites to have been born outside the United States, to lack a diploma or GED, and to be married at the final interview. They were also somewhat older, on average, than respondents from the other three sites.

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[4]The remaining 76 cases in the full Los Angeles survey sample who completed both rounds of interviews (773 minus 697) were excluded from the analyses reported here because the intent was to examine the trajectories of women who were all receiving welfare at a fixed point in time. These 76 excluded cases were women who received food stamps (but not welfare) in May 1995.

[5]Two waves of survey data were collected in 1998 and 2001 in all four Urban Change sites (Cleveland, Los Angeles, Miami, and Philadelphia), using the same interview schedule. Data from the 1998 interviews in all four sites have been analyzed, and several reports with cross-site comparisons have been prepared (Polit, London, and Martinez, 2001; Polit et al., 2001). Reports describing longitudinal findings for the other three Urban Change sites have also been published (Brock et al., 2002; Brock et al., 2004; Michalopoulos et al., 2003).

[6]It was not possible to determine how long these women had been receiving welfare at baseline. However, in Cuyahoga County, where such information was available, the average number of months that women in the Urban Change survey sample had been receiving welfare in the three years prior to May 1995 was 29 months (85 percent had been recipients for at least 18 months), suggesting that many women in the survey sample were long-term recipients.

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Table 4.1

Demographic Characteristics of the Survey Samples in the Four Urban Change Sites

Characteristic	Cuyahoga	Miami	Philadelphia	Los Angeles
Racial or ethnic group (%)				
African-American	80.0	69.0	77.4	50.6
White	11.1	2.1	4.1	1.9
Hispanic/Latina	7.4	28.3	16.8	44.7
Other	1.5	0.7	1.7	2.7
Born in the United States (%)	97.2	75.4	90.8	66.7
Baseline characteristics				
Average age	29.8	30.2	30.1	30.6
Had a high school diploma or GED (%)	54.9	48.9	48.4	42.8
Average number of children	2.6	2.7	2.7	2.7
Average age of youngest child	4.9	4.9	5.0	4.7
Characteristics in 2001 (%)				
Citizen of the United States	99.9	84.2	99.2	76.3
Marital status				
Never married in 2001	59.0	54.7	65.7	53.5
Currently married	13.1	13.3	11.4	17.1
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: Baseline is May 1995. The final interview was conducted between March and October 2001.

The Urban Change survey data are used in this report to describe the women's employment patterns and experiences from a period prior to the implementation of welfare reform policies until 2001, before the federal five-year time limits had been reached by anyone in the sample. None of the numbers presented in this chapter have been adjusted for characteristics — such as age or race — that might affect the outcomes.

Ethnographic Data

The ethnographic study was conducted between 1998 and 2001 and involved repeated in-depth, in-person interviews with 50 women.[7] All ethnographic study participants were welfare-reliant at the first interview. In contrast to the countywide survey sample, ethnographic participants were recruited from three poor neighborhoods that varied in terms of ethnic composition: Long Beach (predominantly Mexican immigrants and Cambodian refugees), Boyle Heights (predominantly native-born Chicanas), and Westmont-West Athens (predominantly African-Americans). The average age of ethnographic respondents was just under 32 — similar to the average age of survey respondents. However, ethnographic respondents were more likely to be married (40 percent at the 1998 interview) and had more children (an average of nearly four).[8]

The ethnographic interviews explore many of the same issues as the survey, but ethnographic respondents were engaged in open-ended discussions centered on each topic. Thus, the ethnographic interviews yield rich narrative data about how the families were coping with the new welfare rules and policies and about how the mothers were managing as they attempted to combine work with their parenting responsibilities.

The survey and ethnographic samples were drawn from overlapping but not identical populations. (No respondents are in both the ethnography and the survey.) For example, the survey sample includes women who had already left welfare by the time of the 1998 interview, whereas all ethnographic respondents were receiving cash benefits in 1998.[9] Moreover, ethnographic respondents were living in even more disadvantaged neighborhoods, on average, than survey respondents.[10] Thus, survey respondents are a more heterogeneous group of women representing a broader segment of the low-income population in Los Angeles than the ethnographic sample. Both samples, however, were drawn from the poorer neighborhoods of Los Angeles, where low-skilled single mothers presumably face many life challenges.

The ethnographic data follow the lives of families over three to four years and shed light on processes that cannot be understood with survey data. The longitudinal ethnographic design permitted the monitoring of changes and provided opportunities to ask directly about such changes as they occurred.

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[7]In the first round of interviews in 1998, there were 39 women in the ethnographic sample. In the following year, 11 Cambodian respondents from Long Beach were added to the sample.

[8]Cambodian women had especially large families: an average of 5.5 members.

[9]About 28 percent of the women in the Los Angeles survey sample were no longer on welfare when they were interviewed in 1998.

[10]The three ethnographic neighborhoods were in census tracts from which survey sample members were drawn, but the survey sampled women from dozens of tracts, some of which were less poor than the ones in the ethnographic study.

Patterns of Employment and Job Characteristics Over Time

Studies both before and after the passage of PRWORA have found that most welfare recipients do eventually enter the labor force.[11] Even in the absence of welfare reform, many recipients likely would have traded a welfare check for a paycheck — especially because, during the strong economy of the late 1990s and early 2000s, jobs were relatively plentiful. Moreover, other policies — notably the federal Earned Income Credit (EIC) — provided additional work incentives to low-income families during this period.

This section examines the employment patterns in the post-PRWORA period among welfare recipients from the poorest neighborhoods of Los Angeles. Specifically, this section answers four key questions: (1) What were the women's employment patterns over time, and how stable was their employment? (2) What was the quality of jobs that the women held? (3) Did the women who worked experience advancement in job quality and wages over time? and (4) What were the women's attitudes about work and welfare?

Employment and Welfare Rates

Among the 697 respondents in the Urban Change Los Angeles survey sample who received welfare benefits at baseline (May 1995), cash assistance declined considerably over time, and employment increased. Cash assistance decreased from 100 percent at baseline to 72 percent at the time of the Wave 1 interview in 1998 and to 50 percent at the time of the Wave 2 interview in 2001. Figure 4.1 shows the women's employment and welfare status in 1998 and 2001. This figure indicates that the percentage of women who were working and no longer receiving welfare rose to 38 percent in 2001, nearly doubling over the three-year period, and that the percentage who were still receiving welfare and not working declined from 47 percent to 30 percent. The percentage of respondents who combined work and welfare decreased only slightly, down to 20 percent in 2001. Finally, there was an increase in the percentage of women who reported that they were neither working nor receiving cash assistance (from 8 percent to 13 percent). These trends are consistent with the findings reported in Chapter 3, which suggest a strong rate of welfare exits among long-term recipients after 1998.

Thus, about half the women in the Los Angeles sample were "welfare leavers" who no longer received cash benefits in 2001; 57 percent of the sample were working for pay at the time of the 2001 interview; and about 75 percent of the leavers were working in 2001. This employment rate among the leavers is somewhat higher than what has been reported in earlier

[11] See, for example, Harris, 1996; Acs and Loprest, 2001; Moffitt and Winder, 2003.

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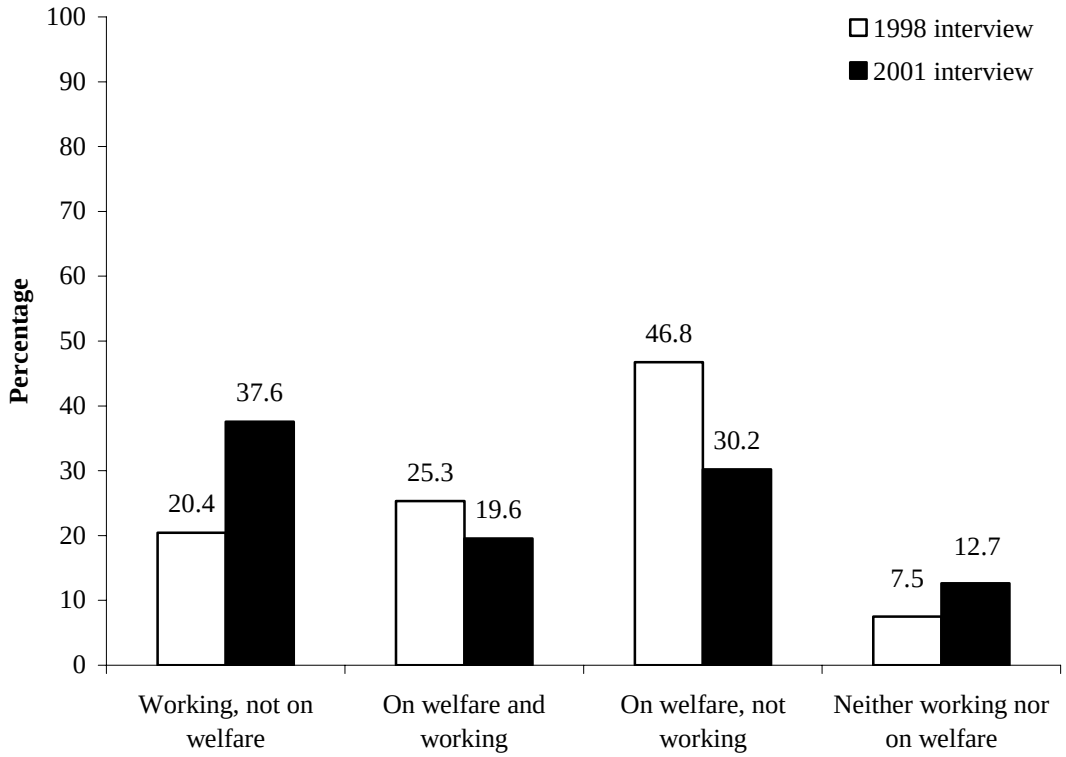
Figure 4.1

Sources of Personal Income in Los Angeles at 1998 and 2001 Survey Interviews



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

studies of women who were on welfare,[12] but employment rates among all survey respondents were even higher among survey respondents in the other three Urban Change sites. The general trend of increased employment and reduced reliance on welfare from 1998 to 2001 was observed in all four Urban Change sites, but Table 4.2 shows that, in 2001, a substantially higher percentage of the women in Los Angeles than elsewhere were still receiving cash aid and were

[12]For example, data from 15 welfare leaver studies that were completed in 1999 or 2000 indicate that about 75 percent of leavers had worked at some point after leaving welfare (in one to two years of follow-up) and that about 60 percent were employed at any given time after exiting (Acs and Loprest, 2001). In a study conducted in California with a sample of leavers who had left cash aid between December 1998 and June 1999, 61 percent were working at the time of the telephone interview (California Department of Social Services, 2000a). In the Los Angeles Urban Change sample, 75 percent of the leavers were working for pay at the time of the 2001 interview.

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Table 4.2

Employment and Welfare Outcomes of the Survey Samples in the Four Urban Change Sites in 2001

Outcome	Cuyahoga	Miami	Philadelphia	Los Angeles
Work and welfare status at final interview in 2001 (%)				
Working, not on welfare	67.4	59.8	49.4	37.6
Working, on welfare	3.5	2.8	9.7	19.6
On welfare, not working	8.9	8.8	22.3	30.2
Neither working nor on welfare	20.2	28.7	18.7	12.7
Employment in 48 months before 2001 interview				
Never worked during this period (%)	6.1	13.7	12.8	15.5
Worked in 36 to 48 months of this period (%)	39.4	37.1	32.6	36.1
Held 3 or more jobs (%)	52.9	35.0	39.8	34.5
Average number of months in which employed	27.4	25.2	23.7	24.6
Characteristic of current/most recent job in 2001[a]				
Working full time (35 hours or more per week) (%)	74.7	71.6	68.5	71.5
Average hourly wage ($)	8.82	8.11	8.82	8.22
Average weekly earnings ($)	335	300	325	298
Job has/had medical benefits for self (%)	36.8	30.6	37.7	28.3
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE:

[a]These questions pertained only to women who reported a job at the 2001 interview. The sample size was 617 in Cleveland, 487 in Miami, 546 in Philadelphia, and 569 in Los Angeles.

not working — and a substantially lower percentage were working and no longer getting welfare. Among single mothers who had been on welfare in 1995, more than four times as many from Los Angeles (50 percent) as from Cleveland (12 percent) or Miami (12 percent) were still receiving aid in 2001. It is noteworthy that the two sites with the strictest policies regarding time limits (Cleveland and Miami) had especially low rates of having women on welfare in 2001, compared with the sites that had more lenient policies (Philadelphia and Los Angeles).

Table 4.2 shows two other important differences in the rates of combining work and welfare in the four Urban Change sites. Respondents in Los Angeles were far more likely than the women in any other sites to be combining work and welfare in 2001 (20 percent in Los Angeles but less than 5 percent in Cleveland and Miami). This is consistent with the fact that the new work incentives and generous grants in Los Angeles — relative to other sites — would

have made it attractive (and possible) to stay on welfare while working. Additionally, the less severe time-limit policy in Los Angeles (and, to a lesser extent, in Philadelphia) made it unnecessary for welfare recipients to "bank" their remaining time and leave welfare when they secured employment.[13]

Consistent with California's policy goal of having a secure safety net for children, the respondents in Los Angeles were less likely than the women in the other sites to be neither working nor getting welfare in both 1998 and 2001. For example, more than twice as many of the women in Miami (29 percent) as in Los Angeles (13 percent) had neither employment nor welfare income in 2001. This "no-no" group (that is, women with no work and no welfare) has been of particular concern because of the growing evidence that many of them are in dire economic circumstances.[14]

Employment Stability and Job Stability

Prior research suggests that it may be easier for poor women to *find* a job than to keep or stay in it. Thus, an issue of concern in an environment in which low-income mothers are being encouraged to leave welfare and find a job is whether their employment is sufficiently stable to support their families. In the Urban Change study, indicators of *employment stability* (episodes of being employed) and *job stability* (episodes in the same job) were constructed from the employment histories in the 1998 and 2001 interviews, in which respondents were asked about current and recent jobs, both formal and informal.[15] Employment histories for a total of 48 months prior to the 2001 interview are available for each respondent.[16]

Figure 4.2 shows that employment stability in the 48 months before the 2001 interview varied considerably among the women in the Los Angeles survey sample. About one out of six

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[13]The percentage of welfare recipients who work has increased sharply and steadily in California since about 1993 (Klerman et al., 2002).

[14]For example, using data from the Urban Change survey in Philadelphia, Michalopoulos et al. (2003) report that women in the no-no group were substantially more likely to be below the official poverty level in 2001 than women who had employment earnings and/or cash assistance (70 percent versus 54 percent, respectively).

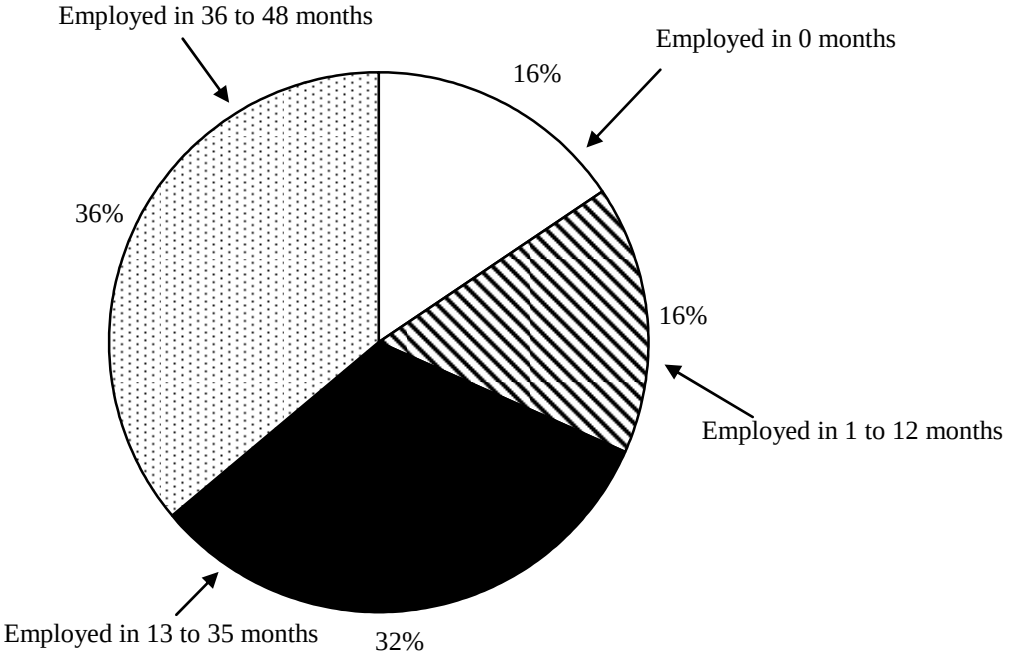
[15]Specifically, respondents were asked two questions to determine paid employment: (1) "Since (Date), have you worked for pay at any regular job at all? Please don't count unpaid work experience, but do include any paid jobs, including paid community service jobs or paid on-the-job training"; and (2) "A lot of people have irregular or temporary jobs on the side to make ends meet. This would include odd jobs like babysitting, doing hair, or other paid work at home, or other occasional jobs like cleaning houses or doing day labor. Have you done any job like that for pay since (Date)?" Respondents who answered "yes" to either question were counted as having had paid employment in the period covered. The "Date" in 1998 was two years prior to the interview, and the "Date" in 2001 was the date of the 1998 interview.

[16]Some women were interviewed late in 1998 and then early in 2001, and so it is not possible to construct employment histories of more than 48 months for all respondents — although, for some, there are up to 60 months of employment data.

The Project on Devolution and Urban Change

Figure 4.2

Number of Months in Which Women in Los Angeles Were Employed in the 48 Months Before the 2001 Survey Interview



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: 27 respondents did not provide sufficient information to calculate the number of months employed in the 48 months before the 2001 interview. Hence, this figure is based on 670 respondents.

of them had not worked in any of the 48 months between 1997 and 2001. (As shown in Table 4.2, this rate of not having worked is somewhat higher than what was observed in the Miami and Philadelphia Urban Change sites, and it is much higher than the rate in Cleveland, where only 6 percent of the respondents had not worked in the 48-month period.)

At the other extreme, more than one-third of the women in Los Angeles had worked for most of that period (at least 36 out of the 48 months). The percentage of recipients in Los Angeles with stable employment (that is, who worked in 75 percent or more of the relevant months) is somewhat higher than has been observed in earlier studies,[17] but it is similar to what was

[17]For example, in the National Evaluation of Welfare-to-Work Strategies (NEWWS) study, which similarly studied the employment history of welfare recipients, 26 percent of the women who had worked during the four-year study period had been employed in more than 75 percent of the quarters (Martinson, 2000).

found in the other Urban Change sites, where rates of such stable employment ranged from 33 percent in Philadelphia to 39 percent in Cleveland (Table 4.2).

Between the two extremes of no employment and strong employment stability over the 48-month period, about half the women in Los Angeles had worked inconsistently, even during this period of economic prosperity. Still, the average number of months that survey respondents had worked — including those who did not work at all (that is, 0 months) and those who worked in all 48 months — was just over 24 months. Across the four Urban Change sites, the average number of months in which the women were employed during the 48-month period was highest in Cleveland (27.4 months) and lowest in Philadelphia (23.7 months).

There was similarly considerable variability with regard to job stability. Only 21 percent of the women in the Los Angeles sample had worked in a single job during the 48 months before the 2001 interview, and, at the other extreme, 35 percent had held three or more jobs. In all four Urban Change sites, sizable percentages of the women — and a majority of respondents in Cleveland — had held three or more jobs within the 48-month period (Table 4.2). While "churning" through jobs has been noted in many studies of welfare leavers, job changes are sometimes beneficial, especially for entry-level workers. Moreover, some women in Los Angeles had considerable job stability. The median duration of these women's current or most recent job in 2001 was 16 months (the mean was nearly 30 months), and some 39 percent of the women who worked had held their current or most recent job for 24 months or more.[18]

Among the women in the ethnographic sample in Los Angeles — who lived in neighborhoods of intense poverty — both employment stability and job stability tended to be low. Many of the stories of the women who worked illustrate their struggle not only to maintain steady employment but also to cope with volatile work schedules that made it impossible to rely on a steady paycheck. For example, Angela was a 42-year-old immigrant Latina with five children. Just before the study began, she had worked informally for a dentist, who paid her a commission for bringing in new clients. Angela stayed home for a while to care for a newborn, but in 1999 she began working on the cleaning staff at a bank. She also got a second, part-time job through a temp agency, working three nights a week on a schedule that varied. Then she got a full-time job working for GTE, but she lost this job when the company was bought out by Verizon. At the final interview in 2001, Angela had taken a job as a nursing aide, working about

[18]In an analysis of 1998 survey data from all four Urban Change sites, Polit et al. (2001) found that, among women who had worked, those who had switched jobs tended not to spend much time unemployed unless other factors (such as health problems) interfered. The median period without work between the most recent and a prior employment spell in 1998 was two months. For further information about employment stability in the overall Urban Change sample, based on 1998 survey data and two rounds of ethnographic interviews from all sites, see Polit et al. (2001).

23 hours per week. All this time, she had continued cleaning at the bank about 10 hours per week and was also cleaning the home of her husband's boss every other week.

Many ethnographic respondents had an employment history like Angela's, in a number of important respects. First, many women in the ethnography mentioned finding jobs through temp agencies, which all but ensured that the jobs were *temporary*, that there would be gaps of unemployment between assignments, and that hours and wages would be volatile.[19] Second, the type of work that the women did tended to vary from job to job — and did not help build skills and experiences that could lead to advancement. Michelle, for example, reported at her first interview in 1998 that she had held jobs as a fast-food worker, cashier, arts-and-crafts store worker, data-entry clerk, bank teller, 411 operator, and market research interviewer at shopping malls. Third, many of the women who worked had multiple part-time jobs.[20] As an example, consider Nena, a 38-year-old Chicana, who had worked since 1995 at the local elementary school that her two daughters attended. At first she worked fewer than 10 hours per week, but then, in 1997, she added a second job at the school, as a child care aide (for three hours per day); this job lasted only six months, however, because the grant that supported it ran out. Then, in 1998, she was hired as a nurse's assistant at the school, but this position also depended on a grant and so was not permanent. She also added some hours working in the school cafeteria. Even with all these jobs and assignments, however, the school would not allow Nena to work more than 80 hours per month, because then she would be eligible for fringe benefits. Moreover, she did not have a job at all during the summers, when the school was closed.

The ethnographic data suggest that job loss was due to a number of factors, including resignations. Among the reasons that respondents gave for quitting a job were child care problems, pregnancy, inadequate pay, high job stress (for example, working with mentally disabled patients in a nursing home), and work schedule (either not enough hours or unusual hours). For the most part, however, job transitions among the ethnographic respondents were not voluntary

[19]In a recent analysis of welfare recipients' employment through temp agencies, however, researchers concluded that such employment may offer recipients access to jobs that would otherwise not be available to them and that earnings growth in such jobs is comparable to earnings growth in other low-wage jobs (Heinrich, Mueser, and Troske, 2004).

[20]The jobs described for women in the survey sample were the most recent jobs *at which they worked the most hours.* So, for example, if they were currently working at one job for 25 hours and at another for 15 hours, only the first job would be described in these analyses, and it would be counted as a part-time job. Among the women who were currently employed at the time of the final interview, 14 percent held two jobs or more. Women whose "main job" as reported in this chapter was full time were just as likely as those whose "main job" was part time to be working multiple jobs.

— which is consistent with the fact that these women's job assignments in temporary placements were not under their control.[21]

Job Characteristics Over Time

Studies of welfare recipients have found that women who leave welfare for work typically move into low-paying jobs without fringe benefits.[22] Most of the survey respondents in Los Angeles were in low-wage jobs, but the characteristics of those jobs generally improved over time.

Of the 697 women in the survey sample, 68 percent had worked in the two-year period before the 1998 interview, and 81 percent had had paid employment between 1998 and 2001. Information about the women's current or most recent job was obtained in both interviews, and below is selected information that characterizes the jobs reported by the 466 workers in 1998 and the 566 workers in 2001.

- Working full time (35 hours or more per week): 58 percent in 1998, 72 percent in 2001
- Mean hourly wage: $7.09 in 1998, $8.22 in 2001
- Mean weekly earnings: $230 in 1998, $298 in 2001
- Working in a job with medical benefits: 21 percent in 1998, 28 percent in 2001
- Working in a job with paid sick days: 23 percent in 1998, 33 percent in 2001

Thus, at both interviews, the majority of working women were in full-time jobs, and full-time employment increased over the three years. The average hourly wage of current or most recent jobs was substantially higher in 2001 than in 1998,[23] and fewer women were in jobs that paid the federal minimum hourly wage of $5.15 or less (down from 19 percent in 1998 to 12 percent in 2001).[24] Higher average weekly earnings were reported at the 2001 interview than in 1998, and only 37 percent of the working women brought home wages of less than $250 per

[21]In the survey sample, among the women who had worked and had changed or left jobs in 2001, 47 percent reported that they had quit the earlier job; 14 percent said that they had been laid off; 5 percent said that they had been fired; and the remaining 32 percent said that the job had ended. Among those who had quit, the most common reason for doing so was to take another job.

[22]See, for example, the summary of welfare leaver studies by Acs and Loprest (2001).

[23]Nationally, the median hourly wage for former recipients of Temporary Assistance for Needy Families (TANF) in 1999 was $7.15 (Loprest, 2001). In the Los Angeles Urban Change sample, the median hourly wage of *former* welfare recipients (that is, excluding women who were working but still receiving welfare) was $6.77 for those currently employed in 1998 and $8.50 for those currently employed in 2001.

[24]Some 19 percent of the respondents currently employed in 2001 reported earning less than $6.25 per hour, which was the minimum wage in California at that time (it was raised to $6.75 per hour on January 1, 2002).

week in 2001 — compared with a full 61 percent who had such low earnings in 1998. Moreover, the jobs in 2001 were significantly more likely than the earlier jobs to offer such fringe benefits as health insurance and sick days with pay.

Improvements in hours worked, hourly wages, weekly earnings, and fringe benefits were observed in all Urban Change sites. By 2001, the majority of working women in all sites were in full-time jobs that paid an average hourly wage of more than $8.00, and they were earning an average of about $300 or more per week (Table 4.2). In all sites, though, jobs with health benefits were the exception rather than the rule. Job quality was highest in Philadelphia, where the hourly wage was $8.82 and where 38 percent of workers had employer-provided health insurance.

Figure 4.3 displays information about the quality of the survey respondents' current jobs for those women in Los Angeles who were working at the time of the 1998 and 2001 interviews. The percentage of working respondents who were in what might be considered "decent" jobs (full-time jobs that paid an hourly wage of at least $7.50 or more *and* that provided the respondent with medical benefits) doubled over time, increasing from 12 percent in 1998 to 25 percent in 2001.[25] The percentage of workers with "decent" jobs in 2001 in the four Urban Change sites ranged from a low of 25 percent in Los Angeles to a high of 38 percent in Philadelphia, with improvements observed over time in all sites (not shown in tables). Thus, fewer women in Los Angeles than in the other three sites were working in 2001, and, among the women who worked, fewer from Los Angeles were in jobs classified as "decent." A full 75 percent of the workers in Los Angeles were working part time, were paid less than $7.50 per hour, or did not receive employer-provided medical benefits. Indeed, in 2001, the majority of the women in Los Angeles who worked (53 percent) received no fringe benefits, such as sick pay, paid vacation, or health insurance.[26]

Among the ethnographic respondents, job quality tended to be even worse than among the survey sample, although again there was considerable variability in work experiences. For example, Kedra (an African-American mother of two) is the ethnography's "success story": She was working full time in a convalescent home during the last year of the ethnographic study and was earning $10.00 per hour and also received health benefits. Kedra's story, however, is

[25]According to official poverty guidelines, an hourly wage of $7.50 in a 40-hour-per-week job would put a family of three above the poverty line in both 1998 and 2001.

[26]About two out of five women were working in service sector jobs (for example, as cashiers housecleaners), and another 19 percent were in clerical jobs — both of which typically offer limited opportunity for advancement. Only 58 percent of the women reported working in a job with a regular daytime shift, that is, completely between the hours of 6 A.M. and 6 P.M. This percentage is consistent with what has been found previously among former welfare recipients, but it is substantially lower than what is true nationally for women who work full time. According to the Current Population Survey, some 86 percent of working women in 1997 had a regular daytime schedule (U.S. Department of Labor, Bureau of Labor Statistics, 2001).

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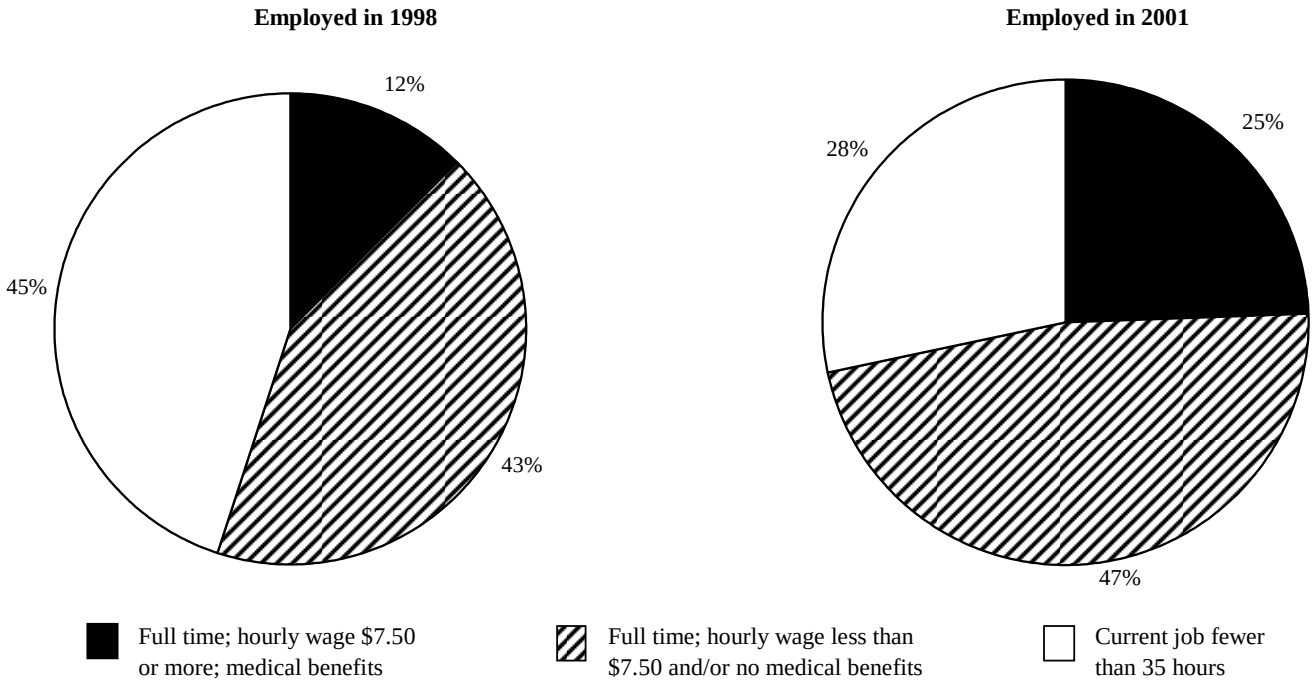
Figure 4.3

Job Characteristics for Those Currently Employed in Los Angeles in 1998 and in 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: Calculations for 1998 are based on 289 of the 318 respondents who were working and for whom wage and benefit information was available. Calculations for 2001 are based on 379 of the 398 respondents who were working and for whom wage and benefit information was available.

unique. At the other extreme are the experiences of women like Margarita, a 44-year-old immigrant Latina with six children (some of them grown). Margarita had a long history of low-wage jobs. At the first interview in 1998, she had just taken a job doing housekeeping at a Hilton hotel, working about 25 hours per week for $5.75 per hour. Over the years of the study, she kept working for Hilton hotels at three different locations, continuing to earn $5.75 per hour without benefits and with her work hours changing continuously from full time to part time, depending on the season.

Industrial employment — once a staple in the Los Angeles economy — was infrequent among the ethnographic respondents and, among the few who had such jobs, tended to be short-term factory work gotten through temp agencies. Service sector jobs (cashiering, working in nursing homes, cleaning hotel rooms) were much more common. Women in the ethnographic sample also worked informally, in such jobs as bartending, pizza delivery, waiting tables, babysitting, braiding hair, and housecleaning. Although these informal jobs paid poorly, they were a crucial hedge against the economic ups and downs of women who were confronted with layoffs, reduced hours, loss of employment, or sanctions from the welfare agency.

Advancement and Wage Growth

The preceding section notes that job quality tended to improve between 1998 and 2001 among the Urban Change survey respondents in Los Angeles. The discussion does not, however, provide information about advancement and wage growth for individual women, because the respondents who worked in 1998 were not identical to those who were working in 2001.[27] To examine advancement and wage growth over the course of the study, the employment circumstances of a subgroup of women who worked during both interview periods were analyzed. Table 4.3 displays the changes in job characteristics of the current or most recent jobs for 449 women in Los Angeles who held jobs during both rounds of the survey. As the table shows, the majority of these women held full-time jobs during both interview periods, with full-time employment increasing from 58 percent in 1998 to 73 percent in 2001.[28]

The hourly wage of the women who worked in both survey periods also increased, from an average of $7.09 in 1998 to $8.45 in 2001. Although some increase is expected, this $1.36

[27]Only about 5 percent of the women who reported a job during the 1998 interview said, in 2001, that they had not worked between the two survey waves. Many more women (about 18 percent of the sample) reported employment in 2001 but not in 1998, and these women are also not included in this discussion about advancement and wage growth.

[28]Only 10 percent of the women moved from full-time to part-time work between 1998 and 2001, whereas 26 percent moved from part-time to full-time work in this period. The increase over time in full-time employment was observed in all four Urban Change sites, but it was most pronounced in Los Angeles.

The Project on Devolution and Urban Change

Table 4.3

Change in Job Characteristics of Current or Most Recent Job Among Survey Respondents in Los Angeles Who Had Held Jobs in Both Survey Periods

Characteristic	First Interview (1998)	Second Interview (2001)	Difference
Median weekly work hours	40.0	40.0	
Average weekly work hours	32.7	37.5	4.7 ***
Less than 35 hours (%)	42.3	26.8	-15.5 ***
35 hours or more (%)	57.7	73.2	15.5 ***
Median hourly wage ($)	6.27	7.69	
Average hourly wage ($)	7.09	8.45	1.36 ***
Less than or equal to $5.15 (%)	19.3	10.9	-8.3 ***
$5.16 to $7.49 (%)	49.0	33.1	-15.9 ***
$7.50 to $9.99 (%)	18.0	29.7	11.7 ***
$10.00 or more (%)	13.8	26.3	12.5 ***
Median weekly earnings ($)	216.00	290.00	
Average weekly earnings ($)	230.44	313.25	82.80 ***
Less than $250 (%)	61.4	32.3	-29.1 ***
$250 to $400 (%)	31.5	46.3	14.8 ***
Greater than $400 (%)	7.1	21.4	14.3 ***
Job has/had:[a] (%)			
Sick days with pay	23.6	36.2	12.6 ***
Paid vacation	32.3	44.5	12.2 ***
Medical benefits for self	21.8	30.6	8.7 ***
Medical benefits for children	17.6	23.0	5.3 *
Tuition/training benefits	8.9	21.6	12.7 ***
None of above 5 benefits	61.9	49.0	-12.9 ***
Sample size[b]	449	449	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]Self-employed women are assumed not to have these benefits.

[b]Sample size is 449 respondents (out of 697) for those reporting employment in both Wave 1 (1998) and Wave 2 (2001).

(19 percent) wage growth is greater than the rate of inflation over the three-year period.[29] By the time of the second interview, only 11 percent of these women were in jobs that paid the federal minimum wage or less — down from 19 percent in 1998. At the other extreme, one-fourth of the women were paid $10.00 or more per hour in 2001, compared with only 14 percent in 1998.

The combined effects of increased hours and increased wages resulted in significantly higher average weekly earnings in this subset of steady workers, growing from $230 in 1998 to $313 in 2001 — a 36 percent average increase. Despite these average increases in wage and earnings, some 24 percent of these working women earned less each week in 2001 than in 1998 (not shown), reflecting the income instability that has also been observed in studies of low-income women, as well as in the ethnographic study, as discussed below.

Survey respondents in Los Angeles who worked in both survey periods also experienced improvements with regard to fringe benefits. As Table 4.3 shows, there were significant gains over time with respect to sick pay, paid vacation, health insurance benefits, and tuition benefits. For example, the percentage of working women who had medical benefits for themselves rose from 22 percent in 1998 to 31 percent in 2001. Still, despite improvements, nearly half these women with steady work histories had no fringe benefits in 2001.

Improvements in job quality for women who had worked in both survey periods were found in all four Urban Change sites, and the rates of improvements were generally similar. For example, in the other three Urban Change sites, the rate of increase in average hourly wages between 1998 and 2001 for women who had worked in both periods was 21 percent in Cleveland (up from $7.19 to $8.68), 18 percent in Miami (up from $6.80 to $8.05), and 21 percent in Philadelphia (up from $7.52 to $9.12). Improvements in fringe benefits were also observed in all four Urban Change sites, and again the rates of improvement were similar. Nevertheless, steady workers in Los Angeles were less likely than those in other sites to be in jobs with medical benefits for themselves in 2001. (These data are not shown in tables.)

In the ethnographic sample, relatively few women were able to move into notably better employment over time. Income instability was common, and wages fluctuated with different jobs and different assignments from temp agencies. For example, Myrna — a 30-year-old im-

[29]The 19 percent wage growth is similar to estimates from other studies. For example, one study found that wages for women with low skills grew about 6 percent or 7 percent per year and that receiving cash assistance did not affect the rate at which wages grew (Corcoran and Loeb, 1999). Another study found that wages for women who had not graduated from high school grew about 5 percent per year (Gladden and Taber, 1999). In a California study of former CalWORKs recipients, it was found that the average earnings increase in the first three quarters of 1999 (compared with the last three quarters of 1998) was $1,894 — approximately an 18 percent increase (California Department of Social Services, 2000b). Similar wage growth has also been found in random assignment studies. For example, in Canada's Self-Sufficiency Project, wages of long-term welfare recipients grew, on average, 6.3 percent per year over a two-year period (Michalopoulos et al., 2000).

migrant Latina with three children — worked at Target for several years, with a starting hourly wage of $6.05 and a final hourly wage of $6.95. Because her work hours fluctuated from 40 hours per week to only 10 or 15 hours per week, she took factory jobs through a temp agency to make ends meet. The work sites changed every month, on average, and each paid different wages. At one site, Myrna worked 40 hours per week at $6.04 per hour. Then she was given a four-month assignment at a warehouse where she earned $8.10 per hour. Another subsequent placement at e-Toys paid $7.00 an hour, but that job ended after two months, when the Christmas rush was over. Near the end of the study, Myrna was working full time for $6.50 an hour, but then she was told that there was no more work. At her second interview, she was waiting for a new temporary assignment.

A few women in the ethnography had jobs with built-in increases. For example, Carmen, a 36-year-old immigrant with six children, worked full time as a driver of a medical van and had held the job for over a year when she was interviewed in 1999. At that point, she was earning $6.60 an hour and received a pay raise of $0.20 every three months. However, the pay cap for her job was $7.50 per hour, and Carmen acknowledged that there was little opportunity for advancement, so her long-range goal was to find a better job.

Attitudes Toward Work and Welfare

In the Los Angeles survey sample, 43 percent of the women were not working at the time of the 2001 interview (Table 4.2). This is a higher percentage than was observed in the other three sites (for example, in Cleveland only 29 percent were not working at the Wave 2 interview), and it seems important to explore the experiences and viewpoints of these women.

Personal health and family responsibilities — which are examined in more detail in the next section — emerged as key factors in these women's decisions to not work. More than one out of four respondents claimed that the main reason they were not working was because of a health problem. Wanting to stay home with their children (15 percent) and having difficulty finding an acceptable child care arrangement (15 percent) were also mentioned frequently as reasons for not working. However, one-fifth of the women said that they weren't working because they were having trouble finding a job. About 38 percent who weren't working said that they were job-hunting — typically, for full-time work.

As discussed below, barriers to employment factor into a mother's ability to find employment, but decisions about working may also reflect her attitudes about employment outside the home. In both interviews, respondents were asked about their attitudes toward work and welfare, and their responses across time were fairly stable. For example, about two-fifths of the women in both 1998 and 2001 agreed with the statement "Right now, I would prefer not to work so that I can take care of my family full time." Agreement with this viewpoint in 2001 was

much more prevalent among the nonworking women (51 percent) than among those who were working (36 percent). Even though many of the mothers wanted to be home with their children, most recognized the impact of not working on their economic well-being: Only a minority of both working and nonworking respondents agreed that "Right now, I feel that welfare could provide for my family better than I can by working." Agreement with this statement declined significantly, from 28 percent in 1998 to 23 percent in 2001. There was also a significant change in the women's views about child care. The percentage who agreed that "Finding someone I trust to take care of my children makes it difficult for me to work" declined from 52 percent in 1998 to 43 percent in 2001. This change could reflect the women's eventual success in locating acceptable child care, or it could reflect that the mothers' concerns lessened as their children got older and perhaps no longer needed child care when they entered school.

The ethnography also offers rich information about how these low-income women in Los Angeles felt about working. Many of the working women had a number of positive comments about having a job. For example, Michelle — a 23-year-old African-American mother of two with a long work history — enjoyed her work at an arts-and-crafts store earning $6.50 an hour: "I like helping people, like, when they get stuck on something. 'Cause I've done art my whole life, so when they get stuck on something, I'm able to tell them, 'Well, no, you don't want to use that sealer, you want to use this sealer,' you know? So this is actually fulfilling; it's something I know about."

Others mentioned their pleasure in getting their own paycheck, something they earned. Carmen, described above, said that she thought that getting paid biweekly was great because "it's not like welfare, where you have to wait a whole month. Here I can count on this money." Carmen stressed the importance of having a reliable job so that she could "provide for my kids," but she also acknowledged that she would have loved a job that let her work just mornings, while the children were in school.

The tension between wanting to "provide" for their children by working, on the one hand, but wanting to be home taking care of their children, on the other, was evident in the ethnographic interviews. Many of the mothers who worked expressed relief at having extra money for their children, and they were proud that they could do this. The sentiment that the money they earned was really "theirs" was important to their self-esteem. They also recognized that their children were proud that their mothers were working. As Carmen said, "My kids are really proud of me; they ask me how my day went."

But for many mothers in the ethnographic sample, the "price" of working was too great. Myrna, for example, noted that her daughter Cindy had trouble sleeping at night because she was afraid when her mother was working graveyard shifts at factory jobs. The mothers who did not work outside the home were especially eloquent in expressing their belief that being at

home *was* their job. Work, to these nonworking mothers, was being present in the home to raise their children.[30]

A few women were able to juggle family and work responsibilities by working out of their home, but that was not always easy, either. For example, Ming — a Cambodian mother who hemmed nurses' uniforms in her kitchen for $0.50 apiece — said: "I do everything at the same time. When my kids are home, I stop and start cooking for them. When I sew, I still try to watch them and tell them what to do. . . . Sometimes when they are asleep, I sew till midnight. When I'm tired and I sit too long at the sewing machine, my blood pressure goes up, and I have dizzy spells. I don't think I'll live a long life."

Needing to be home with their children had special urgency for women living in dangerous neighborhoods, and this was true for mothers of teenagers as well as for mothers of preschoolers. Several of the nonworking women reported that their decision not to work stemmed from their desire, given neighborhood violence, to be home to supervise their children. Margarita (who herself had been physically abused and whose older daughter had been nearly killed by her boyfriend) described violence in her neighborhood as the reason she needed to accompany her 14-year-old to the school bus: "This morning I went to walk my girl to school, since she leaves at 6:40. I don't let her go alone. I get up early, and I take her to the bus stop. . . . And we saw a lot of policemen around by where I live, and I said, 'God, what happened?' And I left my girl, and I asked a lady, 'Why are the police here?' And she said, 'Oh, the neighbor lady, her husband killed her.' The lady was very dead; he stabbed her all over. He stripped her of her clothing and stabbed her and everything."

Several Cambodian mothers noted that they needed to be home to pick up their children and protect them — not from random neighborhood violence but from beatings from other children, who targeted them because of their race: "I have to accompany him to get on the bus. I have to catch the bus over there. Now, I have to take him to the bus. . . . He will be beaten, especially those who are on bikes. . . . It is not safe here. Children will not be bothered if adults accompany them."

Barriers and Challenges to Employment

A major concern of both advocates for the poor and program staff working with them is that poor women with childrearing responsibilities often have circumstances that make it difficult for them to find and sustain employment. These circumstances — often called "barriers to

[30]Mothers' feelings about work and their experiences juggling low-wage work and family responsibilities — based on data from this ethnographic study — are discussed further in Scott, Edin, London, and Mazelis (2001); London, Scott, Edin, and Hunter (2001); Scott, Edin, London, and Kisane (2001).

employment" — include parental responsibilities that can compete with work (for example, having very young or many children), poor physical or mental health, children's health problems, inadequate skills or credentials, and certain behaviors (such as drug use). There is growing evidence that such barriers and challenges often co-occur among poor women and that having multiple barriers is especially detrimental to employment.[31] This section explores whether such barriers lessened or increased over time among the women in the Los Angeles Urban Change sample, whether the women in Los Angeles had barriers similar to the women in the three other Urban Change sites, and how employment barriers and actual employment were related.

Changes in Barriers and Challenges Over Time

Table 4.4 presents information about a number of employment barriers and challenges that the 697 women in the survey sample in Los Angeles faced in 1998 and 2001. As this table shows, these women were confronted with an array of employment challenges — although there were a few improvements.

Of particular note is the decrease over time in the percentage of women who lacked a high school diploma or GED certificate. In the survey sample, 57 percent of the women did not have a high school diploma or GED at baseline in 1998, which was relatively unchanged since baseline in 1995. However, it declined significantly, to 49 percent, in 2001.[32] Some ethnographic participants acquired a GED certificate during the study. For example, Norma, a 24-year-old immigrant, spoke with great pride about having attained a GED, explaining that this was a very "big deal" to her and her family because "no one had ever graduated from high school in my family, not even my youngest sister."

Another positive change was a significant decline in the percentage of women who reported that their child's illness or disability constrained employment, down from 19 percent in 1998 to 14 percent in 2001. This change may be the result of health improvements as children got older. There was also a substantial decline in the percentage of women whose youngest child was under age 6 (down from 55 percent to 38 percent). This reflects not only the aging of these women's children over the course of the study but also the fact that only a minority of women (about 15 percent) gave birth between the two interview periods. On the other hand, it appears that children's aging might have created some new problems for these mothers: There was a small but significant increase in the percentage of women who reported having a child with special needs or behavior problems, up from 37 percent in 1998 to 41 percent in 2001.

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[31]See, for example, Danziger, Corcoran, Danziger, and Heflin, 2000; Polit, London, and Martinez, 2001.

[32]Although such educational activities as classes to prepare for the GED exam were not generally counted toward recipients' work participation requirements, some caseworkers made exceptions.

The Project on Devolution and Urban Change

Table 4.4

Changes in Barriers to Employment of Survey Respondents in Los Angeles Between the First and Second Interviews

Outcome (%)	First Interview (1998)	Second Interview (2001)	Difference
Has no diploma or GED	56.5	48.8	-7.7 ***
Has difficulty speaking English	16.0	18.9	2.9 ***
Has 3 or more children at home	47.5	45.1	-2.4
Youngest child under age 6	54.5	38.2	-16.3 ***
Has 1 or more children with an illness or disability that constrains work	18.5	14.2	-4.3 **
Has 1 or more children with special needs or behavior problems[a]	36.5	40.8	4.4 *
Has a health problem that limits ability to work	20.5	18.1	-2.5
Is at high risk of depression[b]	25.7	23.6	-2.2
Has been physically abused, prior 12 months[c]	6.8	5.7	-1.1
Used a hard drug, past month	1.2	0.8	-0.5
Has been homeless, past 12 months	1.6	0.9	-0.7
Multiple barriers[d]			
Average number of challenges	2.8	2.5	-0.3 ***
None (%)	5.5	8.5	3.0 **
One to two (%)	40.5	43.9	3.4
Three or more (%)	54.1	47.6	-6.5 ***
Sample size	697	697	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]Includes respondents' children who had special needs, were ever suspended or expelled from school, or were ever in trouble with the police.

[b]Risk of depression was assessed utilizing standard criteria for the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

[c]Includes respondents who were hit, slapped, kicked, or otherwise physically harmed during the past 12 months. It does not include those who were threatened or had every move controlled.

[d]The 11 barriers that were counted included: no high school diploma or GED, unable to converse in English, has three or more children, youngest child under age 6, has one or more child with an illness/disability affecting ability to work, has a child with special needs or behavior problems, has a health condition that limits ability to work, at high risk of depression, has been physically abused in past 12 months, used a hard drug in the past month, was homeless in past 12 months.

Table 4.4 also shows an anomalous change that presumably reflects measurement error. A small but significantly higher percentage of the women reported difficulty conversing in English in 2001 than in 1998. This may merely reflect greater comfort in admitting deficiencies at the second interview on the part of the 19 women whose self-reported language proficiency appears to have changed for the worse.

For the other employment barriers reported in the survey, prevalence rates were similar at both interviews and, in some cases, were fairly high. For example, about one out of five women at both interviews indicated that they had a health problem that limited their ability to work,[33] and about one out of four women were at a high risk of depression at both points in time.[34]

Two barriers of special concern among policymakers and organizations that work with families who are on welfare are drug use and domestic violence. In the survey sample, the reported rates of these problems are fairly low and did not change over time (for example, only about 1 percent of women acknowledged having used a hard drug in the prior month). Approximately 6 percent of the women in 1998 and 7 percent in 2001 reported having been physically abused in the prior 12 months,[35] although it appears that there were more domestic violence problems among ethnographic respondents. For example, Jasmine — a 41-year-old immigrant with six children — was living with an abusive husband who was upset about her participation in this study. She was able to meet with an interviewer in the second round only because she scheduled an appointment when her husband was not around, but she was so fearful that the ethnographers decided not to reinterview her in the final round. Another ethnographic respondent, Michele, said that her abusive boyfriend was not happy that she was working: "I got a job now, so he's upset — the fact that I'm working and I'm not paying attention [to him]. He realizes that I'm not coming home. And so now, he just called me earlier, threatening me. . . . He was talking to somebody, and he was telling them about how people kill their spouses or whatever in L.A. all the time, and it wouldn't be a big deal."

Overall, large percentages of women in this sample faced at least one barrier that could affect their employability. A summary index of the 11 employment barriers shown in Table 4.4

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[33]Women in the Los Angeles survey sample were substantially less healthy in 2001 than women nationally. Some 29 percent rated their health as fair or poor, compared with only 8 percent in a national sample of same-age women in 1996 (National Center for Health Statistics, 1999).

[34]Although the prevalence of barriers discussed in this paragraph was similar in 1998 and 2001, this does not imply that the same women necessarily suffered from the barriers in both periods. For example, 14 percent of the women in the sample were at high risk of depression in 1998 but not in 2001, while 12 percent were at high risk in 2001 but not in 1998.

[35]Although relatively few women in Los Angeles reported recent physical abuse, about one-fourth (26 percent) admitted that they had been physically abused at some point in their lives. Still, this rate is much lower than the rate found in other studies, in which about 60 percent of welfare recipients reported past abuse (Raphael, 1999).

was created to determine the extent to which barriers co-occurred. As shown in this table, the number of barriers faced by these women decreased significantly over time, from an average of 2.8 barriers in 1998 to 2.5 barriers in 2001. Also of note is that the percentage of women who had three barriers or more declined significantly, from 54 percent in 1998 to 48 percent in 2001. Still, this means that nearly half the women had three barriers or more in 2001 and that only 9 percent had no barriers.[36]

The survey respondents in the other three Urban Change sites had a similar number of barriers, on average, as the women from Los Angeles (Table 4.5), but their mix of barriers was different. In particular, the women from Los Angeles were especially likely not to have a high school diploma or GED certificate in 2001,[37] and they were also most likely to report difficulty speaking English. On the other hand, they were less likely than the women from Cleveland, Miami, or Philadelphia to have a health problem that limited their ability to work or to have a child with an illness or disability that constrained employment.

Vivid descriptions from the ethnography illustrate the range and intensity of the barriers that the low-income women from Los Angeles faced. Carmen, for example, whose employment as a driver of a medical van is described above, had just reentered the labor force when the study began. She was under psychiatric care for clinical depression that stemmed from years of living in a physically abusive relationship with the father of three of her children. Carmen talked about wanting to get better, for her kids' sake. At the end of the study in 2001, Carmen was still working full time as a driver, but she had been on leave for three weeks following an attempted suicide.

Diane, an African-American, offers another example of a woman whose life has been marked by a series of stressful and traumatic events. Both of her husbands had been killed, and two of her children had been shot — although they survived. Diane, who had been on welfare for 22 years when she was first interviewed, had suffered bouts of homelessness. When interviewed, she had not worked since 1988, having been profoundly distressed by her mother's death in that year.

Women in the ethnography spoke with eloquence about their children's health and behavioral problems and about how their children's illnesses posed challenges for them to take a job. Here is what Norma, a Latina immigrant, said about her son: "He's sick. He has intestinal

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[36]In comparison, 15 percent of the women from a random sample of welfare recipients in an urban Michigan county had none of the 14 included barriers (Danziger, Corcoran, Danziger, and Heflin, 2000), and 23 percent of the TANF recipients in the 1997 National Survey of America's Families had none of the 7 barriers considered (Zedlewski, 1999).

[37]Survey respondents in Los Angeles started out at baseline with lower rates of having a basic educational credential than respondents in the three other Urban Change sites (Table 4.1). Significantly improved rates of GED completion between 1998 and 2001 were observed in all four sites.

The Project on Devolution and Urban Change

Table 4.5

Selected Barriers to Employment of the Survey Samples in the Four Urban Change Sites in 2001

Outcome	Cuyahoga	Miami	Philadelphia	Los Angeles
Individual barriers (%)				
Has no diploma or GED certificate	33.3	37.4	38.7	48.8
Has difficulty conversing in English	1.3	11.4	2.9	18.9
Has 3 or more children at home	43.5	43.7	43.7	45.1
Youngest child is under age 6	39.1	30.4	31.8	38.2
Has 1 or more children with an illness/disability that constrains work[a]	21.8	17.3	17.3	14.2
Has a health problem that limits ability to work	20.1	21.4	27.8	18.1
Is at high risk of depression[b]	22.9	26.4	32.0	23.6
Multiple barriers[c]				
Average number of barriers	2.4	2.3	2.5	2.5
Has 3 or more barriers (%)	46.0	41.3	46.1	47.6
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES:

[a]Includes respondents' children who had special needs, were ever suspended or expelled from school, or were ever in trouble with the police.

[b]Risk of depression was assessed utilizing standard criteria for the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

[c]The 11 barriers that were counted included: no high school diploma or GED, unable to converse in English, has three or more children, youngest child under age 6, has one or more child with an illness/disability affecting ability to work, has a child with special needs or behavior problems, has a health condition that limits ability to work, at high risk of depression, has been physically abused in past 12 months, used a hard drug in the past month, was homeless in past 12 months.

problems. He can't have normal bowel movements. Everything just stays inside, and so, once he's filled up, I have to take him to the doctor. To the hospital, and he stays in, for like a week, and then they clean him out. Recently, he had surgery, but apparently the surgery didn't work. . . . He's been sick for five whole years. . . . He's 6. He hasn't attended school yet either. Because of the fact that he has to be in and out of the hospital . . . .Um, yeah, he was diagnosed with autism. And this wasn't even known until this year."

Another Latina mother's potential employment was affected by the health of three children — a "very misbehaving" teenage daughter who had been badly beaten by her boyfriend, a school-age child with attention deficit hyperactivity disorder (ADHD), and a younger child with severe asthma: "And then I had to take the youngest boy to the hospital three times. He has asthma, and he got a really bad cough. . . . So, I can't have a stable job right now because of the youngest boy. . . . Right now, this week, he got sick again, but it was not as bad as the last time . . . it lasted about two or three days. But sometimes, it lasted for about six days."

Barriers and Actual Employment Experiences

Did the barriers that these women faced actually pose obstacles to their employment? Or did the women with barriers continue to work despite their problems? Data from the ethnography in Los Angeles suggest that both occurred. For example, Carmen had fairly stable employment despite her clinical depression, while Diane had not worked for over a decade. The survey data confirm that employment barriers had varied effects on different women. Table 4.6 shows the percentage of women in the Los Angeles survey sample with and without each barrier who were employed at the time of the 2001 interview, and it indicates that women with certain barriers were much less likely to work than other women. But it also shows that many women were employed *despite* having any given barrier.

Educational attainment was important in differentiating women who did and did not work in 2001. Two-thirds of the women who had a diploma or GED certificate were working in 2001, compared with fewer than half of those who lacked such a credential. This finding is important to consider in interpreting the relatively low employment rates and poor job quality of the women in Los Angeles, because half these women lacked a basic credential in 2001.[38] The ethnographic interviews reveal that women often felt unprepared to enter the job market because of their lack of education and skills. One Chicana who worked in telemarketing (Sylvia), for example, described a humiliating situation when she applied for an office job and felt that she was not capable of doing the work and also thought that the other workers there were looking down on her. Another Chicana who was a high-school dropout (Baby) said that her low reading and math skills made her feel very uncomfortable and ashamed when she went to a job

[38]In surveys focusing on employers' willingness to hire welfare recipients in four urban areas (including Los Angeles) in 1998 and 1999, Holzer and Stoll (2001) found that while the demand for these workers was fairly strong, over half the jobs in Los Angeles required reading, writing, arithmetic, or computer skills. The researchers concluded that the limited hiring of welfare recipients in Los Angeles (compared with the other three Urban Change sites) was attributable partly to the city's lower job vacancy rate and partly to the fairly advanced skills required for the available jobs.

The Project on Devolution and Urban Change

Table 4.6

Percentage Currently Employed Among Survey Respondents in Los Angeles With and Without Specific Barriers to Work in 2001

Barrier	Percentage With Barrier Who Were Employed at 2001 Interview	Percentage Without Barrier Who Were Employed at 2001 Interview[a]	
Has no diploma or GED	47.7	65.3	***
Has difficulty comprehending English	51.6	57.9	
Has 3 or more children at home	53.4	60.3	
Youngest child under age 6	50.4	62.1	**
No access to a vehicle or no valid license	43.9	68.9	***
Has 1 or more children with an illness or disability that constrains work	42.4	60.4	**
Has 1 or more children with special needs or behavior problems[b]	54.4	58.6	
Has caretaking responsibility for other sick or frail person	62.5	57.2	
Has a health problem that limits ability to work	29.0	63.8	***
Is at high risk of depression[c]	45.4	61.4	***
Has been physically abused in prior 12 months[d]	52.8	58.3	
Used a hard drug, past month	60.0	57.5	
Has had a criminal conviction	56.0	57.5	
Has been homeless in past 12 months	50.0	57.4	
Multiple barriers (%)			
Has 3 or more of 11 barriers[e]	45.0	68.2	***
Sample size[f]	398	398	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]There is one respondent missing employment information.

[b]Includes respondents' children who had special needs, were ever suspended or expelled from school, or were ever in trouble with the police.

[c]Risk of depression was assessed utilizing standard criteria for the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

[d]Includes respondents who were hit, slapped, kicked, or otherwise physically harmed during the past 12 months. It does not include those who were threatened or had every move controlled.

[e]The 11 barriers that were counted included: no high school diploma or GED, unable to converse in English, has three or more children, youngest child under age 6, has one or more child with an illness/disability affecting ability to work, has a child with special needs or behavior problems, has a health condition that limits ability to work, at high risk of depression, has been physically abused in past 12 months, used a hard drug in the past month, was homeless in past 12 months.

[f]At the 2001 interview, 56.7 percent of the sample were employed.

interview: "I need help with reading and math. I didn't really *do* school." And Carmen specifically told interviewers that she would rather work in a factory than in McDonald's, because she was worried that she might not have sufficient math skills to use a cash register.

Interestingly, English proficiency, in itself, appears not to have been a major constraint on employment. As shown in Table 4.6, about 58 percent of those survey respondents who did not have trouble speaking English were working in 2001, while 52 percent who *did* have a language problem were working.[39] Immigrants in the ethnography specifically mentioned that although they did not think that the lack of English skills was a deterrent to getting a job, they did think that it was a deterrent to getting a well-paying job. English proficiency in relation to employment outcomes is discussed later in this chapter.

Nearly half the women in the survey sample in Los Angeles lacked a driver's license or did not have regular access to a vehicle, and these women were significantly less likely to be employed than those who could readily drive to work (44 percent versus 69 percent, respectively). However, it is not clear whether not having a car created a barrier to employment or whether lacking a job made it difficult to afford an automobile. Only a handful of nonworking women (2 percent) cited transportation problems as the *main* reason for not having a job. Nevertheless, a much smaller percentage of employed women than nonemployed women agreed with the statement "It is so inconvenient to travel to and from a job that it is difficult for me to work" (23 percent versus 44 percent, respectively).[40]

Table 4.6 shows that having three or more children at home was not significantly related to the women's employment status in 2001 — although having a preschool-age child appears to have affected whether or not they worked. Indeed, this is consistent with the fact that child care emerged as a big issue for ethnographic participants. These women — both the ones who worked and the ones who did not — noted the importance of having a child care arrangement that was affordable and, equally important, trustworthy. For many of these women, this meant using family members to look after their children. For example, Angela chose to work nights because then her husband could watch the children. Carmen's oldest daughter was available to tend her younger

[39]In Miami's Urban Change sample, which also had a notable percentage of Spanish-only speakers, language was similarly not an impediment to being employed. However, in Philadelphia, where only 3 percent of the sample reported trouble conversing in English, it was quite different: Only 21 percent of these women were working in 2001, compared with 59 percent of the sample overall.

[40]About half the working women in Los Angeles reported that they drove their own car to work, and another 12 percent said that they got a ride. Only one out of five relied on public transportation. The average commuting time (one way) was 27 minutes, but this average masks a great deal of variability, with some respondents reporting no commuting time (for example, those who worked out of their homes, babysitting or doing hair) and others reporting commutes of an hour or more each way (11 percent). When asked specifically whether they had transportation problems, nearly three-fourths of the working women said that they never had trouble getting to work — and this was true regardless of their method of commuting.

siblings when they came home from school. Nena worked in her daughter's elementary school so that the two of them would have the same hours. And Michelle's two children were cared for by her cousin, who was paid by a subsidy from the welfare office.

Delia's situation exemplifies the link between family networks and decisions about working. A 26-year-old immigrant with three children, Delia told interviewers that she wanted to return to school and was interested in getting a job at a Head Start program, but these plans were dependent on the presence of her *tia* (aunt) from Mexico as a caregiver. Throughout all her interviews, Delia mentioned how mistrustful and skeptical she was regarding nonfamily child care and how glad she was that her aunt was there to care for the kids. In the final interview, however, Delia revealed that she had decided not to pursue a job at the Head Start program because her aunt had gone home and, thus, her trusted child care provider was no longer available.

As noted above, another important constraint on the women's employment was having a child who had an illness or disability: Only 42 percent of the mothers in the Los Angeles survey sample who had a sick or disabled child were working in 2001, compared with 60 percent of the mothers without this barrier.[41] Survey respondents were presumably reporting about a child with a chronic illness or an ongoing disability, but ethnographic respondents also described how a child's routine illnesses could affect their employment. For example, Myrna had worked at Target for over a year when her son became ill, and she requested two weeks off to care for him; instead, she was laid off for an entire month, forcing her to seek a job elsewhere.

Health problems of the survey respondents themselves appear to have had especially powerful effects on their employment.[42] Less than one-third of the women who reported a health problem were working in 2001, compared with nearly two-thirds of the women without a health problem.[43] Another health-related barrier that may have contributed significantly to not working in 2001 was being at high risk of clinical depression. Fewer than half the depressed women were

[41]For additional ethnographic data on the experience of welfare-reliant women who were caring for children with chronic health problems or disabilities, see London, Scott, Edin, and Hunter (2001).

[42]For further information about the effect of health barriers on employment and welfare receipt in the overall Urban Change sample, see Polit, London, Martinez (2001).

[43]Among the nonemployed women in the Los Angeles survey sample who had previously been employed but had quit, a personal health problem or injury was the single most frequently given reason for leaving their jobs, reported by 27 percent of those who had quit. A health problem of one of their children was cited by another 7 percent of these women. When survey respondents in Los Angeles were asked about specific health problems for which they had obtained a physician's diagnosis, some mentioned life-threatening conditions such as cancer (2 percent), heart disease (5 percent), or AIDS (1 percent). More common ailments included back problems (21 percent), diabetes (6 percent), migraines or severe headaches (23 percent), and hypertension (19 percent).

working, compared with 61 percent of the women with lower scores on the depression scale.[44] Depression, as already noted, was a common problem among ethnographic respondents.

Some of the factors traditionally considered barriers to employment do not appear to have impeded employment in this sample of women. For example, women who had been abused, had been convicted of a crime, had used a drug in the prior month, had been homeless in the prior year, or had had responsibility for the care of a sick or frail family member were about as likely as women without these challenges to be working in 2001. However, drug use *was* an issue for several ethnographic respondents. Women who had a history of drug abuse were working hard just to hold onto their families; paid employment was not something they even thought about.

Women in the survey sample who were not working in 2001 had an average of about one more barrier to overcome than women who were employed (a mean of 3.0 versus 2.1, respectively; not shown). Only 45 percent of the women with three or more barriers were working in 2001, compared with 68 percent of the women who had fewer than three barriers. Still, it is noteworthy that many women who worked did so despite having a variety of problems that made their employment difficult or that constrained the kinds of jobs they could get. Many ethnographic respondents had multiple barriers that played a role in their ability to find or sustain employment — but, as among the survey respondents, the "barriers" were often hardships that made their lives more complex and more onerous rather than making work impossible.

Employment Circumstances of Different Groups of Women

The survey findings reported thus far are for the entire sample of women in Los Angeles, all of whom were single-parent welfare recipients in 1995. The findings suggest that although there were improvements over time for the sample as a whole, there was considerable diversity with regard to the employment and welfare experiences of these women, with some women having moved off welfare into stable employment in decent jobs and others not having worked at all during the study period. This section examines whether some of this diversity is related to two key characteristics of the sample members, namely, their racial/ethnic backgrounds and their educational attainment. Both characteristics are important in understanding the economic circumstances of welfare recipients in Los Angeles. The section also looks briefly at the employment situation of women who, in 2001, were combining work and welfare, in comparison with working women who were no longer getting cash aid.

[44]When these women were asked about specific mental health problems for which they had sought professional help, a small but notable percentage of respondents in the Los Angeles survey volunteered that they had been actually diagnosed with clinical depression (9 percent), panic disorder or posttraumatic stress syndrome (8 percent), or a psychosis such as schizophrenia or bipolar disorder (2 percent).

Women of Different Race, Ethnicity, and Language Skills

Table 4.7 summarizes key employment experiences and challenges of women in the Los Angeles Urban Change survey sample, according to whether they are African-American (51 percent) or Latina (45 percent) and, if the latter, whether they were able to converse in English when interviewed; about 36 percent of the Latinas reported that they were not English-speaking.[45] The employment experiences of these three groups differ significantly in a number of respects. In terms of their employment and welfare status at the time of the second survey in 2001, the most noteworthy difference is that the African-Americans were about twice as likely as the Latinas (regardless of language ability) to be both working and collecting welfare. The African-Americans were least likely to be welfare leavers with jobs.

There were also noteworthy group differences in job tenure and job quality, with the non-English-speaking Latinas generally having the least favorable outcomes. These women had worked in significantly fewer months in the 48-month period prior to the 2001 interview than had the African-Americans or the Latinas who were proficient in English. Moreover, among the respondents who had worked between 1998 and 2001, the Latinas who could not speak English had far worse jobs in terms of wages, earnings, and benefits — confirming what immigrant Latinas in the ethnography reported about their employment prospects. For example, as shown in Table 4.7, their average wage was about $1.50 per hour less than the average wage for African-Americans and English-speaking Latinas, and their weekly earnings were about 25 percent lower. Among currently employed women in 2001, only 9 percent of the non-English-speaking Latinas had "decent" jobs (full-time jobs paying $7.50 per hour or more and offering medical benefits), compared with 25 percent of African-Americans and 30 percent of English-speaking Latinas (not shown in the table). It should be pointed out that a similar pattern was observed in the Miami Urban Change site. For example, non-English-speaking Hispanic[46] workers in Miami earned an average of $240 per week, compared with $326 for Hispanic women who could speak English and $296 for African-Americans. (In Philadelphia, where almost all Hispanic respondents spoke English, there were relatively few significant racial/ethnic differences in employment outcomes. For example, the average weekly earnings in Philadelphia were $318 for African-Americans and $298 for Hispanics.)

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[45]Respondents were categorized as English-speaking if they said in 1998 that they could carry on a conversation in English "very well" or "well." Non-English speakers said that they could converse "some," "a little," or "not at all."

[46]In Los Angeles, the preferred term for women of Hispanic descent is "Latina"; in Miami, however, "Hispanic" is the more frequently used term to designate people who are from (or whose ancestry is from) Spanish-speaking countries.

The Project on Devolution and Urban Change

Table 4.7

Selected Employment Experiences and Challenges of Survey Respondents in Los Angeles, by Race, Ethnicity, and Language

Outcome	All Women in Survey Sample[a]	Latina English Speakers[b]	Latina Non-English Speakers	African-Americans[c]	P-Value for Group Difference
Work and welfare status at final interview, 2001 (%)					
Working, not on welfare	36.8	42.3	40.0	32.7	0.0605
Working, on welfare	20.0	14.3	12.7	25.7	0.0007 ***
On welfare, not working	30.4	27.6	30.0	32.1	0.5466
Neither working nor on welfare	12.8	15.8	17.3	9.6	0.0354 *
Employment in the 48 months before 2001 interview					
Average number of months in which employed	24.4	26.3	20.8	24.4	0.0415 *
Average number of jobs held	2.2	2.3	1.7	2.3	0.0023 **
Held 0 jobs during this period (%)	14.4	12.8	18.0	14.2	0.4480
Held 3 or more jobs during this period (%)	35.0	38.3	18.9	38.4	0.0005 ***
Characteristic of current/most recent job in 2001					
Average weekly work hours	36.8	37.0	35.0	37.3	0.3019
Average hourly wage ($)	8.04	8.11	6.77	8.38	0.0010 ***
Average weekly earnings ($)	292.93	297.65	229.16	309.87	0.0001 ***
Job has/had medical benefits for self (%)	27.3	28.5	12.2	31.0	0.0031 **
Selected challenges to employment, 2001 (%)					
Has no diploma/GED	50.4	56.2	92.8	33.4	0.0000 ***
Has one or more child with illness/disability	14.0	14.3	8.7	15.7	0.2038
Has health problem that limits ability to work	18.3	15.4	10.9	22.3	0.0124 *
At high risk of depression[d]	22.7	21.0	18.6	25.0	0.3290
Sample size	651	196	111	344	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]46 respondents did not fit into these race/ethnicity and language categories. They were not included in the calculations for all women in the survey sample.

[b]Respondents were categorized as English-speaking if they said they could carry on a coversation in English "very well" or "well." Non-English speakers said they could converse "some," "a little," or "not at all."

[c]U.S.-born, not Hispanic.

[d]Risk of depression was assessed utilizing standard criteria for the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

Table 4.7 suggests that the three subgroups based on race/ethnicity and English proficiency faced somewhat different levels and types of employment barriers. Latinas — particularly those who could not speak English — were especially likely not to have a diploma or GED in 2001. (In Miami and Philadelphia, Hispanics were also significantly less likely than African-Americans to have a basic educational credential.) However, African-Americans in Los Angeles were far more likely to have a health problem than Latinas, regardless of English language skills. Overall, Latinas who could not speak English were more likely than the other two groups of women to face three or more barriers to employment, which for most included not only a language barrier but also low educational attainment.

In summary, Table 4.7 indicates that the subgroups in Los Angeles that had different racial/ethnic and language backgrounds had different employment situations and experiences in 2001. Also of interest, however, is whether these subgroups differed in terms of improvements over time. There were, in fact, improvements for women in all three subgroups with regard to hourly wages, and earnings from 1998 to 2001, but the improvements were far more modest for the non-English-speaking Latinas (who started out with the lowest job quality in 1998) than for the other two groups. For example, average weekly earnings in the current or more recent job went up from $216 in 1998 to only $229 in 2001 (6 percent) for Latinas who could not converse in English. Among Latinas who had English proficiency, average weekly earnings went up from $234 to $298 (27 percent); and among African-Americans, earnings rose from $224 to $310 (38 percent). The marked differences in gains in these two subgroups reflect not only improvements in hourly wages but also sizable increases in full-time employment. Improvements in the percentage of women with "decent" jobs were also dramatic in these two subgroups, rising from 13 percent to 30 percent among English-speaking Latinas and from 13 percent to 25 percent among African-Americans. The percentage of non-English-speaking Latinas with "decent" jobs also nearly doubled over time, but the increase was only from 5 percent in 1998 to 9 percent in 2001. (These data are not shown in tables.) Thus, while no subgroup got "left behind" in experiencing improvements, the subgroups did not experience comparable levels of progress in their employment situations.

Women of Different Educational Backgrounds at Baseline

Differences in survey respondents' educational backgrounds were more salient than their racial/ethnic differences in discriminating among women with different employment experiences — and may have contributed to the racial/ethnic differences that were observed because of the correlations between the two. Table 4.8 compares women who had a high school diploma or GED certificate at baseline (May 1995) with those who did not, in terms of selected employment experiences and challenges. Women with a diploma or GED were significantly more likely to be working and not receiving welfare than those without the credential. They were also substantially less likely to be still receiving cash aid without working in 2001. On average, the women with a

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Table 4.8

Selected Employment Experiences and Challenges of Survey Respondents in Los Angeles, by Education at Baseline

Outcome	All Women in Survey Sample[a]	No Diploma or GED at Baseline	Diploma or GED at Baseline	P-Value for Group Difference
Work and welfare status at final interview, 2001 (%)				
Working, not on welfare	37.6	33.1	43.6	0.0045 **
Working, on welfare	19.6	17.2	22.8	0.0637
On welfare, not working	30.1	35.9	22.5	0.0001 ***
Neither working nor on welfare	12.7	13.9	11.1	0.2706
Employment in the 48 months before 2001 interview				
Average number of months in which employed	24.6	21.8	28.5	0.0001 ***
Average number of jobs held	2.2	1.9	2.5	0.0001 ***
Held 0 jobs during this period (%)	14.4	18.1	9.4	0.0012 **
Held 3 or more jobs during this period (%)	34.3	28.1	42.6	0.0001 ***
Characteristic of current/most recent job in 2001				
Average weekly work hours	37.0	36.0	38.1	0.0492 *
Average hourly wage ($)	8.22	7.51	9.07	0.0000 ***
Average weekly earnings ($)	298.22	263.58	340.18	0.0000 ***
Job has/had medical benefits for self (%)	28.3	20.7	37.3	0.0000 ***
Selected challenges to employment, 2001 (%)				
Has difficulty conversing in English	19.0	31.3	3.2	0.0000 ***
Has 1 or more child with illness/disability	14.2	11.5	17.9	0.0203 *
Has health problem that limits ability to work	18.1	17.2	19.3	0.4684
At high risk of depression[b]	23.6	24.4	22.6	0.6019
Has been physically abused[c]	5.6	4.8	6.5	0.3507
Sample size	696	398	298	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Baseline is May 1995.

Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]One woman did not report her educational level. She was not included in the calculations for all women in the survey sample.

[b]Risk of depression was assessed utilizing standard criteria for the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

[c]Respondent reported she was hit, slapped, kicked, or otherwise physically harmed during the 12 months prior to the interview.

diploma or GED certificate at baseline worked in significantly more months than those without the credential and were less likely not to have worked at all. Moreover, although working women in both education groups typically worked full time, the women who had their basic credential tended to work more hours, on average, and to be in better jobs: They had a substantially better average hourly wage ($9.07 versus $7.51), had higher average weekly earnings ($340 versus $264), and were more likely to have jobs with medical benefits (37 percent versus 21 percent). Thus, educational attainment was a major factor in whether the respondents in Los Angeles worked and what type of work they were able to find.

Similar findings were observed across the other three Urban Change sites, as shown in Table 4.9. In every site, women with a diploma or GED had worked in significantly more months during the study and had significantly better-quality jobs than women without a credential. The value of having a diploma or GED was especially marked in Philadelphia, where the average difference in hourly wages for the two subgroups was $2.32 (compared with $1.56 in Los Angeles) and where the difference in terms of medical benefits was 28 percentage points (compared with 17 percentage points in Los Angeles).

In the Los Angeles survey sample, the women with a diploma or GED were about as likely as those without a credential to have certain other barriers to employment (for example, having a health problem, being at high risk of depression, or having been physically abused in the prior year). Nevertheless, women without a diploma were more likely to have certain other co-occurring barriers, such as the inability to speak English (Table 4.8), as previously noted. Women without a diploma were also significantly more likely than women with a diploma to have three or more children (50 percent versus 38 percent, respectively; not shown).

Table 4.8 indicates that, among respondents in Los Angeles, different educational attainment at the outset of the study had greatly different employment outcomes in 2001. Again, however, it is important to examine whether improvements over time were shared by these two groups: the women with a diploma/GED and the women without a basic credential. Positive changes occurred from 1998 to 2001 for both groups with respect to hours worked, hourly wages, earnings, and benefits in their current or most recent job; but the improvements were somewhat more sizable among the women who had a basic educational credential. For example, average weekly earnings rose 24 percent for women without a diploma or GED (up from $213 in 1998 to $264 in 2001), but they rose 36 percent for women with the credential (up from $250 in 1998 to $340 in 2001). The percentage of women with a “decent” job tripled among the group without a diploma (from 5 percent to 17 percent), but the group with a diploma also saw substantial growth in “decent” jobs — up from 20 percent in 1998 to 32 percent in 2001. (These data are not shown in tables.)

The Project on Devolution and Urban Change

Table 4.9

Selected Employment Outcomes of the Survey Samples in the Four Urban Change Sites in 2001, by Education at Baseline

Outcome	Cuyahoga		Miami		Philadelphia		Los Angeles	
	Women Without a Diploma	Women With a Diploma	Women Without a Diploma	Women With a Diploma	Women Without a Diploma	Women With a Diploma	Women Without a Diploma	Women With a Diploma
Employment in 48 months before 2001 interview								
Never worked during this period (%)	3.7	2.6	15.8	8.8 *	14.9	9.7 *	18.1	9.4 **
Average number of months in which employed	21.7	29.0 ***	21.8	28.6 ***	20.6	27.0 ***	21.8	28.5 ***
Characteristic of current/most recent job in 2001								
Average number of hours worked/week	36.5	36.8	36.6	37.4	35.8	36.8	36.0	38.1 *
Average hourly wage ($)	7.68	9.02 ***	7.29	8.89 ***	7.42	9.74 ***	7.51	9.07 ***
Average weekly earnings ($)	288	339 ***	259	337 ***	269	359 ***	264	340 ***
Job has/had medical benefits for self (%)	21.4	39.8 ***	23.7	37.1 **	23.6	51.6 **	20.7	37.3 ***
Sample size	311	378	297	284	492	107	398	298

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Differences among the sites were not tested for statistical significance. Statistical tests shown are between women who lacked a diploma or GED at baseline and women who had this credential within each site. Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

In summary, then, the diversity in the employment experiences of survey respondents in Los Angeles appears partially attributable to differences in the women's educational backgrounds and, to a lesser extent, to racial/ethnic differences. Other factors, including the women's physical and mental health, undoubtedly helped shape their ability to find and keep a job.

Welfare Leavers and Women Who Combined Work and Welfare

As noted earlier, the women in Los Angeles were substantially more likely than the women in the other three Urban Change sites to be combining work and welfare in 2001. This is not surprising, given the generous welfare grants and income disregards in California. Indeed, one might even wonder why more of the women who were working were not still receiving cash aid, inasmuch as so many of them were in low-wage jobs without benefits. In California, families of three remain eligible for some cash assistance if recipients are working full time (40 hours) for an hourly wage of about $8.50 or less; thus, presumably, many women in the survey sample would have retained eligibility even though they were employed. This section briefly compares the employment situations of working respondents who either were or were not still on welfare in 2001.

Differences in the two groups of workers with respect to most key employment outcomes were substantial, as shown in Table 4.10. The women who had left welfare and were working had a much stronger record of stable employment than those who were still on aid. The majority of welfare leavers had worked in at least 36 of the 48 months preceding the 2001 interview. The women who were combining work and welfare had been employed in significantly fewer months of the 48-month period (32.2 versus 36.1 months), and yet a slightly higher percentage had held three or more jobs in that period (47 percent versus 43 percent), suggesting that there was more "churning" among those who were still on welfare.

One of the most noteworthy differences between these two groups is that substantially fewer of the women who were still on welfare (57 percent) than of those who had left (80 percent) were working full time. The women still on welfare were also earning far less per hour, and thus their average weekly earnings were nearly $100 less than the earnings of the welfare leavers ($253 versus $348, respectively). Still, it would appear that a substantial minority of leavers might have been eligible for cash aid: 22 percent of them had earnings of less than $250 per week, and 41 percent were earning $300 per week or less, which translates to $8.57 per hour in a 35-hour week (not shown).

Although the study does not examine whether some of these welfare leavers might have been ineligible for cash assistance for reasons other than their own income (such as not having a child under 18 at home or having spousal or other income), it seems likely that at least some of

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Table 4.10

Selected Employment Outcomes for Currently Employed Women in Los Angeles in 2001, by Welfare Status

Outcome	Working, Not on Welfare	Working and on Welfare	All Currently Employed Women	P-Value for Group Difference
Employment in 48 months before 2001 interview				
Worked in 36 to 48 months of this period (%)	61.0	48.8	56.9	0.0244 *
Held 3 or more jobs (%)	43.2	47.1	44.6	0.4752
Average number of months in which employed	36.1	32.2	34.8	0.0090 **
Characteristic of current job in 2001				
Working full time (35 hours or more per week) (%)	80.2	57.4	72.6	0.0000 ***
Average hourly wage ($)	9.07	7.53	8.54	0.0000 ***
Average weekly earnings ($)	348.33	253.15	316.44	0.0000 ***
Less than $250 (%)	22.0	51.6	31.9	0.0000 ***
$250 to $400 (%)	48.0	41.3	45.7	0.2173
More than $400 (%)	30.0	7.1	22.3	0.0000 ***
Job has medical benefits for self (%)	44.8	15.0	34.8	0.0000 ***
Job is a "good" job (full time at $7.50 per hour with medical benefits) (%)	33.9	6.3	24.6	0.0000 ***
Sample size	261	136	397	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

them opted not to receive cash aid even though they were entitled to it. The ethnographic interviews suggest that some women did not understand welfare eligibility. Others explained that they had left welfare voluntarily so that their husbands or other family members would have a better chance at citizenship.

Other women in the ethnography simply preferred to avoid the aggravation related to receiving welfare. This might be especially true among women who were stably employed in jobs that paid above California's minimum wage and that offered fringe benefits. In 2001, about one-third of the working welfare leavers in the Los Angeles survey sample were in "decent" jobs that paid at least $7.50 per hour and that gave them health insurance; only 6 percent of the women in the work-and-welfare group had such jobs. Cynthia, an African-American mother, is an ethnographic respondent who chose not to combine work and welfare. At her first interview, all of Cynthia's income came from Temporary Assistance for Needy Families (TANF), and she was also receiving food stamps. By the next year's interview, she had obtained a full-time job as

a certified nurses' assistant. Although she was still eligible to receive a small amount of cash aid and food stamps, she did not apply. She thought it "isn't worth the hassle for that pitiful amount they are giving me," and she said that she could support herself with her wages, because she often worked overtime. (However, in the third round of interviews, Cynthia had left her job because she was pregnant, and she was reapplying for welfare.)

The challenges that confronted the welfare leavers and the women who were combining work and welfare were different in many respects, but the two groups were surprisingly similar in other ways. For example, the women were about equally likely not to have a diploma or GED certificate in 2001, and they were equally likely to have health problems. (These are two of the barriers to employment that were especially important in distinguishing women who did work from those who did not, as shown in Table 4.6.) The two groups were also similar in terms of being at risk of depression, having a recent history of physical abuse, and having a drug-related problem. Thus, the two groups did not appear to differ on many indicators that are used to identify the "hard-to-employ." However, the working women who were still on welfare had more family-related burdens than the working welfare leavers: Those in the working group were more likely to be caring for three or more children (52 percent versus 37 percent), to have a child with an illness or disability (14 percent versus 8 percent), and to have a child with behavior problems or special needs (49 percent versus 34 percent). (These data are not shown in tables.) Having a part-time work schedule probably made it easier for these women to combine employment with their complex responsibilities as mothers.

Summary and Conclusions

The Urban Change survey data indicate that there was considerable change from 1998 to 2001 in the employment of women from some of Los Angeles's poorest neighborhoods who had been welfare recipients in 1995. The majority of women in the survey sample had worked for pay after CalWORKs was implemented, and there were declines in the percentage of women who relied primarily on welfare to support their families. Some of these behavior changes are likely attributable to the strong economy of the late 1990s, which resulted in greater availability of jobs. Some change likely reflects the increasing maturity of these mothers, as well as the aging of their children. It is also plausible, however, that changes in Los Angeles's welfare policies — which included generous work incentives — might have influenced the women's decisions to work.

Although the majority of survey respondents who had been welfare recipients were able to find paid employment, the data offer a mixed picture of their success in the labor market. On the positive side, most of the women were working or had worked full time, mostly in jobs that paid above California's minimum wage. Wages and employment earnings improved over time, indicating that, on average, there was some wage growth and advancement. For the women who

had worked at both interview waves, weekly earnings increased by 36 percent between 1998 and 2001. Importantly, improvements in job quality between the two interviews were observed for all subgroups of women, including African-Americans, English-speaking and non-English-speaking Latinas, women who had a diploma or GED at the outset of the study, and women who lacked this credential.

However, improvements were not shared *equally* among the women. Employment stability, job quality, and wage growth were highly variable. Some women (especially those with a diploma or GED) had worked fairly continuously from 1997 to 2001 and were, by the end of the study period, working full time in jobs that paid substantially above the minimum wage and that offered important fringe benefits. More typically, however, women in both the ethnographic and survey samples had held several low-wage, no-benefit jobs that left their income situations — and their need for public assistance — in considerable flux. A sizable percentage of women in the ethnographic sample had had a string of jobs through temp agencies, which left them vulnerable to erratic schedules, variable wages, and job insecurity.

Immigrant Latinas who could not speak English were about as likely to have worked as other women in the sample, but their jobs were of especially poor quality, and their employment stability was weaker — a situation similar to what was observed in Miami. In 2001, the hourly wage at their current or most recent job was about $1.50 lower than the wage for English-speaking Latinas or African-Americans. Moreover, the non-English-speaking Latinas saw relatively small wage growth between 1998 and 2001. Educational attainment was also strongly related to employment outcomes: Women who lacked a high school diploma or GED (many of whom were Latinas who could not speak English) had lower wages and earnings, fewer fringe benefits, and less employment stability. Indeed, the women without a basic educational credential were substantially less likely than the other women to be working in 2001 and were more likely to be still relying on welfare.

Welfare receipt in 2001 among respondents who were on the welfare rolls in 1995 was higher in Los Angeles than in the other Urban Change sites, and employment rates were lower. This could partly reflect the policy choices made in California: As noted in Chapter 2, the welfare grants in California are among the most generous in the country, and the new incentives designed to encourage employment made it possible to combine work and welfare to a degree not possible in the other sites. Moreover, the women in Los Angeles were not faced with the prospect of being totally cut off welfare when five-year time limits hit. However, their relatively low rates of employment, poor job quality, and high rates of welfare receipt are likely to reflect other forces as well. In particular, the women in Los Angeles had more barriers to employment (and to good employment) than respondents in the other sites, including both language problems and educational deficits.

The ethnographic interviews suggest that many respondents in Los Angeles felt conflicted about working outside the home and that they struggled both with how to better support their children financially and with how to be at home to raise them. California's welfare policies probably played a role in allowing a substantial percentage of women to combine work and welfare, and those who took this path often worked part time. The jobs they took, however, were of especially poor quality in terms of wages and benefits, and it appears that many who combined work with welfare may have taken a series of short-term jobs to augment their welfare income.

Even though the study period ended in 2001, the story of these women's lives is still unfolding. The future is uncertain for many, who are now facing a much different economy than when they were last interviewed.

Chapter 5

Economic Circumstances and Material Hardships: Findings from the Longitudinal Survey and Ethnography

One of the primary goals of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) is to reduce welfare dependency and promote self-sufficiency through work or greater reliance on family and other means of support. This legislation was passed with the hope that such changes would bring economic benefits to families in the long run — although critics feared that it would do just the opposite. This chapter uses data from the Urban Change survey and ethnography (described in Chapter 4) to answer three broad questions regarding the economic well-being of low-income families in Los Angeles during a period of economic growth and changing welfare policies:

- How did economic circumstances and material hardships change over time among single-mother families who were welfare recipients in Los Angeles before welfare reform?
- How did economic circumstances and hardships vary among welfare recipients in Los Angeles who were of different backgrounds and in different situations?
- How did the economic situation for recipients in Los Angeles differ from those of similar women in the other three Urban Change sites (Cleveland, Miami, and Philadelphia)?

As in Chapter 4, the survey and ethnographic data cannot be used to draw causal inferences about the effects of welfare reform on respondents' economic circumstances because the circumstances of poor families would have changed over time even in the absence of the 1996 legislation, particularly because its implementation coincided with a strong economy. The data can, however, be used to describe whether positive, negative, or no changes occurred from 1998 to 2001. Such descriptions are important because they help establish the range of possible effects that welfare reform might have had.

Summary of Findings

- **The households of survey respondents in Los Angeles changed over time as some women married and more children were born.** Despite California's "family cap" policy, which provides no increase in cash assistance for welfare recipients who have an additional child, about 15 percent of the

women had given birth between the 1998 and 2001 interviews, and another 3 percent were pregnant at the final interview. Nearly one out of five of these women — all of whom were single in 1995 — were married in 2001, and others were living with a partner.

- **The sources of survey respondents' household income changed substantially between 1998 and 2001, with a significant reduction in income from Temporary Assistance for Needy Families (TANF) and a large increase in income from employment earnings.** In 2001, nearly two-thirds of the women had earnings income that came either from their own employment or from that of other household members, such as husbands or partners. Nevertheless, a smaller percentage of respondents in Los Angeles than in the other Urban Change sites (Cleveland, Miami, and Philadelphia) lived in households with earnings income in 2001, and a larger percentage were in households with TANF income.

- **Average monthly household income among women in the survey sample increased significantly over time.** The average monthly household income in Los Angeles grew from $1,355 in 1998 to $1,811 in 2001 and was higher than in any of the other Urban Change sites. Nevertheless, among non-English-speaking Latinas — despite improvements over time — average monthly incomes were very low at both interviews ($1,576 in 2001).

- **The percentage of households below the federal poverty threshold declined from 67 percent in 1998 to 54 percent in 2001, but most respondents remained poor or near poor.** Poverty declined over time for women with and without a high school diploma or General Educational Development (GED) certificate and for African-Americans and Latinas, including those who could and could not speak English. The poverty rate in 2001 was especially low among employed women who no longer received welfare. Although few families in Los Angeles got poorer over time, 86 percent of families in the survey remained poor or near poor in 2001. Of the four Urban Change sites, Los Angeles had the second-lowest percentage of respondents living in poverty in 2001.

- **The households of respondents who remained on welfare without working were more economically disadvantaged in 2001 than the households of women who made other decisions about work and welfare.** The average monthly income per person in households of welfare recipients who did not work was less than half that of working welfare leavers ($292 versus

$664 respectively) — and, in fact, was even less than the income of welfare leavers who were not working ($368). The economic situation of recipients who were working was improved through their earnings: Their average per person monthly income in 2001 was $416.

- **There were significant declines over time in Los Angeles in the use of safety net programs such as food stamps, WIC (the Women, Infants, and Children program), and Medi-Cal (for both the mothers and their children).** To some extent, the reductions reflect reduced eligibility as these women's incomes rose, but the ethnographic data suggest that some women had problems securing transitional benefits. Moreover, the survey indicates that one out of five women were eligible for foods stamps but were not getting them. Women who were neither welfare recipients nor employed were especially vulnerable, with low rates of receiving food stamps or Medi-Cal. Overall, though, the women in Los Angeles were more likely than those in the other sites to still be receiving food stamps and public health benefits.

- **On average, the assets of these families increased between 1998 and 2001.** A significantly higher percentage of survey respondents in Los Angeles owned homes and automobiles at their second interview than in 1998. In the 2001 survey, 55 percent of the women reported owning a car. Although home ownership increased, only 5 percent of the women lived in their own homes in 2001, compared with, for example, 26 percent in Philadelphia. While assets increased modestly in Los Angeles, so did debt: More than 33 percent of respondents had over $2,000 in debt that was unrelated to car or home ownership.

- **Despite declines in poverty between 1998 and 2001, 85 percent of the women in Los Angeles endured one or more material hardship in 2001.** There were improvements over time with respect to certain indicators of material hardship. Food insecurity declined between 1998 and 2001, as did a few housing hardships — including having excessive rent burden and residing in a dangerous neighborhood. Health care hardships did not get worse, despite the decline in receipt of Medi-Cal. Nevertheless, some 45 percent of respondents were food insecure in 2001 — a higher rate than in any other Urban Change site. The women in Los Angeles also had the highest rates of crowding, of doubling up with others, of high housing costs relative to income, of multiple housing problems (for example, faulty plumbing), and of living in a dangerous neighborhood.

Economic Circumstances of Families in Los Angeles

This section examines changes between 1998 and 2001 in the economic circumstances of women in the survey and ethnographic samples in Los Angeles. Changes over time among single mothers who were welfare recipients in 1995 would be expected, even in the absence of welfare reform or improvements in the economy. Such change would occur as women and children aged and altered their behaviors, as marriages or other partnerships were contracted or ended, and as women gave birth to additional children or had children age out or otherwise exit their households.

To provide a context for understanding changes in survey respondents' economic and material circumstances, it is necessary to consider changes in their household composition and family structure over the course of the study.[1]

Marriage, Childbearing, and Household Structure

According to administrative records data, none of the women in the Los Angeles survey sample lived with a spouse at baseline in May 1995 (although some may have been cohabiting with a man at that time). By the 2001 interview, about 30 percent reported currently living either with a husband (20 percent) or a partner (10 percent). Hence, even six years after baseline, when the second survey interview was completed, the majority of these women remained single mothers.

The women in Los Angeles had an average of just under three children on their welfare case in May 1995, and 37 percent gave birth to at least one more child after that date. In fact, despite the implementation in 1997 of the family cap policy (whereby welfare benefits would not increase for recipients who had another child), about 15 percent of the survey respondents gave birth between the 1998 and 2001 interviews, and about 3 percent were pregnant in 2001. All the women in the ethnographic sample knew about the family cap and were aware that any new infants would not increase their grants, but almost all of them specifically said that this policy did not affect their decisions about whether or not to have another child.

In 2001, the average number of survey respondents' own children who were living with them was 2.5 and ranged from no children (5 percent of the women) to more than five. Nearly half the women (45 percent) had at least three children living with them. (These data are not shown in tables.)

The survey data suggest various changes in household composition over the years among these low-income women: Since 1995, women had gotten married, had given birth, and had had children leave the household, as evidenced by the lower average number of children in

[1]Table 4.1 (Chapter 4) presents additional information about the survey sample's characteristics.

the household in 2001 than in 1995. But the ethnographic data suggest that these aggregate trends encompass considerable month-to-month volatility. The households of women in the ethnography changed in membership and structure fairly regularly as families doubled up during tough times and reestablished separate living arrangements in better times, as boyfriends or relatives came and went, as marriages were formed or dissolved, and as older children left and then returned. For example, Monica, a 26-year-old Chicana with two young daughters, was living with a cousin at the outset of the study. Then she and her kids moved in with her mother, who also had two small children, and all six lived in an overcrowded two-bedroom apartment. Monica finally moved into a housing project with her daughters. The situation was even more volatile for Maria, a 39-year-old immigrant Chicana with five children, who reported in the first round of interviews that her husband was put in prison on molestation charges. Then her children were removed from her home during the second round of interviews, for reasons that were not clear. By then Maria was living with an older man (a fellow immigrant in his sixties). But she moved out of that neighborhood and could not be found for the next round of interviews, although it was learned that she had gotten her children back.

Sources of Household Income

Table 5.1 displays the sources of household income in the month before the 1998 and 2001 interviews for the women in the Los Angeles Urban Change sample.[2] This table shows that there were substantial and statistically significant changes in the composition of total household income over the course of the study. Consistent with the findings on welfare and employment trends reported in Chapter 4, there was a significant decline in the percentage of women reporting TANF (cash welfare) income in the prior month (down from 71 percent in 1998 to 52 percent in 2001) and a significant increase in the percentage reporting that the household had income from earnings (up from 50 percent to 64 percent). There was also evidence of income instability among some families. For example, 7 percent of the women who had no TANF income in 1998 returned to the welfare rolls by 2001, and 12 percent who reported earnings income in 1998 no longer had this income source in 2001 (not shown).[3]

The percentage of women with household income from child support was low and fairly stable over time. Only about one out of ten women in the Los Angeles survey sample had

[2]A review of findings from 15 welfare leaver studies funded by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services reported that, 6 to 34 months after leaving welfare, 60 percent to 65 percent of former welfare recipients had income from their own earnings; 11 percent to 31 percent had income from child support; and 2 percent to 12 percent had income from Supplemental Security Income (SSI). For details, see Acs and Loprest, 2001.

[3]It is worth noting that 20 percent of the respondents in 2001 lived in households with earnings income from *both* their own employment and that of another household member. Altogether, 31 percent of these households had income from the earnings of another household member.

The Project on Devolution and Urban Change

Table 5.1

Changes in Income Sources, Use of Noncash Benefits, and Poverty Levels in Los Angeles from 1998 to 2001

	First Interview (1998)	Second Interview (2001)	Difference
Sources of household income in prior month[a] (%)			
TANF (cash welfare assistance)	70.7	52.1	-18.7 ***
Earnings from employment	50.4	63.6	13.2 ***
Child support	8.5	10.9	2.3
SSI	9.6	12.2	2.6
Other sources	3.3	5.7	2.4 *
No source of income	0.7	1.4	0.7
Noncash benefits used in prior month (%)			
Received food stamps	73.5	56.7	-16.8 ***
Received WIC	31.1	23.1	-8.0 ***
Received Medicaid for self	67.8	60.3	-7.5 ***
Received Medicaid for any child	71.3	63.0	-8.3 ***
Living in subsidized housing	27.5	30.6	3.0 *
Received energy assistance	10.8	10.3	-0.4
Average total monthly household income ($)	1,355	1,811	456 ***
Less than $1,000 (%)	44.0	26.0	-18.0 ***
Between $1,000 and $1,500	28.0	25.3	-2.7
Between $1,501 and $2,000	14.3	21.2	6.8 **
Greater than $2,000	13.7	27.5	13.8 ***
Below official poverty line[b] (%)	67.3	54.2	-13.2 ***
Below 185% of official poverty line (%)	93.8	85.5	-8.3 ***
Sample size	697	697	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

Rounding may cause slight discrepancies in sums and differences.

[a]Income sources are for any household member, not just respondents.

[b]The official poverty index does not include food stamps.

child support income in 1998 and 2001. Excluding women who were living with a husband or partner (because any contributions that a spouse or partner made to household income would not count as child support)[4] and excluding women without their own children under age 18 in the household (because they do not need child support), only 13 percent of the single mothers living with minor children got child support in the month before the 2001 interview.[5]

Disability income (SSI) was reported by about one out of ten women in Los Angeles in both 1998 and 2001. A small but statistically significant increase was found in the percentage of households receiving other sources of income (for example, unemployment benefits), up from 3 percent to 6 percent. Finally, Table 5.1 indicates that the percentage of respondents who reported no cash income from any source in the prior month remained stable at around 1 percent.

The pattern of change in income sources was not unique to Los Angeles: The other three Urban Change sites also had significant changes from 1998 to 2001, with earnings income up and TANF income down everywhere. However, consistent with the site differences reported in Chapter 4, survey respondents in Los Angeles were substantially more likely than those in the other sites to have received TANF in the month prior to the 2001 interview. Table 5.2 shows that more than three times as many women in Los Angeles as in Cleveland or Miami had TANF income. Los Angeles was also almost 20 percentage points higher in TANF receipt than Philadelphia, the site with the second-highest percentage reporting such income. Earnings income, by contrast, was more similar across the four sites in 2001, with about two-thirds or more of the women in all four sites living in households with employment earnings. The fact that women in Los Angeles had about the same rate of earnings income as those in other sites despite higher rates of TANF receipt reflects, in part, their greater tendency to combine work and welfare. But it probably also reflects the fact that more women in Los Angeles than in other sites were living with a partner or spouse, whose earnings income would have increased the percentage of households with earnings.

Table 5.2 also shows that the women in Los Angeles were much less likely than respondents in the other three sites to report SSI and child support as sources of income in 2001. As noted in the other Urban Change city reports, caseworkers in those sites — where time limits were a much more salient issue than in Los Angeles — often put effort into helping recipients secure alternative sources of income as their welfare time clocks were running out.[6] Also, Chapter 4 notes that the women in Los Angeles were somewhat less likely than those in the other

[4]Some 7 percent of married or cohabitating women *did* report child support income, presumably reflecting payments from a child's father not living in the household.

[5]Few women in the ethnography reported receiving child support from men not living with them. Several mentioned that former or current boyfriends or husbands were in jail.

[6]See Brock et al., 2002; Brock et al., 2004; Michalopoulos et al., 2003.

The Project on Devolution and Urban Change

Table 5.2

Selected Indicators of Income Sources, Use of Noncash Benefits, and Poverty Levels in the Four Urban Change Sites in 2001

	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Sources of household income prior month[a] (%)				
TANF (cash welfare assistance)	17.0	13.6	32.9	52.1
Earnings from employment	72.0	63.9	64.1	63.6
Child support	19.4	15.9	15.9	10.9
SSI	16.3	20.8	20.1	12.2
Noncash benefits used in prior month (%)				
Received food stamps	48.5	52.8	54.5	56.7
Received Medicaid for self	49.3	48.4	55.8	60.3
Received Medicaid for any child	50.4	61.0	59.9	63.0
Living in subsidized housing	33.1	37.7	23.4	30.6
Average total monthly household income ($)	1,771	1,489	1,683	1,824
Average monthly income per person in household ($)	487	382	430	462
Below official poverty line[b] (%)	49.6	61.9	56.9	54.2
Below 185% of official poverty line (%)	82.4	89.9	85.0	85.5
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Rounding may cause slight discrepancies in sums and differences.

Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

The data from the other three Urban Change sites are as reported in the previous city reports (Brock et al., 2002; Brock et al., 2004; and Michalopoulos et al., 2003). Only the per capita income figures were newly calculated for this report.

[a]Income sources are for any household member, not just the respondent.

[b]The official poverty index does not include food stamps.

three sites to report a health problem that constrained their employment and that might make them eligible for SSI.

Receipt of Noncash Benefits

Noncash government benefits such as food stamps and health insurance often contribute substantially to the household economies of low-income families and may help to mitigate various forms of material hardship. There is thus considerable concern about access to and use

of such benefits for families making a transition off welfare.[7] In the Los Angeles survey sample, the majority of women were still receiving key noncash benefits in 2001. Nevertheless, there were significant reductions between 1998 and 2001 in the percentage of women who reported receiving food stamps, Medi-Cal for themselves, and Medi-Cal for their children. The use of the WIC program also decreased significantly, presumably reflecting the smaller number of young children in 2001. Table 5.1 also shows that one important noncash benefit — housing subsidies — actually increased. Energy assistance was stable at about 10 percent both in 1998 and 2001.

The decrease in food stamp receipt (down to 57 percent in 2001) is consistent with the women's increased earnings — which would affect their eligibility for benefits. However, ineligibility appears not to have been the only factor in these women's reduced food stamp receipt: Some 20 percent of the households in both 1998 and 2001 appear to have been eligible for food stamps but did not receive them, based on self-reported income in the prior month[8] (not shown in tables).[9] In the ethnography, a few women — notably some Mexican immigrants — had some confusion about food stamp benefits and why the benefit amounts decreased over time. Other women in the ethnography (for example, Cynthia, discussed in Chapter 4) made a conscious decision not to apply for food stamp benefits during periods of full-time employment, to avoid bureaucratic hassles.

In the Los Angeles survey sample, although the percentage receiving Medi-Cal declined significantly from 1998 to 2001, the majority of the women (60 percent) and their children (63 percent) were still getting publicly funded health benefits at the end of the study.[10] Eth-

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[7]Evidence from the 15 ASPE-funded studies of welfare leavers indicates that participation in government assistance programs is common in the year after exiting welfare but that there is considerable variation by program and location (Acs and Loprest, 2001). In a study of welfare leavers in six counties in northern California, over 80 percent of the families were receiving some type of public assistance a year after welfare exit, and about half were getting Medi-Cal — yet only about one out of ten were getting food stamps (MaCurdy, Marrufo, and O'Brien-Strain, 2003).

[8]The Food Stamp Program has complex eligibility requirements that include tests of assets and income (a recipient's gross income cannot exceed 130 percent of the federal poverty level). The asset data in the Urban Change survey are not sufficiently complete to permit a definitive determination of food stamp eligibility; the information reported here is based on prior-month income alone.

[9]In their study of welfare leavers about one year after exit in six northern California counties, MaCurdy, Marrufo, and O'Brien-Strain (2003) estimated that about 30 percent of single-parent families who were eligible for food stamps were not receiving them. These researchers estimated that the average value of forgone food stamp benefits after welfare exit in these families was $230 per month.

[10]A recent study noted that Medi-Cal coverage of welfare leavers in California grew steadily during the 1990s, with an especially sharp increase after California Work Opportunities and Responsibility to Kids (CalWORKs) was implemented (Klerman et al., 2002). For example, in the fourth quarter after leaving cash assistance, the percentage of leavers who reported receiving Medicaid for themselves in the 15 welfare leaver studies ranged from 35 percent to 76 percent (Acs and Loprest, 2001). The rates of Medi-Cal receipt in the Los Angeles Urban Change survey sample are within the range of what has been observed in several welfare leaver

(continued)

nographic respondents in Los Angeles — especially the women who had health problems or whose children had chronic problems — noted how much they relied on Medi-Cal. One respondent (Liz) said: "Benefits are important to me. . . . My son is sick, so I need to be able to have medical benefits for him, for his prescriptions, medications, and his doctor's appointments. Today, I asked, 'If I didn't have Medi-Cal anymore, how much [is] a doctor visit?' And they said, '$250 — depending; it could be less or more.' So I have to have medical benefits."

It should be noted that information about the use of another noncash benefit, child care subsidies, is limited. In the 2001 survey sample in Los Angeles, 581 women had children under age 13, and 271 of these women had one or more child in a formal child care arrangement, in a daycare home or with a sitter, with a relative, or in another arrangement. About one out of three mothers with children in care arrangements reported getting a child care subsidy (not shown in tables). Although many of the women who were not getting a subsidy said that they had not been offered or told about government assistance to help pay for child care, it should be noted that every participant in Greater Avenues for Independence (GAIN) signs a contract that spells out the county's obligations, one of which is to provide child care.

In all four Urban Change sites, receipt of food stamps declined over time at similar rates (about 16 to 21 percentage points between 1998 and 2001). Still, as shown in Table 5.2, the women in Los Angeles were most likely to be receiving food stamps in 2001, which is consistent with the fact that a higher percentage of them were still receiving cash assistance.[11] Receipt of health insurance benefits (that is, Medicaid or Medi-Cal) was also somewhat higher in Los Angeles than in the other sites.[12]

Site differences were especially pronounced with regard to housing assistance. In Philadelphia, only 23 percent had a housing subsidy or lived in public housing in 2001, compared with 38 percent in Miami. Only in Los Angeles, where the percentage who had housing subsidies was between these two extremes, was there a significant increase in housing subsidies between the two survey waves. Women in the ethnographic sample in Los Angeles articulated how important housing subsidies were to them. For example, Baby, a 36-year-old Chicana, had

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studies. In the month prior to the 2001 interview, 29 percent of working leavers and 44 percent of nonworking leavers were receiving Medi-Cal.

[11]In two other Urban Change sites, the percentage of women who were eligible for food stamps but not receiving them increased significantly, from 17 percent in 1998 to 24 percent in 2001 in Cleveland (Brock et al., 2002) and from 14 percent in 1998 to 23 percent in Philadelphia (Michalopoulos et al., 2003). Information for Miami is not available.

[12]In both Cleveland and Miami, about three times as many women reported Medicaid receipt for themselves in 2001 as reported TANF income (for example, 49 percent versus 17 percent in Cleveland), indicating that most women who were receiving Medicaid in these two sites were welfare leavers using transitional health benefits. In Philadelphia, more than half the Medicaid recipients in 2001 were current TANF recipients. In Los Angeles, the majority of women getting Medi-Cal were also getting TANF.

moved from one place to another over the course of the study. At the final interview, she reported that she would soon be moving to a three-bedroom house with her two youngest children (the oldest was a senior at the University of California-Riverside, majoring in pre-med), with the help of a Section 8 voucher. Having been on the Section 8 waiting list for 18 years, Baby said that she felt "blessed by God in this new house."

As noted in Chapter 2, many women in the ethnographic sample in Los Angeles exhibited confusion about securing transitional benefits, and burdensome administrative barriers (for example, reporting requirements) may also have played a role in the reduced receipt of food stamp and Medi-Cal benefits over time. Myrna's story suggests that it might sometimes be difficult for a mother who is moving from welfare to work to determine whether she has maintained Medi-Cal benefits — and this appears to have been true especially for Mexican immigrants. When first interviewed, Myrna was getting cash assistance and Medi-Cal. After taking a job at Target, her benefits were eliminated because the caseworker miscalculated her earnings. After Myrna complained to a supervisor, the benefits were reinstated. In early 1998, Myrna was again cut off welfare and Medi-Cal because she earned too much money. This time the caseworker was apparently not in error, as Myrna was working two jobs. She wanted to keep Medi-Cal and food stamp benefits and believed that she was still eligible, so she went to the welfare office to reapply. She completed the necessary paperwork, and then four months passed without word from the welfare office. Myrna finally called the caseworker to inquire about her Medi-Cal status — and was told that she had had coverage all along but that her eligibility had ended on the Friday prior to her call. Rather than go through the hassle of reapplying, which involved a one-day orientation at the welfare office and a lengthy application form to complete at home, Myrna decided to let the matter lapse. One year later, she had health problems and decided to try to get medical benefits again. She arrived at the welfare office, only to find out that her Medi-Cal coverage had never ceased. When interviewed in the winter of 2000, Myrna reported that she had again lost her Medi-Cal coverage but again did not know why. In addition, she said that her children had lost their coverage as well.

Angela, another immigrant Latina, also had problems with Medi-Cal. Her benefits were cut off in December 1999, around the time that she began working as a janitor. Angela was under the impression that she would continue to get Medi-Cal and food stamps, because she was told about her eligibility for transitional benefits: "Well, yes, they took away my Medi-Cal without telling me, or saying anything, or asking me. I'm trying to do something because I'm sick. I have high blood pressure, and I get migraines. They're very severe. And when I get them real bad, my left arm falls asleep and I feel like fainting and vomiting, and so I need [Medi-Cal] for an emergency and for some pills that aren't covered otherwise. The pharmacy doesn't have them. I asked in the pharmacy, and it's $103 — it's too expensive for only six times. So it's gotten really complicated. Because Medi-Cal helped me at least for emergencies; it helped me pay for the medicine."

Total Household Income and Poverty

Women in the Los Angeles Urban Change survey sample experienced a significant increase in average monthly household income between 1998 and 2001 (Table 5.1). Including food stamps, the average monthly income increased from $1,355 in 1998 to $1,811 in 2001 — a 34 percent increase.[13] The average monthly income in 2001 corresponds to an annualized income of $21,732.[14] Table 5.1 shows that there was a significant decline of households with a prior-month income of less than $1,000. At the other end of the distribution, the percentage of households with monthly incomes higher than $2,000 doubled over the three years, up from 14 percent in 1998 to 28 percent in 2001.

Consistent with these average increases in household income, there was a significant decline in the percentage of households below the official poverty threshold in Los Angeles, down from 67 percent in 1998 to 54 percent in 2001. There was also a modest but statistically significant decrease in the percentage of families living below 185 percent of the poverty threshold, down from 94 percent in 1998 to 86 percent in 2001. At both interviews, though, the vast majority of the women in the survey sample remained poor or near poor (below 185 percent of poverty).[15]

During the study period from 1998 to 2001, household income went up, and poverty declined, in all four Urban Change sites. Increases in average monthly household income from all sources ranged from a low of $359 in Miami to $480 in Philadelphia. Table 5.2 shows that survey respondents in Los Angeles had higher average household incomes in 2001 than respondents in the other three sites.[16] The generous welfare grants in California could, in part, account for this, but another factor to consider is that more of the women in Los Angeles were living

[13]In the Urban Change study, total household income in the prior month included income of all family members from any of the following sources: earned income, welfare benefits, food stamp benefits, child support, disability income (for example, SSI), pensions, cash assistance from someone outside the household, and such other sources as rental income and unemployment benefits. Not included in the calculation were the federal Earned Income Credit (EIC), housing subsidies, or the cash value of Medicaid or other health insurance. Note that caution must be used in comparing Urban Change incomes with those reported in the ASPE-funded welfare leaver studies, which do not include the value of food stamps in the computation of household income (Acs and Loprest, 2001).

[14]The federal EIC is not included in these income calculations. Assuming that all eligible families would receive the EIC and that earnings in the month prior to the interview represented average monthly earnings for the year, the EIC would have added $1,417 in annual income for the average family.

[15]For more information on working-poor women in the Urban Change survey and ethnographic samples, see Polit et al. (2001).

[16]It is important to remember, though, that the cost of living was higher in Los Angeles than in the other three sites (see Chapter 1, Table 1.2).

with a husband or partner.[17] The women in Los Angeles were also living in slightly larger households than the women in the other sites, and so their average per person monthly income was actually somewhat lower than that for women in Cleveland.

Declines in poverty between 1998 and 2001 were also similar in the four sites, ranging from decreases of 13 percentage points in Cleveland and Los Angeles to 17 percentage points in Philadelphia (not shown). In 2001, the women in Cleveland were least likely to be below the official poverty level (50 percent), and those in Miami were most likely to be poor (62 percent). However, in all four sites, the majority of respondents' families were living in or near poverty (Table 5.2).

Figure 5.1 synthesizes the changes in household income sources and amounts in Los Angeles by presenting the proportion of average monthly income that was contributed by each source in 1998 and in 2001. As shown in this figure, earnings contributed more than any other source in both 1998 and 2001, and the proportion rose substantially during this time — from 49 percent of total household income in 1998 (an average of $660 monthly) to 65 percent in 2001 (an average of $1,186 monthly). The proportion of the total household income made up by TANF, on the other hand, dropped from 29 percent in 1998 to 16 percent 2001.

The composition of household income was similar among the four Urban Change sites. In all four sites, the largest source of household income in both 1998 and 2001 was earnings, and the relative contribution of earnings increased over time. However, TANF receipt was much lower in 2001 in Cleveland and Miami, contributing an average of only about 5 percent of families' income (not shown).

The overall changes in income over time in Los Angeles suggest a favorable trend — a trend that is consistent with census data showing improvements to income among California's low-income families between 1993 and the early 2000s.[18] Nevertheless, several caveats should be noted. First, the averages shown in Table 5.1 and Figure 5.1 mask month-to-month fluctuations in income and income sources, which the ethnographic data suggest were considerable. Many women in the ethnography went through difficult periods when they lost their jobs or temporary assignments, had their hours reduced, or — as happened with some frequency — were sanctioned by the welfare office for not participating in GAIN and so lost the adult portion of the family's grant. Lisa, a 22-year-old Chicana, was sanctioned for not participating in GAIN

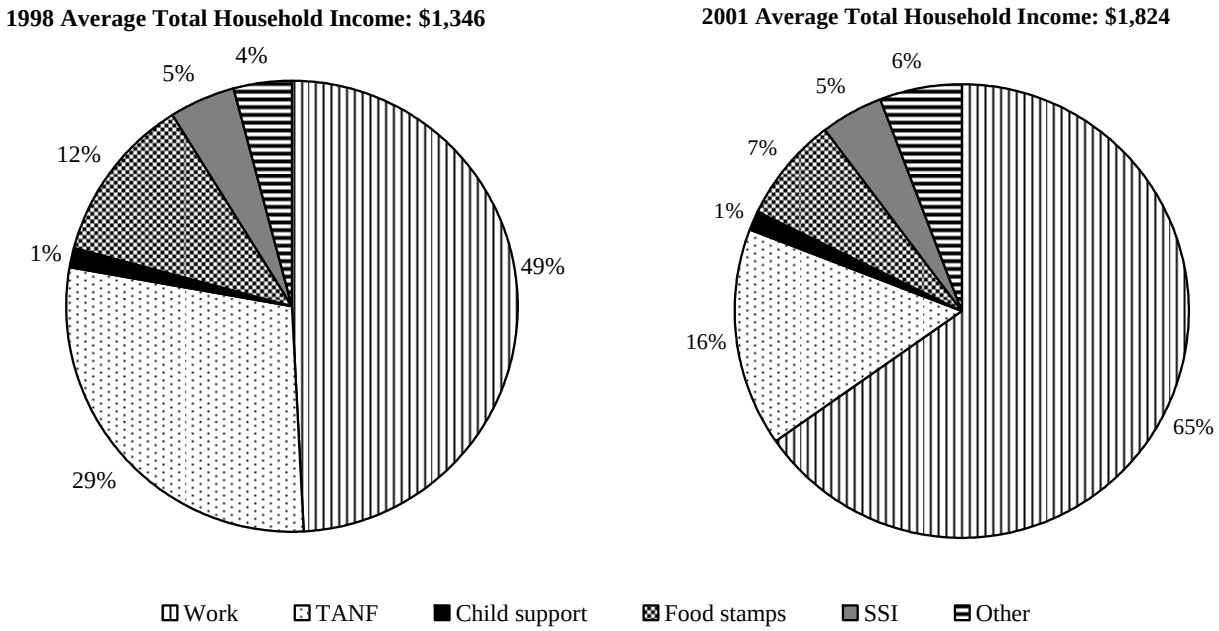
[17]The average monthly household income in 2001 among women in Los Angeles who were living with a husband or partner was nearly double that for women in single-parent households: $2,661 versus $1,475, respectively.

[18]Reed, 2004. However, the census data also indicate that families in the bottom 10 percent income bracket were actually worse off financially in 2002 than they were in 1969.

The Project on Devolution and Urban Change

Figure 5.1

Average Proportion of Total Household Income Obtained from Various Sources, 1998 and 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Sample size is 650 respondents in 1998 and 642 respondents in 2001.
Rounding may cause slight discrepancies in sums and differences.
"Other" income comprises pensions, income from friends and family, and income listed as "other" by respondent.

but was able to get by because she had a boyfriend who helped pay some bills. Ethnographic respondents repeatedly said that they were able to cope with income fluctuations through loans and gifts from family members.

A second and related issue is that average increments over time tend to blur trends for individual families. The ethnographic data indicate that there was considerable variation in family changes in economic circumstances. Some of the women experienced notable increases in their monthly disposable income over the study period, while others suffered financial losses. Kedra, for example, increased her income substantially between the first round of interviews, when she was still on welfare, and the third round, when she was working full time for $10 per hour. Mary, on the other hand, never worked during the course of the study (nor, indeed, had ever worked for pay). When she gave birth to her ninth child — for which her grant was not increased — she was sanctioned for nonparticipation in GAIN and saw her income go down.

A third issue to keep in mind is that the information in Table 5.1 on average increases in income is not matched by information on changes in expenditures. It has been found in several studies that as women move from welfare into the workforce, they typically face myriad additional expenses for employment-related child care, transportation, clothing, and other expenditures.[19]

Assets and Debts

To further assess the economic well-being of women in the Los Angeles survey sample, changes in their assets and debts from 1998 to 2001 were examined. Overall, as shown in Table 5.3, there were some significant increases in assets — and debts — over the three-year period.

The percentage of women who owned a car increased significantly, from 43 percent in 1998 to 55 percent in 2001. Consistent with this increase, the percentage of women reporting that they owed money on a car nearly doubled (up from 11 percent to 21 percent). There were also small but significant increases in home ownership over time, growing from under 3 percent to about 5 percent in 2001.

Ownership of both cars and homes also increased in the other three Urban Change sites, and the increases were generally larger than in Los Angeles. For example, car ownership went up from less than 40 percent in Cleveland and Miami to about 55 percent in both sites. Home ownership was considerably lower in Los Angeles than in other sites, despite the increase there.[20] For example, 14 percent of the women from Cleveland owned their own homes in 2001.

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[19]See, for example, Edin and Lein, 1997.

[20]According to census data, home ownership declined in Los Angeles between 1990 and 2000, contrary to the national trend. Among the hundred largest U.S. cities, Los Angeles ranked ninety-second in home ownership (Brookings Institution, 2003).

The Project on Devolution and Urban Change

Table 5.3

Changes in Assets and Debts in Los Angeles from 1998 to 2001

Outcome (%)	First Interview (1998)	Second Interview (2001)	Difference
Assets			
Owns a car	42.8	54.5	11.6 ***
Owns a home	2.7	5.0	2.3 **
Amount family has in savings			
None	80.4	80.9	0.4
Less than $200	10.1	5.0	-5.0 ***
$200 to $500	4.3	5.0	0.7
More than $500	5.2	9.0	3.9 **
Debts			
Owes money on a car	11.2	20.9	9.8 ***
Amount family owes in debt[a]			
None	44.5	31.8	-12.7 ***
Less than $500	11.4	9.5	-1.9
$500 to $1,000	13.4	14.8	1.3
$1,001 to $2,000	8.7	10.8	2.1
More than $2,000	22.0	33.2	11.2 ***
Sample size	697	697	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Rounding may cause slight discrepancies in sums and differences.

Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]Does not include debt related to car or home ownership.

Home ownership was highest in Philadelphia, where one out of four women lived in homes they owned in 2001 (these data are not shown in tables).

Table 5.3 shows that the great majority of women in Los Angeles reported at both interviews that they did not have any savings, although the percentage with savings in excess of $500 nearly doubled over time (from 5 percent to 9 percent). Although the overall percentage of women who had any savings did not increase in the three-year period, the percentage who had debt did increase. Fewer women reported no debt at all in 2001, and the proportion who had more than $2,000 in debt (excluding amounts owed on a mortgage or vehicle) increased from

22 percent to 33 percent over this period. While this increase in debt may be a sign of better economic circumstances (for example, if the women were being approved for more credit),[21] it could easily become a burden to anyone who experienced job loss during the slowing economy. Cynthia's situation illustrates this vulnerability. When she became employed full time and left welfare, she made more money and was able to buy a used car, a new mattress, and a second television. She also bought new clothes for her daughter and sent the girl on a vacation to visit a cousin. But then Cynthia got pregnant again, quit her job, and had to return to welfare. At the end of the ethnographic study, she was worried that she would not be able to make car payments and would lose her car.

Patterns of savings and debt in the other three Urban Change survey samples were quite similar to what was observed in Los Angeles. Only about 20 percent of the women in all four sites had any savings in 2001, although the percentage with savings of more than $500 went up over time everywhere. And only about one out of three women in all the sites were debt free in 2001. Significant increases in the percentage whose debts exceeded $2,000 were observed in all four sites.

In summary, the data presented thus far suggest that many survey respondents in Los Angeles were somewhat better off economically in 2001 than they were in 1998. There were significant increases in average monthly incomes, and significantly fewer of these families lived in or near poverty. Increases in car and home ownership were also documented, which were tempered to some extent by increased consumer debt. While these average improvements are significant and promising, it is important to note that, even in a very strong economy, about half the women and their families were still living below the federal poverty line in 2001.

Material Hardships

It is widely recognized that measurements of household income and poverty are inadequate for characterizing the degree of material deprivation in families. One study found that poverty and material hardship were correlated but that families' income-to-need ratio explained only about a quarter of the variance in material hardship.[22] This and other subsequent studies have given rise to a consensus that material hardship is conceptually distinct from income and

[21]Women living in households with employment earnings were significantly more likely than other women to report having large debt in 2001 (38 percent versus 27 percent, respectively). Conversely, large debt was significantly less common in households receiving TANF in 2001 (26 percent) than in those that did not receive it (40 percent). Still, this means that nearly one out of three welfare recipients owed large sums of money.

[22]Mayer and Jencks, 1989. A family's income-to-needs ratio is their total cash income from all sources divided by the family's official poverty threshold — as established by the U.S. Bureau of the Census — in the relevant year.

poverty and that efforts are needed to better measure and monitor directly the extent of material hardships in low-income families.

Given the overall increase in employment and household income of the survey respondents in the present study, it is important to examine directly whether and how these women's material circumstances have changed over time. To do this, changes from 1998 to 2001 in a broad array of food, housing and neighborhood, and health care hardships were examined, as were women's own ratings of their standard of living.[23]

Food Hardships and Hunger

In both rounds of the Urban Change survey, the Household Food Security Scale was administered to survey respondents and was used to create three indicators of food hardship: food insecurity without hunger, food insecurity with moderate or severe hunger, and child hunger.[24] Despite the fact that the receipt of food stamps and WIC decreased from 1998 to 2001, food hardships did not increase; indeed, as shown in Table 5.4, they lessened over time. Food insecurity without hunger declined to 34 percent in 2001, and there was also a significant decrease in the percentage of families who had moderate or severe hunger (down to 11 percent). Overall, though, food insecurity remained high, with 45 percent of the women in the sample experiencing food insecurity (both with and without hunger) in 2001.[25] Table 5.4 shows that child hunger in the Los Angeles survey sample went down slightly, from 6 percent in 1998 to 4 percent in 2001, but this decrease is not statistically significant. The use of food banks increased from 4 percent to 5 percent over the three-year period, which is again a nonsignificant change.

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[23]The ASPE-funded studies of TANF leavers used a variety of indicators to measure food, housing, and health care hardships (Acs and Loprest, 2001). These studies found that material hardships remained high after welfare exit, but the findings across studies varied considerably. In some studies, welfare leavers experienced the same or fewer food and housing hardships as when they were on cash assistance, while other studies indicated that hardships increased after exit. Generally, the studies that compared working and nonworking leavers found that hardships were lower among working leavers. (See also Coulton, Bania, Leete, and Cook, 2001; Danziger, Corcoran, Danziger, and Heflin, 2000.)

[24]The U.S. Bureau of the Census has administered the Household Food Security Scale (HFSS) in its Current Population Survey each year since 1995, and this scale is the benchmark measure of food security in the United States (Carlson, Andrews, and Bickel, 1999). The HFSS is an 18-item, self-report scale that can be used to classify respondents' households into one of four categories: food secure, food insecure without hunger, food insecure with moderate hunger, and food insecure with severe hunger. The scale is reliable and valid for population- and individual-level measurement (Frongillo, 1999). Based on maternal responses to the eight items in the HFSS that concern the nutritional status of children under age 18 in the family, households were classified into one of three categories: no child hunger nor reduced-quality diet, child with reduced-quality diet, and child with hunger (Nord and Bickel, 1999).

[25]This rate is higher than the national rate in 1998 for households with income below the poverty level (36 percent) and substantially higher than the rate of food insecurity among nonpoor households (14 percent) (Bickel, Carlson, and Nord, 1999).

The Project on Devolution and Urban Change

Table 5.4

Changes in Material Hardship and Family Well-Being in Los Angeles from 1998 to 2001

Outcome	First Interview (1998)	Second Interview (2001)	Difference
Food hardships (%)			
Food insecure without hunger[a]	38.9	33.6	-5.4 *
Food insecure, moderate/severe hunger[a]	19.1	11.4	-7.7 ***
Child with hunger	5.8	3.7	-2.2
Used a food bank in prior month	4.3	5.2	0.9
Housing/neighborhood hardships (%)			
Had worst-case housing prior month[b]	40.6	30.3	-10.3 ***
Living in a crowded house	35.4	37.0	1.6
Had 2 or more housing problems[c]	37.9	37.3	-0.6
Gas or electricity turned off 1or more times in prior year	10.4	10.9	0.4
Had to move in with another family because needed a place to live	7.5	9.8	2.3
Evicted in past year	3.9	2.4	-1.4
Living in a dangerous neighborhood[d]	45.6	35.9	-9.7 ***
Health care hardships (%)			
Respondent uninsured in prior month	15.5	18.8	3.3
Any child uninsured in prior month[e]	14.2	12.1	-2.1
Respondent ever uninsured in prior year	23.8	26.6	2.8
Family had unmet need for medical care, prior year	23.2	20.7	-2.6
Family had unmet need for dental care prior year	22.4	22.0	-0.4
Compared with 1 year ago, access to needed health care is harder	38.7	27.0	-11.7 ***
Household hardships[f]			
Average number of hardships	2.5	2.1	-0.3 ***
Has no hardships (%)	10.3	15.4	5.0 **
Has 1-2 harships (%)	43.0	47.1	4.0
Has 3 or more hardships (%)	46.6	37.6	-9.0 ***
Standard of living rating (%)			
Very satisfied	17.3	24.2	6.9 ***
Satisfied	51.6	52.3	0.6
Dissatisfied or very dissatisfied	31.0	23.6	-7.6 **
Sample size	697	697	

(continued)

Table 5.4 (continued)

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

Rounding may cause slight discrepancies in sums and differences.

[a]Respondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

[b]Families have worst-case housing needs if they pay more than 50 percent of their income on rent and utilities and receive no housing assistance.

[c]Respondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

[d]Respondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

[e]This item does not take into account those who did not have children at either wave.

[f]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

Few women in the ethnographic sample spoke about going hungry or being totally unable to feed their children, but several acknowledged being forced to use extreme strategies. For example, Ly, a Cambodian mother of six whose husband was in jail, said that money for food ran out well before the end of the month after she was sanctioned. She coped by feeding her children ramen noodles and buying 39-cent hamburgers at McDonald's at the beginning of the month and then freezing them for use later in the month, when there was no more money.

Many women noted that when money got tight, their food needs were addressed by relying on family members to help out. For example, one woman said: "I have one sister that comes and brings me groceries. She brings me milk, meats, and potatoes . . . something that she knows she can afford herself. And then sometimes I have friends — you know, male friends — who will come over and bring a hamburger for my kids." The woman who reported the most hardships in the ethnographic sample was Mary, an African-American, who acknowledged her

reliance on food banks; but she, too, had three older children in their twenties who helped their mother out with groceries.[26]

Food hardships were stable over time in the Cleveland Urban Change sample, and it declined only modestly in Philadelphia. In Miami, as in Los Angeles, there were significant improvements in food hardships over time; food insecurity declined from 55 percent to 40 percent. Still, as Table 5.5 shows, a higher percentage of women in Los Angeles than in the other three sites were food insecure in 2001.

Housing Hardships

Table 5.4 indicates that there was progress over time in Los Angeles with regard to some housing and neighborhood hardships. From 1998 to 2001, there were significant decreases in the percentage of women who had excessive rent burden in the prior month, using an indicator called "worst-case housing"[27] (down from 41 percent to 30 percent), and in the percentage classified as living in a dangerous neighborhood[28] (down from 46 percent to 36 percent). Improvements in living in dangerous neighborhoods may reflect some residential mobility into better neighborhoods among women whose incomes improved, but the gains may also have resulted because there were lower rates of violent crime, property crime, and drug arrests in Los Angeles over time, especially in disadvantaged neighborhoods.[29]

Some housing hardships, however, were at consistently high levels. There were no improvements over time with regard to living in a crowded house,[30] having two or more housing

[26]For a more extensive discussion of food insecurity in the Urban Change survey and ethnographic samples, see Polit, London, and Martinez (2000).

[27]Families had worst-case housing needs if they had no rental assistance and paid more than 50 percent of their income (not including food stamps) for rent and utilities. In 1999, 7.4 percent of households in the United States had worst-case housing needs (U.S. Department of Housing and Urban Development, 1999). The study of welfare leavers in northern California found that about 20 percent of single-parent families and over 30 percent of two-parent families had an excessive rent burden — defined as rent greater than 50 percent of income — both at 5 to 10 months and at 11 to 16 months after leaving welfare (MaCurdy, Marrufo, and O'Brien-Strain, 2003).

[28]The respondent was classified as living in a dangerous neighborhood if she was robbed, mugged, or attacked; witnessed a violent crime in the neighborhood; or reported gang violence in the neighborhood.

[29]According to the Federal Bureau of Investigation's Uniform Crime Reports, the incidence of violent crime in Los Angeles County declined by 29 percent between 1995 and 2000, and the incidence of property crime declined by 33 percent.

[30]Families were classified as living in a crowded household if there was less than one room per person (not including bathrooms). Using this same definition, the northern California study found that crowding actually increased over time among welfare leavers in two-parent families (from 36 percent at 5 to 10 months after exit to 48 percent at 11 to 16 months after exit) but that crowding declined in single-parent families (from 23 percent to 17 percent) (MaCurdy, Marrufo, and O'Brien-Strain, 2003).

The Project on Devolution and Urban Change

Table 5.5

Selected Indicators of Material Hardship and Family Well-Being in the Four Urban Change Sites in 2001

Outcome	Cuyahoga	Miami-Dade	Philadelphia	Los Angeles
Food hardships (%)				
Food insecure, with and without hunger[a]	40.5	39.5	40.0	45.0
Housing/neighborhood hardships (%)				
Had worst-case housing in prior month[b]	25.3	24.9	29.8	30.3
Living in a crowded house	9.7	23.7	15.6	37.0
Had 2 or more housing problems[c]	26.3	30.6	30.8	37.3
Had to move in with another family because needed a place to live	8.6	7.6	8.3	9.8
Living in a dangerous neighborhood[d]	26.3	21.7	33.3	35.9
Health care hardships (%)				
Respondent uninsured in prior month	20.9	26.0	14.4	18.8
Any child uninsured in prior month[e]	7.0	14.5	9.0	12.1
Household hardships[f]				
Average number of hardships	2.0	1.9	1.9	2.1
Had 3 or more hardships (%)	33.5	32.5	30.6	37.6
Standard-of-living rating (%)				
Satisfied or very satisfied	73.7	75.8	74.7	76.5
Dissatisfied or very dissatisfied	26.3	24.3	25.3	23.5
Sample size	689	581	638	697

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES:

[a]Respondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

[b]Families have worst-case housing needs if they pay more than 50 percent of their income on rent and utilities and receive no housing assistance.

[c]Respondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

[d]Respondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

[e]This item does not take into account those who did not have children at either wave.

[f]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

problems such as bad plumbing,[31] having the gas or electricity turned off one or more times in the prior year, and having to move in with another family because of needing a place to live. More than one out of three women in Los Angeles lived in crowded housing in 2001, and a similar proportion reported housing problems. Thus, housing hardships remained a persistent problem for many of these families despite their improved household incomes.

Ethnographic respondents regularly talked about their housing problems. Many complained about their dangerous neighborhoods, and gang-related problems were frequently cited. Here is what one woman said early in the study: "I've been here for a while, and I guess in about the last six months, 10 or 12 persons have got killed over here. I'm serious — one right here on this corner right across the street; one on this corner; and a Mexican guy got shot here downstairs; and on the same day this little 17-year-old boy got killed across the street from me. I just looked out the door and seen a boy laying on the ground and called 911. And a few minutes later, we heard another — a lot of gun shots — about a block and a half from here."

Crowding was especially likely to be cited by women whose financial circumstances had obliged them to live with relatives, as in the case of Monica and her two daughters (described above), who had to move into a two-bedroom apartment with Monica's mother and two younger sisters. Women who lived with relatives as a way to get by typically longed to have a place of their own. Michelle, for example, lived with her grandfather and did not have to pay rent. She also got free child care from her aunt (via a subsidy through the welfare office) while she was working, but she was uncomfortable being so dependent on her family. She hoped that working would help her earn enough money to get her own place, but she acknowledged that "$6.50 [an hour] is not enough. I need more. I need more."

Still, Michelle was more fortunate than most ethnographic respondents, because she had stable housing. Virtually all the African-American women in the sample had moved multiple times just prior to the first interview, and, indeed, their housing was so unstable that many could not be located for later rounds of interviews. When the women were asked early in the study why they had moved so often, most said that it was because they could not pay the rent.

And yet, despite the fact that many women in the ethnography talked about housing problems, a few did see improvements over time — including Baby, who had managed finally to secure Section 8 housing, as previously noted. Angela also had better housing at the end of the study than at the outset. She and her husband had moved out of Long Beach into a three-bedroom house in a very nice neighborhood in the nearby city of Lakewood. They rented the house from her husband's boss, who, according to Angela, trusted her husband a great deal.

[31]Respondents were classified as having two or more housing problems if they indicated that their current housing had at least two of the following problems: broken windows; leaky ceilings; roaches/vermin; and problems with wiring, plumbing, heating, or appliances.

Housing improvements between the two waves of survey interviews were observed in all four Urban Change sites. The only indicator for which there was across-the-board improvement, however, was the percentage of women living in dangerous neighborhoods.[32] Other housing improvements varied by site. In Philadelphia, for example, there were significant reductions in evictions and in having two or more housing problems; in Cleveland, worst-case housing declined; in Miami, crowding and utility shutoffs decreased (not shown).

Despite improvements between 1998 and 2001, women in all four sites had substantial housing and neighborhood hardships at the end of the study. Table 5.5 shows that housing problems in 2001 tended to be worse in Los Angeles than in the other sites. A higher percentage of women in Los Angeles than elsewhere had worst-case housing, crowding, and multiple housing problems; they were also more likely to have doubled up with another family and to be living in a dangerous neighborhood. Crowding was especially noteworthy in Los Angeles, where 37 percent of the women were in crowded households, compared with only 10 percent in Cleveland.

Health-Related Hardships

Health-care hardships remained fairly stable among survey respondents in Los Angeles between 1998 and 2001 (Table 5.4), despite the fact that fewer of the women were getting Medi-Cal. For example, there was relatively little change in the percentage of women who were uninsured in the prior month (a little under 20 percent at both interviews), had an uninsured child in the prior month (just above 10 percent at both interviews), had an unmet need for medical care in the prior year (about 20 percent in 1998 and 2001), or had ever been uninsured in the prior year (about 25 percent at both interviews).[33]

There was a modest but significant decrease in the percentage of women who said that, compared with a year earlier, access to needed health care was harder — down from 39 percent in 1998 to 27 percent in 2001. This improvement is difficult to interpret, given the lack of changes in unmet need for medical care and the significant decrease in Medi-Cal receipt. However, "access" is a multifaceted concept that may have to do with location of facilities, transportation, and the actual demand for health care as well as with health care coverage.

There was no consistent pattern across the four Urban Change sites with regard to changes in health care hardships over time. For most indicators, stability was more common

[32]As in Los Angeles, this could reflect mobility to better neighborhoods when the women's income increased, but it also could reflect the fact that rates of violent crime actually did decline throughout the four Urban Change counties during the 1990s.

[33]In the study of welfare leavers in northern California, 26 percent of those 5 to 10 monthsafter exit and 28 percent of those 11 to 16 months after exit had no health insurance. Rates of noninsurance among respondents' children were 16 percent and 18 percent, respectively (MaCurdy, Marrufo, and O'Brien-Strain, 2003).

than improved or worsening outcomes. Table 5.5 shows that although the women in Los Angeles were worse off in 2001 than the women in the other sites in terms of food and housing hardships, they were not disadvantaged when it came to health care. For example, the women in Cleveland and Miami were more likely to have been uninsured in the month before the 2001 interview than the women in Los Angeles. Although working women in Los Angeles were less likely than working women in the other sites to have employer-provided health insurance (Chapter 4), they had the highest rate of publicly funded health insurance for themselves and their children. Even so, the working respondents in Los Angeles did not have the *best* record when it came to health hardships: The women in Philadelphia (who tended to have the best-quality jobs) were especially likely to be insured in 2001, and the children in Cleveland were least likely to not have health insurance in the month before the final interview.

Overall Hardships and Standards of Living

As noted above, there is evidence in the Los Angeles survey of some favorable changes between 1998 and 2001 across multiple domains of material hardship. Statistically significant improvements were observed for some measures of food hardship, housing and neighborhood hardship, and health care hardship. Moreover, there was not a single instance of increased hardship, although many indicators showed little change over the three-year period.

The overall improvements in the material circumstances of women in the survey sample are reflected in a summary index constructed from eight individual hardships.[34] For the Los Angeles survey sample as a whole, the average number of family hardships declined significantly, from 2.5 in 1998 to 2.1 in 2001. Moreover, the percentage of women who experienced none of these hardships increased from 10 percent in 1998 to 15 percent in 2001, while the percentage with three or more hardships declined.

Women in all four Urban Change sites had, on average, significantly fewer hardships on this hardship index in 2001 than 1998. Even though hardships declined over time for the women in Los Angeles, they had started out with more hardships than the women in other sites in 1998 and ended up with more in 2001. Table 5.5 shows that 38 percent of the women in Los Angeles had three or more hardships, compared with lower percentages in the other sites (for example, 31 percent in Philadelphia).

The dynamic nature of changes in material hardship could not, of course, be captured in the survey, given the three-year interval between interviews. In the ethnography, with annual in-

[34]The index includes the following eight items: food insecure (with and without hunger combined); receipt of emergency food in the prior month; worst-case housing; has two or more housing problems; lives in a dangerous neighborhood; witnessed a violent crime in the neighborhood; respondent was ever uninsured in the prior year; and family had unmet need for Medi-Cal or dental care.

person interviews and points of contact between the main interviews, it was easier to discern vicissitudes in the women's circumstances. For women who worked during the course of the study, financial fluctuations were tied mainly to the hours or assignments they were given and to gaps between jobs. Sylvia, for example, had worked steadily in telemarketing for a few years but was forced to reapply for welfare when her employer switched from paying hourly to paying on a commission basis and her earnings plummeted while child care costs remained high. For women who relied mostly on welfare throughout the study period (for example, Mary), sanctions contributed to month-to-month variations that led to more severe financial circumstances and material hardships over time. Yet a few women (such as Kedra) did experience financial stability once they became employed. Kedra, however, was perhaps the least "vulnerable" of the women in the ethnography even when she was not working, because she had Section 8 housing and family members who helped her out substantially. When she secured a stable full-time job at $10 per hour with benefits, it became possible for Kedra to envision a far better life for herself and her children — for example, at the end of the study, she was planning to send her children to private school.

Given the improvements observed in the economic and material circumstances of the women in the Los Angeles survey sample as a whole, it was expected that the women would perceive themselves to be better off in 2001 than in 1998, and this turned out to be the case. Table 5.4 indicates that there was a significant change over time in respondents' self-reported satisfaction with their standard of living: 17 percent said that they were "very satisfied" in 1998, and 24 percent said this in 2001, and there was a corresponding decline in the percentage who said that they were dissatisfied or very dissatisfied. Although these changes are consistent with higher household incomes over time, the absolute levels of satisfaction are not consistent with the women's circumstances. That is, a full 77 percent of the women said that they were either satisfied or very satisfied with their living standard in 2001, even though more than half of them were below the federal poverty threshold and 86 percent were within 185 percent of poverty. Table 5.5 shows that similarly high percentages of respondents in all four Urban Change sites were satisfied with their living standard at the end of the study.

The ethnographic data suggest a possible explanation for this phenomenon. The women in Los Angeles tended not to complain about their circumstances, and when asked specifically about their standard of living, all of them said that things were "okay." This phenomenon — also observed in the ethnography in the other three Urban Change sites — may reflect the fact that these women had never known anything but financial hardship. They were not in despair about their present circumstances or about their futures because they had struggled for money most of their lives, and so they knew how to manage and make it to the next day. Most belonged to tight family networks that "kicked in" when times were bad. They also knew how to "tighten their belts" when necessary. One immigrant Latina (Margarita), for example, had her work hours cut but told the interviewer that she would not go back on welfare even though she

would have qualified, because it was too much hassle. She said that all she had to do was discipline herself to live meagerly.

Economic Circumstances and Hardships of Different Groups of Women

The survey findings on the Los Angeles respondents' economic circumstances reported thus far are for the entire sample of women who completed two rounds of survey interviews. As is true in Chapter 4, the findings suggest diversity: Some of the women had adequate incomes and had purchased a home or vehicle, while others continued to live in poverty and debt. This section examines whether some of the diversity in economic outcomes is related to key characteristics of the sample members, namely, their racial, ethnic, and language backgrounds and their educational attainment at the outset of the study. The section also briefly describes the financial situations of these women vis-à-vis their employment and welfare status in 2001.

Economic Circumstances of Different Racial, Ethnic, and Language Groups

Table 5.6 presents selected outcomes relating to income sources, household income and poverty, and material hardship in 2001 for respondents in three racial/ethnic and language groups: African-Americans, English-speaking Latinas, and non-English-speaking Latinas. This table shows numerous significant group differences, most of them suggesting that non-English-speaking Latinas in this sample were the most economically disadvantaged.

The majority of women in all groups reported household earnings income in the prior month, as shown in Table 5.6. Latinas who could not speak English, however, were especially likely to report earnings (78 percent), while African-Americans were least likely to do so (56 percent).[35] African-Americans were more likely than Latinas in either language group to have received TANF and SSI in the month before the final interview, and they were also more likely than Latinas to be getting Medi-Cal and food stamps. Medi-Cal receipt was especially low among English-speaking Latinas. There were also significant differences with regard to child support income, with English-speaking Latinas reporting the highest percentage of this source and non-English-speaking Latinas reporting the lowest. Some of these differences in household

[35]A similar finding was reported in the northern California leaver study: Among single-parent welfare leaver families, African-Americans were less likely than Latino or white families to have earned income 11 to 16 months after exit (MaCurdy, Marrufo, and O'Brien-Strain, 2003). In the Urban Change survey sample in Los Angeles, African-American women who did not have a high school diploma or GED in May 1995 were especially unlikely to have earnings income in 2001 (47 percent), while Latinas *with* this credential had an especially high rate of earnings income (79 percent).

The Project on Devolution and Urban Change

Table 5.6

Economic Circumstances, Material Hardship, and Family Well-Being in Los Angeles in 2001, by Race, Ethnicity, and Language

Outcome	All Women in Survey Sample[a]	English-Speaking Latina[b]	Non-English-Speaking Latina	African-American[c]	P-Value for Group Difference
Economic circumstances					
Household income source in prior month[d] (%)					
TANF	52.8	42.9	45.9	60.8	0.0010 ***
Employment earnings	63.7	68.9	77.5	56.4	0.0001 ***
Child support	11.2	14.9	5.4	11.1	0.0413 *
SSI	12.4	6.6	6.3	17.7	0.0001 ***
Noncash benefits prior month (%)					
Food stamps	57.5	50.0	46.8	65.1	0.0001 ***
Medi-Cal for self	60.7	50.3	63.1	65.9	0.0014 **
Average total monthly household income in prior month ($)	1,818.21	2,027.07	1,576.08	1,779.92	0.0171 *
Average monthly income per person in household ($)	457.17	453.78	350.92	497.13	0.0030 **
Below official poverty line[e] (%)	54.8	52.7	62.7	53.2	0.1822
Below 185% of official poverty line (%)	85.2	78.8	92.7	86.4	0.0035 ***
Material hardships (%)					
Food insecure (with and without hunger combined)[f]	44.9	41.2	51.4	44.9	0.2354
Had 2 or more housing problems[g]	37.0	42.1	52.3	29.2	0.0000 ***
Had to move in with another family because needed place to live	10.0	9.2	3.6	12.5	0.0224 *
Living in a dangerous neighborhood[h]	36.6	32.3	27.3	42.1	0.0088 **
Respondent uninsured in prior month	18.8	22.7	30.6	12.7	0.0000 ***
Any child uninsured in prior month[i]	11.8	14.0	24.7	6.1	0.0000 ***
Average number of hardships[j]	2.1	2.2	2.4	2.0	0.1283
Had 3 or more hardships[j, k] (%)	37.6	38.8	41.4	35.8	0.5203
Sample size	651	196	111	344	

(continued)

Table 5.6 (continued)

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]46 respondents did not fit into these race/ethnicity and language categories. They were not included in the calculations for all women in the survey sample.

[b]Women were categorized as English-speaking if they said in 1998 that they could carry on a conversation in English "very well" or "well." Non-English-speakers said they could converse "some," "a little," or "not at all."

[c]Not Hispanic, English-speaking.

[d]Income sources are for any household member, not just respondents.

[e]The official poverty index does not include food stamps.

[f]Respondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

[g]Respondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

[h]Respondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

[i]This item does not take into account those who did not have children at either wave.

[j]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

[k]Since English proficiency is one of the potential challenges, everyone in the non-English-speaking Latina group has at least one challenge to employment.

income source may reflect differences in household and family structure. For example, about 40 percent of the Latinas were living with a husband or partner in 2001, while this was true for half as many of the African-Americans.

The women with the highest average monthly household income were the English-speaking Latinas ($2,027), while Latinas without English proficiency had the lowest average income ($1,576). However, Latina respondents were in larger households than the African-American women (about five versus four members, respectively). Thus, the average monthly per person income was actually highest among African-American families ($497). Non-English-speaking Latinas — who had the lowest total household income as well as large families — had average monthly per person incomes about 30 percent lower than African-Americans ($351, compared with $497). The three subgroups did not differ significantly in terms of the proportion below the poverty level, but Latinas without English-speaking ability

were significantly more likely to be below 185 percent of the official poverty line (93 percent) than were English-speaking Latinas (79 percent) or African-Americans (86 percent).[36]

Group differences in material hardships were mostly consistent with the trends in household income levels, which is to say that, on most indicators, the Latinas who could not speak English fared the worst: They were most likely to have two or more housing problems, most likely to be uninsured in the prior month, and most likely to have an uninsured child in the household. (On some other indicators — that is, food insecurity and having three or more material hardships — they also fared the worst, but subgroup differences are not statistically significant.) However, the non-English-speaking Latinas were least likely to have had to double up with another family and were also least likely to be living in a dangerous neighborhood. These two housing hardships were most prevalent among the African-American women.

Outcomes for the same three subgroups were examined in Miami, and a somewhat different picture emerged than in Los Angeles with regard to income sources. In Miami, for example, it was the English-speaking Latinas who were most likely to have earnings income. However, in Miami as in Los Angeles, the non-English-speaking Hispanic women had the lowest average monthly incomes, and the English-speaking Latinas had the highest.

Thus far the analysis has considered differences in the circumstances of subgroups of women at a single point in time, that is, at the time of the 2001 interview. Also of interest is whether the economic *improvements* that were observed for the overall sample between the two waves of interviews were experienced uniformly across the racial, ethnic, and language subgroups. In terms of income source, household income, and poverty status, all three subgroups experienced similar amounts of change. That is, reductions in the percentage of women with TANF income, increases in average monthly household income, and reductions in the percentage of women living below poverty between 1998 and 2001 were not significantly different among the three subgroups (not shown). As an example, the increase in monthly household income averaged $430 for English-speaking Latinas (a 26 percent increase); for non-English-speaking Latinas, it was $367 (a 31 percent increase); and for African-Americans, it was $521 (a 43 percent increase).

[36]Data from the March 2001 Current Population Survey indicate that foreign-born Hispanics in California had a higher rate of poverty (24 percent) than U.S.-born Hispanics (13 percent) or African-Americans (15 percent) (Reed, 2004). In the six-county study of welfare leavers in northern California, poverty was about 30 percentage points higher in families whose primary language was Spanish than in English-speaking families, even after controlling for number of children and age of youngest child (MaCurdy, Marrufo, and O'Brien-Strain, 2003).

Economic Circumstances of Different Educational Groups

Educational attainment also played an important role in distinguishing among survey respondents who had different economic circumstances in 2001. Table 5.7 indicates that the women who were high school graduates in May 1995 (baseline) were significantly less likely than others to be in households with TANF income and were also less likely to be getting Medi-Cal for themselves. However, the women with a high school diploma or GED were about as likely as those without a credential to have income from earnings, child support, or SSI in the month before the final interview.

The average monthly household income of better-educated women was about 28 percent higher (at $2,095 per month) than that of women without their basic credential ($1,636 per month). Since better-educated women also lived in smaller households, the difference in terms of per person income was even greater: The women who had a diploma or GED had an average monthly per person income that was 42 percent higher than those without a credential ($559 versus $395, respectively). As Table 5.7 shows, rates of both poverty and near poverty (below 185 percent of poverty) were significantly higher among the women who did not have a diploma or GED at baseline.

The differences with regard to material hardship are far less consistent. For example, women in the two educational groups reported similar levels of food insecurity in 2001, and they were equally likely to be living in a dangerous neighborhood, to have had to double up and live with another family, or to have been uninsured in the month before the interview. Better-educated women were, however, significantly less likely than the other women to be living in housing with multiple problems (for example, electrical and heating problems). Overall, the average number of material hardships was higher among women who lacked a diploma or GED, although the two groups were about equally likely to have three or more hardships in 2001.

Educational attainment at baseline was related to economic outcomes in all four Urban Change sites, as shown in Table 5.8. In particular, in all four survey samples, the women who had a diploma or GED at the outset of the study had significantly higher average monthly incomes and lower rates of poverty in 2001 than the women without a credential. Moreover, the added value of the credential was similar across sites: In all four cities, respondents who had a credential were in households with 23 percent to 30 percent higher average incomes.

In terms of income source, better-educated women in all four sites were less likely than nongraduates to have gotten TANF income in the prior month. However, it is noteworthy that *high school graduates in Los Angeles were more likely than non-high school graduates in the other three sites to still be receiving TANF income in 2001,* suggesting that the lower rates of high school completion in Los Angeles do not account entirely for that site's higher rates of welfare receipt. For example, 48 percent of the women with a diploma or GED in Los Angeles

The Project on Devolution and Urban Change

Table 5.7

Economic Circumstances, Material Hardship, and Family Well-Being in Los Angeles in 2001, by Education at Baseline

Outcome	All Women in Survey Sample[a]	No Diploma or GED at Baseline	Diploma or GED at Baseline	P-Value for Group Difference
Economic circumstances				
Household income source in prior month[b] (%)				
TANF	52.0	55.3	47.7	0.0464 *
Employment earnings	63.6	61.8	66.1	0.2440
Child support	11.1	9.3	13.5	0.0804
SSI	12.2	12.6	11.7	0.7448
Noncash benefits in prior month (%)				
Food stamps	56.6	59.5	52.7	0.0708
Medi-Cal for self	60.2	63.7	55.6	0.0295 *
Average total monthly household income in prior month ($)	1,825.21	1,635.97	2,095.45	0.0000 ***
Average monthly income per person in household in prior month ($)	462.15	394.41	558.89	0.0000 ***
Below official poverty line[c] (%)	54.1	58.4	48.1	0.0103 *
Below 185% of official poverty line (%)	85.0	90.2	77.7	0.0000 ***
Material hardships				
Food insecure (with and without hunger combined)[d] (%)	44.9	47.7	41.2	0.0896
Had 2 or more housing problems[e] (%)	37.4	43.4	29.3	0.0001 ***
Had to move in with another family because needed a place to live (%)	9.8	9.0	10.7	0.4574
Living in a dangerous neighborhood[f] (%)	35.8	35.0	36.9	0.6164
Respondent uninsured in prior month (%)	18.8	21.1	15.9	0.0848
Any child uninsured in prior month (%)	12.1	13.8	9.6	0.1156
Average number of hardships[g]	2.1	2.2	2.0	0.0391 *
Had 3 or more hardships[g] (%)	37.5	38.9	35.6	0.3636
Sample size	696	398	298	

(continued)

Table 5.7 (continued)

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]One woman did not report her educational level. She was not included in the calculations for all women in the survey sample.

[b]Income sources are for any household member, not just respondents.

[c]The official poverty index does not include food stamps.

[d]Respondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

[e]Respondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

[f]Respondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

[g]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

had TANF income in 2001, compared with only 23 percent of the women *without* a credential in Cleveland. Table 5.8 also shows that the percentage of women living in households with employment earnings was significantly higher among better-educated women in every site *except* Los Angeles, where having a diploma appears to have mattered somewhat less. The positive effect of educational attainment on the number of material hardships was fairly modest, and it is statistically significant only in Miami and Los Angeles.

In summary, respondents in Los Angeles who were high school graduates were substantially better off in 2001 than those who did not have a basic credential, on a wide array of economic indicators. Also of interest is whether economic *gains* between 1998 and 2001 were experienced by women with different educational backgrounds or were restricted to one educational subgroup. Both the women with and those without a diploma saw financial improvements, on average, over the course of the study. However, the women who had a basic credential tended to have somewhat bigger improvements than those without it (not shown). For example, the growth in total household income averaged $360 for women without a diploma or GED (a 28 percent average increase), compared with $599 for women with a credential (a 41 percent average increase). The decline in poverty rates over time was almost identical in both

The Project on Devolution and Urban Change

Table 5.8

Ecomonic Outcomes of the Survey Samples in the Four Urban Change Sites in 2001, by Education at Baseline

Outcome	Cuyahoga			Miami-Dade			Philadelphia			Los Angeles		
	Women Without a Diploma	Women With a Diploma		Women Without a Diploma	Women With a Diploma		Women Without a Diploma	Women With a Diploma		Women Without a Diploma	Women With a Diploma	
Household income source in prior month[a] (%)												
TANF	22.5	12.4	***	15.8	10.2	*	42.6	22.7	***	55.3	47.7	*
Employment earnings	66.2	76.7	**	56.2	71.8	***	60.2	68.3	*	61.8	66.1	
Average total monthly household income in prior month ($)	1,524	1,978	***	1,305	1,700	***	1,523	1,877	***	1,636	2,095	***
Below official poverty line[b] (%)	58.2	42.3	***	69.6	54.5	***	64.4	47.8	***	58.4	48.1	*
Average number of material hardships[c]	1.8	1.7		1.8	1.5	*	2.0	1.8		2.2	2.0	*
Sample size	311	378		297	284		329	309		398	298	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Differences among the sites were not tested for statistical significance. Statistical tests shown are between women who lacked a diploma or GED at baseline and women who had this credential within each site. Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]Income sources are for any household member, not just respondents.

[b]The official poverty index does not include food stamps.

[c]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

education subgroups (13 percentage points), but the decline in near-poverty rates (being below 185 percent of poverty) was significantly different: Better-educated women saw a drop of 12 percentage points in near poverty, compared with a decline of only 6 percentage points among less well-educated women. Thus, better-educated women were less likely to be near poor in 1998, and their situations over time improved more sharply.

Circumstances of Women with Different Work and Welfare Statuses in 2001

Chapter 4 notes that, at the time of the second survey interview, a higher percentage of respondents in Los Angeles than in the other three Urban Change sites were still on welfare, with some combining work with welfare and others not working at all. Site differences in employment and welfare receipt could reflect differences in the background characteristics of the women (for example, more women in Los Angeles lacked a high school diploma), differences in employment opportunities, and differences in state welfare policies. In particular, the more generous welfare grants and work incentives in Los Angeles — without a strict time-limit policy — could have made it easier for mothers in Los Angeles to stay home with their children and postpone or avoid full-time employment. Whatever the underlying reasons, the women in Los Angeles made different work and welfare decisions than the women in the other three sites, and so the analysis explored whether their economic circumstances in 2001 were related to those decisions, to see whether certain statuses offered better economic protections.

Table 5.9 summarizes key economic outcomes in 2001 for respondents in four work and welfare groups: working and no longer getting welfare (38 percent of the sample), combining work and welfare (20 percent), on welfare and not working (30 percent), and neither working nor on welfare (13 percent). Group differences are large and statistically significant for every outcome. Welfare leavers who were working had the most favorable economic circumstances in 2001: They had the highest average monthly household income, the highest average income per person in household, and the largest average income gain between 1998 and 2001.[37] These working women were least likely to be below the official poverty line or to be near poor, and they had the fewest material hardships. Relatively few of these women were receiving non-cash benefits in 2001. For example, only 29 percent were still on Medi-Cal. Yet nearly half of these working women who were not on Medi-Cal had no insurance at all in the month before

[37]Employed welfare leavers had significantly higher average monthly household incomes than the other women, even after statistically controlling for their baseline education, race/ethnicity, citizenship status, English-speaking ability, and whether or not their household included a husband or partner.

The Project on Devolution and Urban Change

Table 5.9

Economic Circumstances of Women in Los Angeles in 2001, by Work and Welfare Status

Outcome	All Women in Survey Sample	Working, Not on Welfare	Working, on Welfare	Not Working, on Welfare	Not Working Not on Welfare	P-Value	
Economic circumstances							
Household had no income source in prior month (%)	1.4	0.8	0.0	0.5	8.0	0.000	***
Noncash benefits received in prior month (%)							
Food stamps	56.7	13.8	97.1	93.8	33.0	0.000	***
Medi-Cal for self	60.3	29.2	89.0	87.1	44.3	0.000	***
Eligible for food stamps but not receiving them	21.6	36.6	3.4	4.8	48.1	0.000	***
Average total monthly household income in prior month ($)	1,825.85	2,536.42	1,638.67	1,267.74	1,430.80	0.000	***
Average monthly income per person in household ($)	462.35	663.84	416.27	292.45	367.78	0.000	***
Below official poverty line[a] (%)	54.2	28.6	51.2	79.3	71.6	0.000	***
Below 185% of official poverty line (%)	85.0	67.9	93.7	98.0	88.9	0.000	***
Average change in monthly household income, 1998 to 2001 ($)	456.57	898.41	407.20	163.13	11.74	0.000	***
Average number of material hardships[b]	2.1	1.9	2.0	2.3	2.5	0.0078	**
Sample size	695	261	136	210	88		

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical significance levels are indicated as *** = 0.1 percent; ** = 1 percent; * = 5 percent.

[a]Income sources are for any household member, not just respondents.

[b]The eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

the final interview (not shown). Thus, working respondents were better off in terms of household income but were at greater risk in terms of health care — a pattern that has frequently been found in studies of the working poor.[38]

[38]Polit, London, and Martinez, 2001; Rangarajan and Wood, 2000.

Welfare recipients who were not employed were in substantially worse financial condition than women who worked (including the women who combined work and welfare). Non-working welfare recipients had the lowest average household income and the lowest per person income of the four groups. These women had the highest poverty rate (79 percent), with almost all of them being poor or near poor.

In 2001, the women who were neither working nor on welfare (the "no-nos") also tended to be in bleak economic situations. A full 8 percent of them had no income from any source in the prior month, and they faced a higher average number of material hardships than any other group. The no-nos were the only subgroup whose average monthly income was almost identical in 1998 and 2001; the other groups experienced gains averaging $163 to $898 per month. The no-nos were also the only subgroup whose rate of poverty increased over time, up from 55 percent in 1998 to 71 percent in 2001 (not shown).[39] Yet only one out of three of these women were getting food stamps in 2001 — even though over 70 percent of those who were not getting stamps appeared to be eligible for them.[40] The majority were also not getting Medi-Cal for themselves, and 38 percent lacked health insurance in the prior month (not shown). It should be noted that the women who neither worked nor received welfare were a diverse group, with some relying mostly on SSI and food stamps while others were in households with earnings from husbands and partners.[41] No-nos without partners had exceptionally low average household incomes in the month before the 2001 interview: $941 (not shown). These analyses indicate that although some no-nos had access to other income sources, the group was nevertheless severely disadvantaged. This is consistent with an earlier Urban Change report, which found that women who were neither working nor receiving welfare in 1998 across all four Urban Change sites were especially likely to have health or mental problems and to have many co-occurring barriers to employment — making health insurance an especially important issue.[42]

Summary and Conclusions

The findings in this chapter indicate that the economic circumstances of women in the Los Angeles survey sample improved from 1998 to 2001. Average household income went up by 34 percent, and poverty declined by nearly 20 percent. There were also some reductions in the

[39]The no-nos in the Philadelphia Urban Change sample were substantially more likely to be poor in 2001 (70 percent) than other women (54 percent), and their rate of poverty was nearly identical to that of the no-nos in Los Angeles.

[40]It is likely that at least some of these women were in a state of income transition and, at the time of the interview, had applications pending for food stamps, Medi-Cal, and/or cash assistance.

[41]It is likely that some of these women were captured at a time of transition from one income source to another; for example, some might have just left employment and were reapplying for welfare and other benefits.

[42]Polit, London, and Martinez, 2001. Similar findings have been reported in a recent in-depth study of 95 no-no families who participated in the National Survey of America's Families in 2002 (Zedlewski et al., 2003).

material hardships that the women and their families faced, including fewer food and housing hardships. For the most part, these improvements were observed across several demographic groups, including African-Americans, Latinas (both those who could and those who could not speak English), and women who had or did not have a diploma or GED at baseline in May 1995.

Despite significantly increased total household income and asset accumulation, more than half the women lived in poverty in 2001, and 86 percent were within 185 percent of the poverty threshold. Moreover, substantial proportions continued to rely on noncash benefits and safety net services; income was unstable for many women; debt had increased for some; and levels of material hardships were high. The ethnographic evidence suggests that most of these women continued to struggle to pay bills and manage their limited resources.

While neither the improvements in respondents' economic outcomes and material circumstances nor the persistence of high levels of economic disadvantage can be attributed to welfare reform, it is important to remember that these outcomes were achieved in the context of a strong economy that has subsequently deteriorated. Even in 2001, many women and children experienced numerous problems and deprivations associated with poverty.

It is noteworthy that so many of the results are similar across the four Urban Change sites, despite striking site differences in terms of the demography of the samples, the economic opportunities of the locales, and the welfare policies implemented in response to PRWORA. Across all four sites, the "good news" is that poverty declined over the course of the study; household income increased; assets improved; and some material hardships declined. This suggests that the strong economy of the late 1990s and such national policies as the Earned Income Credit (EIC) — perhaps combined with the national mood emphasizing self-sufficiency among poor families — led to gains in these four sites and probably in most urban areas. At the same time, the "bad news" across all four sites is that women and their children remain mostly poor and live with myriad hardships. What is distinctive among the sites, however, is that the gains in Los Angeles occurred despite relatively small declines in TANF receipt, while the improvements elsewhere were accompanied by sharp decreases in TANF income. It is not known whether this difference reflects the more generous welfare policies in Los Angeles or the more difficult population with which the welfare agency in Los Angeles had to work — or both. What seems to be true, though, is that none of the welfare policies succeeded in removing most women and their children from poverty.

Chapter 6

Los Angeles Neighborhoods and Welfare Reform

Because an increasing majority of welfare recipients live in urban areas, many observers expected that the effects of welfare reform would be felt most acutely in poor urban neighborhoods. Los Angeles County, like the other metropolitan counties included in the Urban Change study, is home to a disproportionate number of low-income and welfare-reliant households, and many welfare recipients live in the county's poor neighborhoods. Given this residential concentration of vulnerable families in high-poverty neighborhoods, the consequences of welfare reform may be greater than the sum of individual household responses. The preceding chapters have described how California Work Opportunities and Responsibility to Kids (CalWORKs) was implemented in Los Angeles welfare offices and how families responded to the reforms called for by the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and the Temporary Assistance for Needy Families (TANF) program. This chapter assesses the aggregate outcomes of welfare reform on low-income neighborhoods — specifically, whether neighborhood composition affected recipients' work and welfare behavior, whether neighborhood indicators of child and family well-being improved or worsened, and how the residential concentration of low-income and recipient families changed after welfare reform.

Questions Examined in This Chapter

Drawing on a variety of aggregate indicators for the period from 1990 to 2000, this chapter addresses three sets of questions:

- Were welfare recipients who were living in poor neighborhoods with high levels of welfare receipt as likely to go to work as those living in other neighborhoods? Did neighborhood welfare and employment trends look different before and after CalWORKs was implemented?
- Did indicators of child and family well-being improve or worsen during the 1990s, particularly surrounding the implementation of CalWORKs? Did trends in these indicators vary based on poverty or welfare rates?
- Did poverty become more concentrated or less concentrated during the 1990s? Where do Los Angeles's poor and welfare-reliant families live? Are they concentrated in particular neighborhoods? Are they isolated from nonpoor and nonrecipient families? Did these residential patterns change surrounding the implementation of CalWORKs?

- How do these findings about the relationship between neighborhood composition and outcomes for families and children in Los Angeles neighborhoods compare with those relationships over the same time period in the other three Urban Change sites (Cleveland, Miami, and Philadelphia)?

Summary of Findings

This study reveals a somewhat mixed story of urban neighborhoods in Los Angeles during the era of welfare reform:

- Characterizing the 1,620 census tracts of Los Angeles County by levels of poverty and TANF receipt before welfare reform reveals that 75 percent were *non-poor neighborhoods*; 20 percent were *high-poverty, low-welfare neighborhoods;* and 5 percent were *high-poverty, high-welfare neighborhoods.* The three types of neighborhoods differed in composition and characteristics. High-poverty, high-welfare neighborhoods had a higher proportion of children, lower labor force participation rates, and — partially as a consequence — a lower ratio of working adults to children.

- Despite higher levels of social distress, recipients living in Los Angeles's high-poverty, high-welfare neighborhoods were about as likely as those living in the balance of the county to combine welfare and work, to leave welfare, and to become employed. In all three types of neighborhoods, rates of employment grew steadily throughout the 1990s, with no apparent change in trend after CalWORKs.

- Trends in indicators related to maternal and child health gradually improved throughout the 1990s, with no discernable change for better or worse following welfare reform.

- In Los Angeles, as in other metropolitan counties across the country, the caseload declines of the 1990s led to declines in residential welfare concentration, but — contrary to the experiences of almost every other metropolitan county in the United States — poverty became more residentially concentrated in Los Angeles County. The proportion of Los Angeles neighborhoods characterized as high welfare declined from 6 percent before welfare reform to 1 percent in 2000, while the proportion of high-poverty neighborhoods increased from 25 percent to 34 percent. Neighborhoods where poverty increased evidenced a growing proportion of children and a growing proportion of adults with low levels of education.

To summarize, as caseloads declined, so did neighborhood-level welfare receipt rates; most neighborhood indicators of child and family well-being gradually improved across neighborhoods; and welfare recipients living in high-poverty, high-welfare neighborhoods were as likely to transition to work as those living elsewhere. Most of these trends predated welfare reform, however, and the role of other factors (including a booming economy) in these trends is difficult to determine precisely. On the other hand, contrary to the trend in cities across the United States, poverty became more residentially concentrated in Los Angeles during the 1990s. Although labor force participation rates remained relatively high, poor neighborhoods experienced a growth in the proportion of children and in the proportion of adults without a high school education.

Why Conduct a Neighborhood Analysis of Welfare Reform?

In 1999, more than four-fifths of all poor Americans (83 percent) lived in urban areas, and more than half of all welfare recipients (68 percent) lived in just 89 large urban areas.[1] Observers across the political spectrum expected that the effects of welfare reform would be particularly felt in cities. This chapter addresses three sets of concerns about the neighborhood-level effects of welfare reform.

First, would welfare recipients who were living in high-poverty, high-welfare neighborhoods be less likely to transition from welfare to work?

After all, wouldn't the fact that levels of poverty, joblessness, single parenthood, and welfare receipt were much higher in some neighborhoods than others suggest that transitions from welfare to work would be more difficult to achieve in these neighborhoods? Most observers agreed that they would, although for different reasons.

Some emphasized structural changes in neighborhood economic opportunity, such as the decline of union jobs,[2] increasing educational prerequisites for work,[3] wage stagnation and increasing income inequality,[4] and demographic shifts, such as suburbanization.[5] Others suggested that welfare policies themselves were partly to blame, by discouraging work and marriage, on the one hand, and by reducing the economic disincentives of single parenthood, on the other.[6]

Those who emphasized the structural determinants of neighborhood joblessness and poverty predicted that outcomes for poor neighborhoods would hinge primarily on the perform-

[1]Allen and Kirby, 2000.
[2]Jargowsky, 1997.
[3]Kasarda, 1989.
[4]Levy, 1987.
[5]Wilson, 1987; Wilson, 1996; Jargowsky, 1997.
[6]Murray, 1984; Mead, 1986.

ance of the economy, and they called for sustained economic growth, perhaps complemented by policies to "make work pay" (such as earned income disregards, the Earned Income Credit, and transitional Medicaid and child care).

Those who emphasized the behavioral determinants of poverty, although not discounting the importance of the economy, called for such welfare reforms as time limits, sanctions, and mandatory participation requirements.

As it turned out, the 1990s delivered both prescriptions: unprecedented economic growth and tougher welfare rules. Thus, while it is impossible to isolate the relative contribution of each, this study offers an important opportunity to analyze and compare neighborhood-level transitions from welfare to work under the best of circumstances and in some of the most challenging neighborhood contexts.

Second, would welfare reform affect socioeconomic trends — such as teen birthrates and child maltreatment — in neighborhoods where many welfare-reliant households live?

Indicators of social distress are often several times greater in high-poverty than low-poverty neighborhoods. One could argue that this makes high-poverty neighborhoods both more vulnerable to policy changes that could harm them *and* more likely to show improvement if the policies had a positive effect (because high-poverty neighborhoods would have more room to improve). For both reasons, observers anticipated that the effects of welfare reform (1) would be *disproportionately felt in high-poverty, high-welfare neighborhoods* where many welfare recipients live; (2) that reform would include *indirect* effects on neighborhood correlates of poverty and employment — such as teen birthrates and child maltreatment — above and beyond the *direct* effects on household-level income, employment, and poverty; and (3) that these indirect effects might be *nonlinear* (that is, as neighborhood levels of poverty and joblessness reached certain "tipping points," indicators of social distress would increase dramatically.[7]

[7]Most of the empirical work related to neighborhood tipping points has addressed racial and ethnic segregation. In one of the few comprehensive empirical analyses of threshold effects on neighborhood poverty rates, Galster, Quercia, and Cortes (2000) find that as the neighborhood poverty rate increases beyond 54 percent, it begins increasing at an increasing rate and that neighborhood increases in the proportion of nonprofessional workers beyond about 80 percent, or in the proportion of renters beyond 84 percent, lead to disproportionate increases in the neighborhood nonmarital birth ratios, poverty rates, and unemployment rates. As neighborhood rates of poverty, the proportion of nonprofessional workers, and the proportion of renters rarely approach these extremes in Los Angeles neighborhoods, it is doubtful that many Los Angeles neighborhoods would evidence empirically verifiable threshold processes of neighborhood social distress. Nevertheless, this chapter assesses the more general concern that changes in neighborhood poverty or welfare receipt rates may be associated with other unfavorable outcomes for families and children.

Opponents of welfare reform warned that fixed block grants, strict work requirements and sanctions, and arbitrary time limits would harm vulnerable families, increasing neighborhood levels of poverty and social distress. Proponents of welfare reform argued that, by enforcing work, reform would restore a sense of opportunity and efficacy in households and would reestablish the routines and norms of employment in communities.

As it turned out, neither the worst fears of PRWORA's opponents nor the highest ambitions of its proponents were realized. This analysis draws on several key indicators of child and maternal well-being to assess whether and to what extent they varied by neighborhood levels of poverty and welfare receipt and whether they changed surrounding the implementation of welfare reform.

Third, would welfare reform exacerbate or ameliorate the concentration and segregation of the poor in certain urban neighborhoods and the resulting isolation of low-income and welfare-reliant families?

Sociologists have tracked indices of residential concentration, segregation, and isolation by poverty and race for several decades, primarily to assess the degree of housing opportunities for low-income and minority families. Much less is known about where welfare recipients live. This analysis contributes to the understanding of the residential patterns of poor and welfare-reliant families in Los Angeles and compares those patterns with the patterns identified in the other three Urban Change counties.

Study Methods

To address the three sets of research questions described above, this chapter compares neighborhood trends from 1993 to 2000 for three sets of indicators (listed in Table 6.1) across neighborhoods with different initial levels of poverty and welfare receipt rates. These indicators were selected because they are related to concerns about the potential effects of welfare reform on children, families, and neighborhoods.[8] Teen birthrates, the adequacy of prenatal care, the rate of low-birth-weight births, and child maltreatment rate all speak to the health, well-being, and life chances of women and children. Neighborhood welfare and work participation trends

[8]Claudia Coulton, at Case Western Reserve University, and Nandita Verma, at MDRC, developed the research design and methodology for the neighborhood indicators component of the Project on Devolution and Urban Change. (See Coulton and Verma, 1997.) Although the initial design for Los Angeles, as for the other Urban Change counties, was to collect and analyze indicators of crime in addition to the vital records and child maltreatment indicators presented here, acquiring timely and accurate data from the 80 reporting municipalities in Los Angeles County proved prohibitively difficult. According to the Federal Bureau of Investigation's Uniform Crime Report, the incidence of violent crime in Los Angeles County declined by 29 percent between 1995 and 2000, and the incidence of property crime declined by 33 percent.

The Project on Devolution and Urban Change

Table 6.1

Neighborhood Indicators and Data Sources

Domain	Indicator	Data Source
Births	Percentage of births with adequate prenatal care Rate of birth to teens, ages 10-17, per 1,000 females Rate of low-birth-weight births	Vital records data
Child maltreatment	Rate of substantiated child maltreatment per 1,000 children	Los Angeles County Department of Family and Children's Services
Work and welfare	Welfare participation rate Work participation among welfare recipients Welfare exit rate Employment rate among welfare leavers Welfare-to-work transition rate	Los Angeles County administrative welfare records and California state unemployment insurance wage records

— calculated by geocoding the universe of welfare benefit and employment records — speak to how low-income families are coping. And while this analysis cannot isolate the impact of welfare reform from economic, demographic, or other factors, it does offer a direct and comprehensive portrait of outcomes for families and children in low-income neighborhoods in Los Angeles before and after welfare reform.

The Urban Research Division of the County of Los Angeles collaborated with MDRC to obtain administrative agency data and to prepare the social and economic indicators. The unit of observation for this study is the *census tract*, an area of approximately 4,000 residents who are delineated by local appointees of the U.S. Bureau of the Census to be homogenous with respect to population characteristics, economic status, and living conditions. This report encompasses 1,620 census tracts, which for convenience and readability are often referred to as "neighborhoods." Many of the indicators are expressed as a proportion of the total residential population. Census tract populations were calculated as the linear interpolation of the decennial Census Bureau counts for 1990 and 2000.[9]

[9]Another limitation of neighborhood data, especially census data, is the problem of underrepresentation. Certain population subgroups are less likely to be counted in the census. African-American and Latino residents of Los Angeles County, for example, were undercounted by nearly 3 percent in the 2000 census; children were undercounted by about 2 percent; and residents of poorer neighborhoods were undercounted by 0.3 percent to 5.9 percent (Ong and Houston, 2002). As the 2000 census provided a more comprehensive enumeration

(continued)

The analysis begins by dividing Los Angeles County into three different types of neighborhoods according to their pre-TANF levels of poverty and welfare concentration. Census tracts with poverty rates in 1990 that were greater than or equal to 20 percent are characterized as *high-poverty neighborhoods.*[10] Similarly, census tracts with average welfare receipt rates from 1992 to 1995 that were greater than or equal to 20 percent are characterized as *high-welfare neighborhoods.*

Of the 1,620 neighborhoods in Los Angeles County, 1,207 evidenced low levels of poverty and welfare receipt prior to CalWORKs. Primarily suburban, these "nonpoor neighborhoods" were home to about 72 percent of Los Angeles's residents. There were 320 census tracts characterized as *high-poverty, low-welfare tracts.* Primarily located within the City of Los Angeles and the inner suburbs, these tracts were home to about 22 percent of residents prior to CalWORKs. The remaining 89 residential tracts evidenced high levels of poverty and welfare receipt. Approximately 6 percent of Los Angeles's residents lived in these *high-poverty, high-welfare tracts* before CalWORKs was implemented.[11] The maps in Figure 6.1 show these three types of neighborhoods in Los Angeles County before welfare reform (Figure 6.1a) and after it (Figure 6.1b).

Findings

To understand the differences in neighborhood indicators among these three groups of neighborhoods, it is important to consider a few of the ways in which the tracts are compositionally distinct. First, as shown in Table 6.2, they differed in their ethnic composition at the time of both the 1990 and the 2000 census. Latino and African-American residents made up roughly equivalent shares of the high-poverty, high-welfare tracts prior to welfare reform in 1990. More than one-third of residents were foreign born. The remaining high-poverty tracts were predominantly Latino, and just over half their residents were foreign born. Nonpoor neighborhoods were predominantly non-Latino white and had significant Latino and foreign-born constituencies.

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than the 1990 census, comparisons between the two suggesting population growth among underrepresented groups may reflect a slight upward bias.

[10]Following Jargowsky and Bane (1991), who validated neighborhood poverty thresholds against observable neighborhood characteristics, *extremely high-poverty neighborhoods* are defined as those with poverty rates greater than or equal to 40 percent, and *high-poverty neighborhoods* are defined as those with poverty rates greater than or equal to 20 percent.

[11]Only four Los Angeles County census tracts — less than 1 percent of the total — were characterized as *low-poverty, high-welfare* tracts. These tracts were just below the high-poverty threshold (19 percent) in 1990 and were over it (27 percent) in 2000. Although ethnically diverse, the plurality of their residents were black in both 1990 (49 percent) and 2000 (39 percent). The total labor force participation rates were relatively low in 1990 (44 percent) and 2000 (54 percent). In other respects, they were slightly more disadvantaged than the nonpoor neighborhoods and slightly more advantaged than the poor neighborhoods. For example, in low-poverty, high-welfare tracts in 1990, 38 percent of adult residents did not have a high school diploma; median rent was $556; and the ratio of working adults to children was one to four.

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Figure 6.1a

The Concentration of Poverty and Welfare Receipt Before Welfare Reform, Los Angeles County, 1992-1995

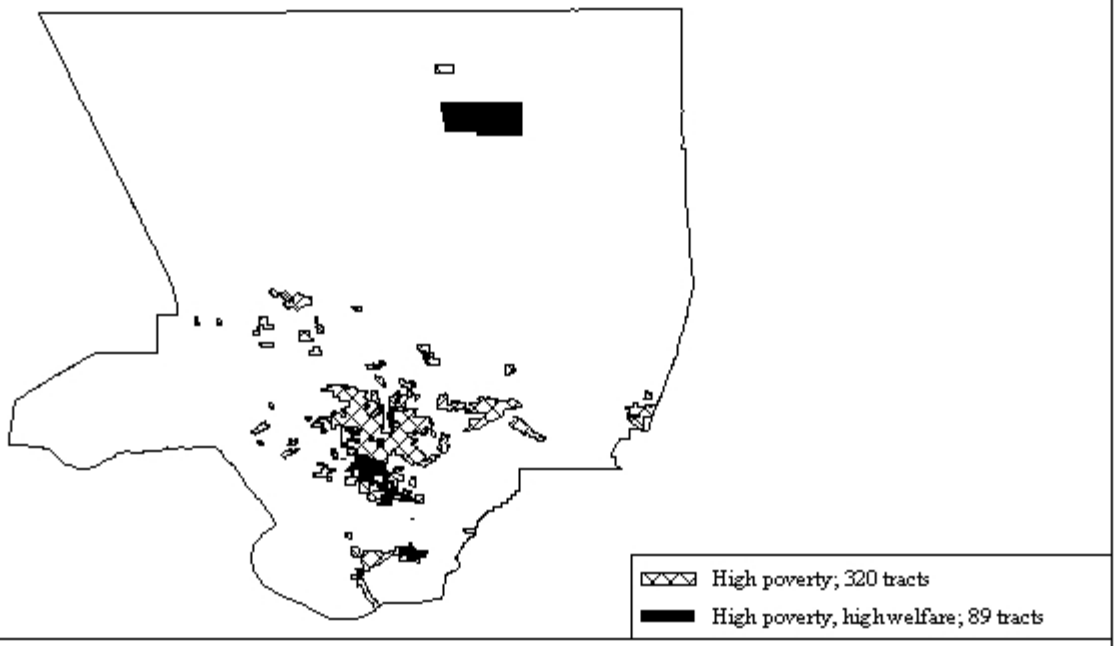

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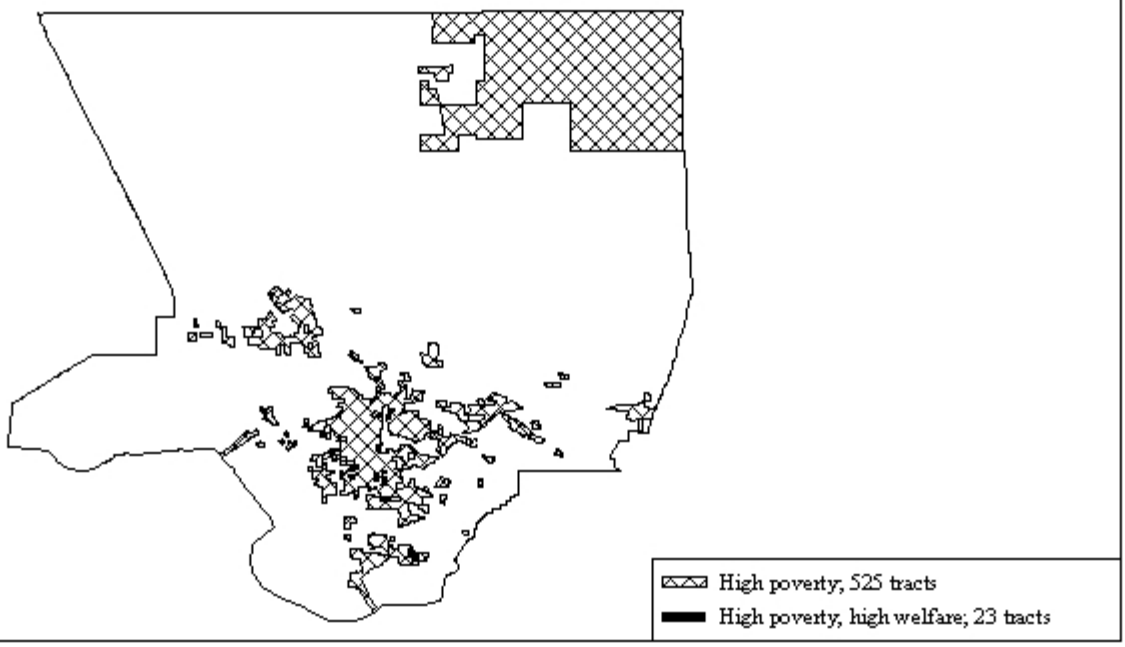
Figure 6.1b

The Concentration of Poverty and Welfare Receipt After Welfare Reform, Los Angeles County, 2000



SOURCE: Urban Change Neighborhood Indicators Database.
NOTE: High poverty and welfare receipt thresholds are 20 percent.

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Table 6.2

Demographic Composition and Labor Force Participation Among Neighborhoods, by Poverty and Welfare Concentration, Los Angeles County, 1990 and 2000

	High-Poverty, High-Welfare Tracts (N = 89)		High-Poverty, Low-Welfare Tracts (N = 320)		Low-Poverty, Low-Welfare Tracts (N = 1,207)	
	1990	2000	1990	2000	1990	2000
Population	520,852	544,287	1,950,108	2,033,595	6,277,936	6,837,745
Age composition (%)						
Children (ages 0-17)	36.5	37.6	31.3	32.4	23.8	25.9
Adults (ages 18-64)	57.2	56.3	61.7	60.8	65.4	63.2
Seniors (ages 65 and up)	6.3	6.1	7.0	6.8	10.8	10.9
Ethnic composition and nativity (%)						
Hispanic	44.1	56.2	66.5	71.6	28.0	35.9
Non-Latino black	38.8	27.9	12.4	9.4	7.8	7.9
Non-Latino white	8.6	6.4	11.6	8.1	52.6	39.6
Non-Latino Asian	7.9	6.7	8.9	9.0	11.0	13.0
Foreign born	37.9	40.8	51.7	51.0	26.5	31.5
Education and labor force participation (%)						
Percentage without a high school diploma	53.1	54.6	55.8	55.5	22.1	22.4
Total labor force participation rate	44.9	51.0	56.0	54.8	56.3	62.7
Median rent and homeownership						
Median rent ($)	496	568	522	592	733	885
Five-year household mobility rate (%)	44.1	50.5	44.0	48.2	48.4	53.2
Homeownership (%)	25.6	26.4	24.6	24.1	55.1	54.6
Income and poverty						
Median family income ($)	18,598	24,860	22,725	28,267	49,862	62,197
Ratio of income to poverty (%)						
Below 50% of poverty	14.9	17.2	11.9	13.5	4.3	5.7
Below 100% of poverty	35.9	38.2	28.3	30.9	9.3	12.5
Below 150% of poverty	54.4	56.8	46.3	50.4	16.5	21.8
Below 200% of poverty	67.0	69.7	61.0	64.3	24.4	30.5
Provider ratio						
Ratio of working adults to children	0.88	0.75	1.30	1.0	2.13	1.73

SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

Second, partly by definition, the three types of neighborhoods differed by income and cost of living, both of which were much higher in the nonpoor tracts than in the two types of high-poverty tracts. In both 1990 and 2000, median family income was more than twice as high in nonpoor neighborhoods than in either of the two types of high-poverty neighborhoods. Similarly, in both time periods, median monthly rent was about 50 percent higher in the nonpoor neighborhoods than in the high poverty, high-welfare neighborhoods. Conversely, the percentage of residents with income less than 50 percent of the federal poverty threshold was nearly three times as high in both types of high-poverty neighborhoods than in the nonpoor neighborhoods.

Third, residents of the two types of high-poverty neighborhoods were slightly younger than residents of the nonpoor neighborhoods and were less than half as likely to have a high school diploma. In fact, fewer than half the residents of the two types of high-poverty neighborhoods had a high school diploma.

One particularly important difference between the two types of high-poverty neighborhoods is labor force participation and what that means for the ratio of working adults to children. In Los Angeles, the residents of high-poverty, high-welfare neighborhoods had lower rates of labor force participation than residents of either of the two low-welfare types of neighborhoods. Partly as a consequence of the younger age distribution and lower labor force participation rates, the ratio of working adults to children was considerably lower in the two types of high-poverty neighborhoods than in nonpoor neighborhoods. While the nonpoor neighborhoods had more than two working adults for every child in 1990, the high-poverty, high-welfare neighborhoods had less than one.

Although this chapter focuses on outcomes by poverty and welfare receipt rates, it is important to keep in mind that neighborhoods are dynamic compositions, particularly in growing Sunbelt cities of the Southwest, such as Los Angeles. Indeed, across all three types of neighborhoods, the five-year household mobility rate was greater than 40 percent, suggesting that at least two-fifths of residents lived in a different house in 1990 than in 1985. Table 6.2 shows that several demographic and economic indicators for these three types of neighborhoods changed between 1990 and 2000. The total population and the proportion of children increased in all three types of neighborhoods, but they increased at a faster rate in nonpoor neighborhoods. Median family income and median rent increased across all three types of neighborhoods, and the total labor force participation rate increased in all but the poor neighborhoods. Despite these increases in median family income, the proportion of residents living in poverty increased, and the ratio of working adults to children decreased. Across all three types of neighborhoods, the proportion of Latino residents increased, while the proportion of seniors and non-Latino whites declined, and the proportion of African-America residents declined in both types of high-

poverty neighborhoods.[12] Although the household mobility rate between 1995 and 2000 was close to 50 percent, the three types of neighborhoods at the end of the decade were still recognizably distinct along the dimensions of demographic and economic composition that had distinguished them in 1990. Thus, while tracking aggregate neighborhood conditions offers some indication of how families who reside in those neighborhoods at a particular point in time are faring, changes in neighborhood conditions over time reflect the experiences of long-term and new residents. Just as attendance records reflect something about the learning context for many different students who cycle through a school over time, neighborhood indicators speak to the health and well-being of a shifting residential base.

Did Welfare-to-Work Transitions Vary by Levels of Poverty and Welfare Receipt?

- **Regardless of neighborhood poverty or welfare receipt rates, work participation rates among welfare recipients tripled between 1992 and 2001.**

California's earned income disregard and work participation requirements were implemented explicitly to assist welfare recipients toward self-sufficiency by encouraging them to combine work and welfare. Figure 6.2 compares *average work participation rates*, defined as average annual employment rates,[13] for Los Angeles's three types of neighborhoods and shows that recipients from each type were equally likely to combine work and welfare. Between 1992 and 2001, the proportion of employed recipients increased gradually from about 13 percent to about 40 percent. Most of this growth occurred prior to welfare reform and then increased at a slower pace after 1998. This is consistent with the findings reported in Chapter 3, which indicate that CalWORKs had minimal effects on employment.

- **Exit rate trends among welfare recipients were similar, despite differences in neighborhood levels of poverty and welfare receipt.**

Figure 6.3 compares average annual exit rates for recipients living in each of the three types of neighborhoods between 1992 and 2001. *Annual exit rates* are defined here as the average annual percentage of recipients who received welfare for at least one month and did not receive

[12]McConville and Ong (2003) observe that the Latino — and, to a lesser extent, the Asian/Pacific Islander — share of the poor population and representation in poor neighborhoods is increasing, while the black share and representation is decreasing. They suggest a pattern of ethnic succession whereby black residents of Los Angeles County may be moving from high- to low-poverty neighborhoods, while Latino residents are moving into high-poverty neighborhoods. See the discussion of increasing neighborhood poverty below.

[13]Importantly, employment in this analysis is based on unemployment insurance (UI) wage records and does not include unreported employment or participation in education, training, or other welfare-to-work activities encouraged by the Department of Public Social Services.

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Figure 6.2

Annual Employment Rate for Recipients, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration

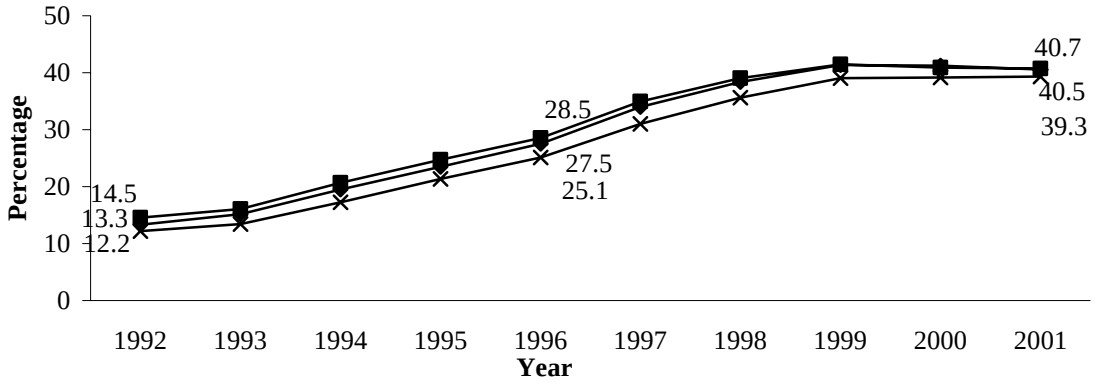
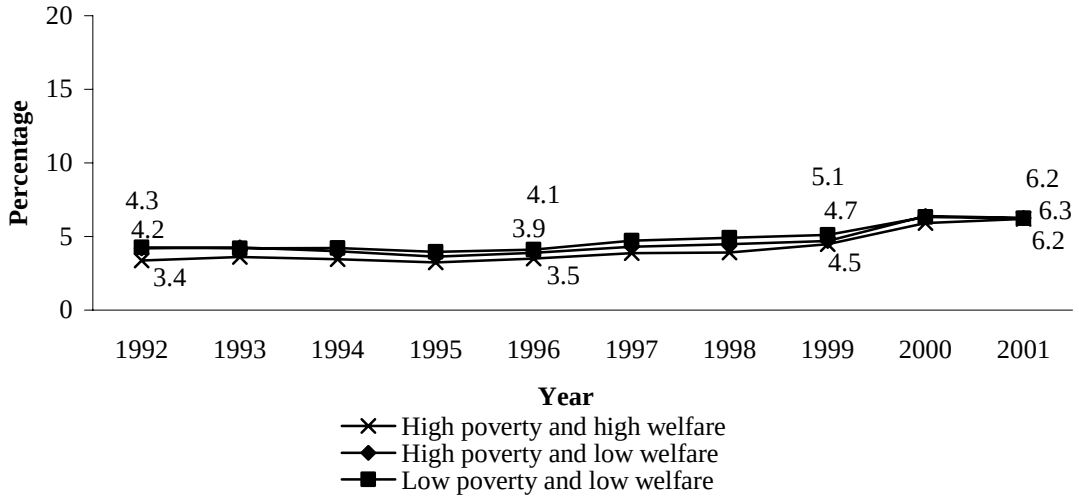


Figure 6.3

Annual Exit Rate, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: High-poverty neighborhoods are those with welfare receipt rates of at least 20 percent. High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

88 neighborhoods are defined as high poverty, high welfare, pre-TANF (1992-1995).

315 neighborhoods are defined as high poverty, low welfare, pre-TANF (1992-1995).

1,133 neighborhoods are defined as low poverty, low welfare, pre-TANF (1992-1995).

welfare in the two subsequent months. The trends in the three types of neighborhoods were very similar throughout the decade, beginning at about 4 percent in 1992 and increasing to about 6 percent by 2001, with most of the increase in exit rates occurring after CalWORKs was implemented, which is consistent with the findings in Chapter 3.

- **Despite differences in neighborhood poverty and welfare receipt rates, welfare leavers in all three types of neighborhoods were equally likely to work within two quarters (six months) of exit.**

Figure 6.4 shows trends between 1992 and 2001 in the average percentage of welfare leavers in the three neighborhoods who worked within six months of a welfare exit. As this figure shows, leavers in all three types of neighborhoods were equally likely to go to work. Across the three groups, employment rates gradually increased among leavers, from about 20 percent in 1992 to about 52 percent in 2001, with no discernable change for better or worse surrounding the implementation of welfare reform.

- **Despite differences in poverty and welfare receipt rates, welfare recipients in all three types of neighborhoods were equally likely to leave welfare for work.**

Defining the *welfare-to-work rate* as the average annual percentage of recipients who left welfare for two months or more and who worked within two quarters of leaving welfare, Figure 6.5 shows that the welfare-to-work rate did not vary by neighborhood poverty or welfare concentration. Across all three types of neighborhoods, the rate began close to 1 percent in 1992 and gradually increased to 3 percent by 2001, with no discernable change for better or worse surrounding the implementation of welfare reform.

The striking disparities in neighborhood-level income, poverty, and ratios of working adults to children that are discussed in the preceding section of this chapter (and the disparities in the levels of neighborhood socioeconomic indicators that are discussed in the next section) might lead one to expect that welfare recipients in high-poverty, high-welfare neighborhoods would be less likely to go to work than those in the other types of neighborhoods. The analysis suggests that this was not the case.

Analyses conducted in the other three Urban Change sites (Cuyahoga, Miami-Dade, and Philadelphia Counties) yielded similar findings. In all four sites, welfare recipients in high-poverty, low-welfare and high-poverty, high-welfare neighborhoods were just as likely as those in nonpoor neighborhoods to combine welfare and work, to leave welfare, and to transition from welfare to work. Across all sites, the proportion of recipients combining work and welfare increased dramatically. But exit rates and the proportion of recipients leaving welfare for work

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Figure 6.4

Percentage of Welfare Leavers Employed Within Two Quarters of Exit, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration

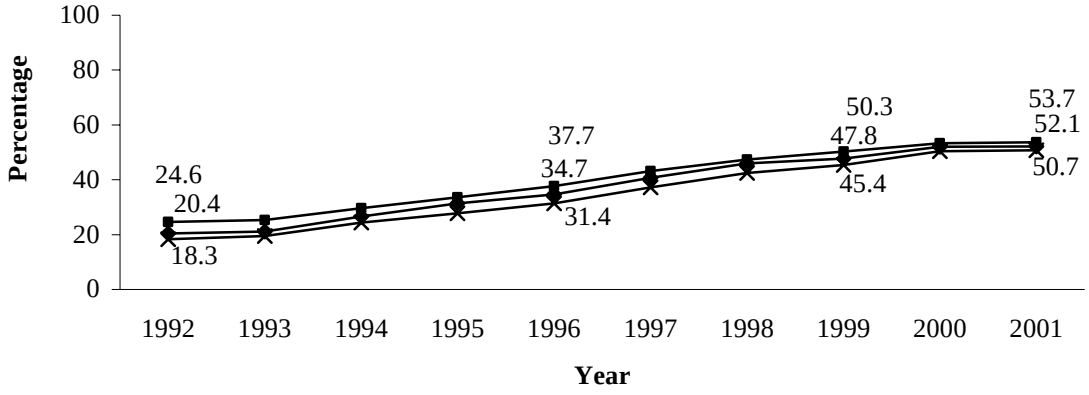
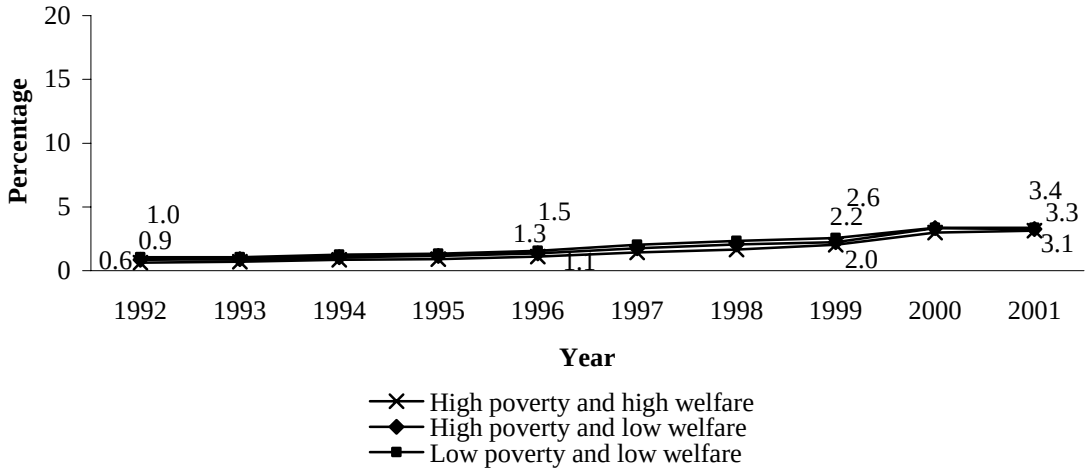


Figure 6.5

Annual Welfare-to-Work Rate, by Pre-TANF Poverty (1990) and Welfare (1992-1995) Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: High-poverty neighborhoods are those with welfare receipt rates of at least 20 percent. High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

88 neighborhoods are defined as high poverty, high welfare, pre-TANF (1992-1995).

315 neighborhoods are defined as high poverty, low welfare, pre-TANF (1992-1995).

1,133 neighborhoods are defined as low poverty, low welfare, pre-TANF (1992-1995).

were generally lower and more stable in Los Angeles, which is consistent with county differences in caseload trends and survey findings that recipients in Los Angeles were more likely than those in other counties to continue to receive welfare.

Did Socioeconomic Neighborhood Trends Change in Response to Welfare Reform?

The following analysis compares levels and trends in four indicators related to the health and well-being of women and children — teen birthrates, the percentage of women receiving adequate prenatal care, the rate of low-birth-weight births, and the child maltreatment rate — across the three different risk groups of neighborhoods: high-poverty, high-welfare; high-poverty, low-welfare; and nonpoor. In brief, trends in each of these indicators improved gradually over the course of the decade across all three types of neighborhoods.

- **Overall, the rate of births to girls ages 10 to 17 gradually declined countywide.**

One of the most positive national trends related to the poverty of mothers and children has been the decline from 1992 to 2000 in the teen birthrate.[14] Nationally, the rate of birth to teens ages 15 to 19 fell by 20 percent over the 1990s, and it dropped by 26 percent in large cities.[15] Children born to teen mothers are at increased risk of birth and health disorders in infancy, and their mothers are at greater risk of poverty and unplanned pregnancy well into adulthood.[16] Only about a third of teen mothers obtain a high school diploma, and their children are twice as likely to drop out of high school and to have a child before age 20.[17] National surveys of youth have found that a decreasing proportion of teens are having sex and that, among those who are, an increasing proportion are using birth control.[18] The rate of births to teens ages 10 to 17 increased slightly toward the middle of the 1990s and decreased slightly by the end of the 1990s in all three types of neighborhoods — although teenage birthrates were consistently higher in poor than in nonpoor neighborhoods (Figure 6.6). The declining trend is statistically significant, but the declines preceded the implementation of CalWORKs.

- **The percentage of women receiving adequate prenatal care increased to nearly 100 percent throughout Los Angeles County.**

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[14]The teen birthrate is most often reported as the rate of births per 1,000 women ages 15 to 19. The Urban Change Neighborhood Indicators database does not include information on that age range. Nationally, the birthrate is three times higher among teens ages 18 to 19 than among those ages 15 to 17, and the rate is negligible among teens ages 10 to 14.

[15]Annie E. Casey Foundation, 2003.

[16]Maynard, 1997; cited by the Child Trends online databank. Web site: www.childtrendsdatabank.org.

[17]Annie E. Casey Foundation, 2003.

[18]Annie E. Casey Foundation, 2003.

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Figure 6.6

Births to Females Age 10 to 17,
by Pre-TANF (1992-1995) Welfare Concentration

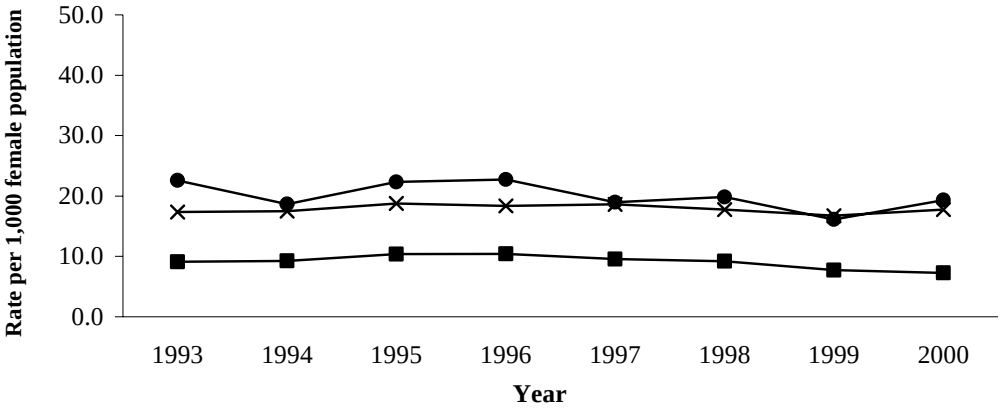
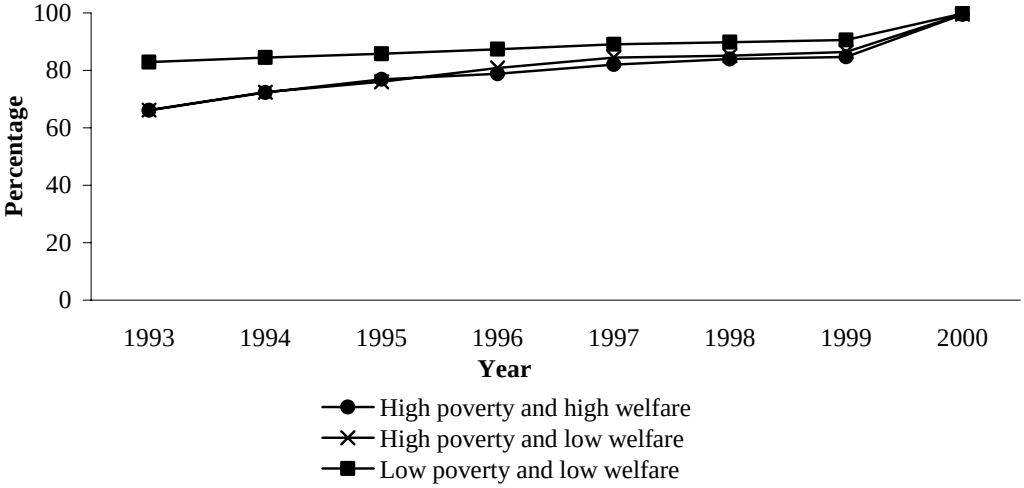


Figure 6.7

Percentage of Births with Adequate Prenatal Care,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: High-poverty neighborhoods are those with welfare receipt rates of at least 20 percent. High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

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One important indicator of health services to pregnant women and newborn children is the percentage of births with adequate care — a summary measure based on the month of the first prenatal medical visit and the number of subsequent visits. The National Center for Health Statistics had set a national goal for 2000 of bringing the proportion of all women receiving adequate prenatal care to 90 percent. The percentage of women receiving adequate prenatal care in Los Angeles increased substantially over the entire decade, especially in the poorer neighborhoods, and it approached 100 percent coverage across all three types of neighborhoods by the end of the decade[19] (Figure 6.7).

- **The percentage of low-birth-weight babies remained relatively stable across neighborhoods.**

Children who at birth weigh less than 5 pounds, 8 ounces (2,500 grams), are at increased risk of serious health and developmental problems. Nationally, the percentage of low-birth-weight babies increased from 7.0 percent in 1990 to 7.6 percent in 2000. In all three types of neighborhoods in Los Angeles County, the percentage remained fairly stable, with no discernible changes relating to CalWORKs (Figure 6.8).

- **Substantiated reports of child maltreatment declined dramatically in all three types of neighborhoods.**

National reports of child maltreatment were substantiated for 860,577 children in 1990 and for 879,000 children in 2000 — a fairly stable rate of 13.4 to 12.2 per 1,000 children.[20] Nationally, the percentage of substantiated cases that were characterized as physical or sexual abuse declined over the decade, while the percentage of substantiated cases that were characterized as neglect increased. In Los Angeles, the child maltreatment rate declined dramatically across all three types of neighborhoods, and the declines were most dramatic in the high-poverty, high-welfare neighborhoods (Figure 6.9). Whereas the rates of child maltreatment in 1992 were about three times as great in high-poverty, high-welfare neighborhoods as the rates in nonpoor neighborhoods, by 2001, differences in the rates among neighborhood types were modest.

Analyses conducted in the other three Urban Change sites (Cuyahoga, Miami-Dade, and Philadelphia Counties) yielded similar findings. In all four sites, most neighborhood indicators improved or remained stable. Teen birthrates declined more sharply in Cuyahoga, Miami-Dade,

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[19]The California Department of Health Services reports that the percentage of live births with late or no prenatal care decreased from 6.3 percent in 1990 to 2.3 percent in 2000, which suggests that the percentage of births with adequate prenatal care does not exceed 98 percent. The percentages of births with adequate prenatal care presented here are slightly higher, perhaps due to a slightly more restrictive set of residential tracts with available data.

[20]Child Trends, 2002. For current information on national trends in child maltreatment, see the Child Trends online databank at www.childtrendsdatabank.org.

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Figure 6.8

Percentage of Low-Birth-Weight Births, by Pre-TANF (1992-1995) Welfare Concentration

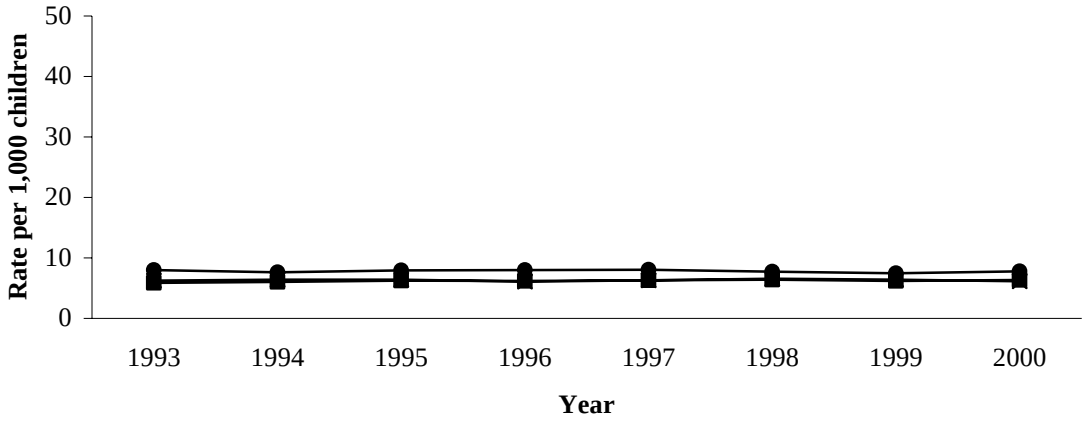
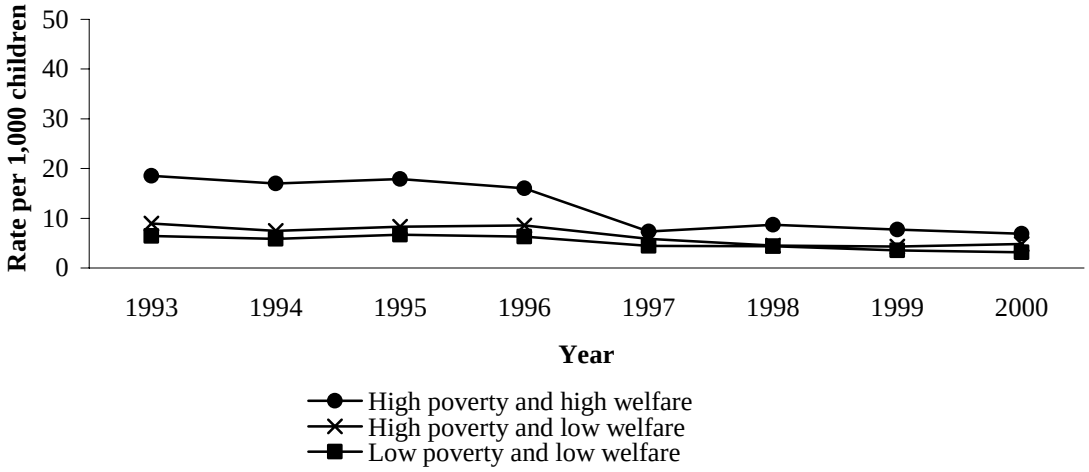


Figure 6.9

Child Maltreatment Rate, by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: High-poverty neighborhoods are those with welfare receipt rates of at least 20 percent. High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

88 neighborhoods are defined as high poverty, high welfare, pre-TANF (1992-1995).

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and Philadelphia than in Los Angeles, but Los Angeles reported the greatest declines in child maltreatment as well as extraordinary increases in the percentage of births with adequate prenatal care. Although absolute levels of social distress were much higher in poor neighborhoods, indicators that improved over time tended to evidence the greatest improvements in these same neighborhoods. Nevertheless, improving trends do not appear to be related to welfare reform, and sizable disparities remain in the prevalence of indicators of social distress, suggesting that residents of poor neighborhoods continue to face disproportionate risk and disadvantages.

Were low-income and welfare recipient families segregated from nonpoor families and did that change over time?

To further assess changes in patterns of residential segregation in Los Angeles County, the analysis uses three common indices: the concentration index, the dissimilarity index, and the isolation index.[21] These indices are compared for all poor people in 1990 and 2000 and for welfare recipients from 1992 to 1999.

1. *The concentration index.* When limited affordable housing opportunities consign poor families to poor neighborhoods, the social distress associated with poverty is also concentrated in those neighborhoods. The concentration index ranges from 0 to 100, reflecting the proportion of poor residents living in census tracts that exceed a 40 percent poverty rate, with 100 indicating maximum concentration. Similarly, when applied to welfare, the concentration index shows the proportion of welfare recipients living in neighborhoods that have welfare receipt rates greater than or equal to 20 percent. The concentration index is sensitive to the number of tracts that exceed the particular threshold.

2. *The dissimilarity index.* How constrained were housing opportunities for low-income families and welfare recipients in Los Angeles County over the course of the decade studied? Could low-income residents afford to live wherever they wanted, or were they more or less consigned to certain sectors of the metropolis? Did their housing opportunities become more constrained or less constrained over time? One way to address these questions is to consider the evenness of the residential distribution of poor and nonpoor, and of recipient and nonrecipient, households. The dissimilarity index indicates what share of the county's poor or welfare population would have to move to another census tract in order to have equal representation in each census

[21]Coulton, Chow, Wang, and Su, 1996; Massey and Eggers, 1993; Massey and Denton, 1988.

tract.[22] The index also ranges from 0 to 100, with a dissimilarity of 100 indicating maximum segregation. When a group is evenly distributed throughout a metropolitan area, each neighborhood has the same proportion of group members as the metropolitan area as a whole.

3. *The isolation index.* A neighborhood defines the cast of informal supports — the informal networks of babysitters, job contacts, information sharers, and friends that one meets in church or runs into at the laundromat or grocery store — as well as children's playmates and, most importantly, classmates. What proportion of welfare recipients' neighbors are also welfare recipients? What proportion of low-income residents' neighbors are also poor? This index represents the probability that a poor person will not encounter a non-poor person or that a welfare recipient will not be exposed to a nonrecipient in the tract of residence.[23] This index also ranges from 0 to 100, with higher values indicating a higher degree of isolation.

Based on these three indices, the analysis reveals the following changes in patterns of residential segregation in Los Angeles County.

- **The proportion of poor individuals living in extremely high-poverty neighborhoods (that is, with poverty rates greater than or equal to 40 percent) increased in Los Angeles, from 8.3 percent in 1990 to 12.2 percent in 2000 (Table 6.3).**

Los Angeles is one of only two metropolitan areas in the United States where poverty became more residentially concentrated over the course of the 1990s.[24] The number of neighborhoods with poverty rates of at least 40 percent grew from 49 in 1990 to 83 in 2000. As mentioned in Chapter 1, the number of poor families increased in Los Angeles — outpacing population growth — to drive the poverty rate from 15 percent in 1990 to 18 percent in 2000. By contrast, the residential concentration of poverty decreased in the other three Urban Change sites: from 30 percent to 19 percent in Cuyahoga, from 20 percent to 13 percent in Miami-Dade, and from 30 percent to 28 percent in Philadelphia. Nevertheless, as these figures indicate, low-income families in Los Angeles County were less residentially concentrated in high-poverty neighborhoods than their counterparts in the other three Urban Change counties.

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[22]Massey and Denton, 1988; Abramson, Tobin, and VanderGoot, 1995; Jargowsky, 1997. The formula to calculate the dissimilarity index is presented in Appendix B.

[23]Lieberson, 1980; Massey and Eggers, 1993. The formula to calculate the isolation index is presented in Appendix B.

[24]The other is Washington, DC. See McConville and Ong, 2003.

- **The residential concentration of welfare receipt in Los Angeles declined in the late 1990s, although initial levels of concentration were already relatively low.**

In Los Angeles, the residential concentration of welfare receipt increased with rising caseloads, from 16 percent in 1992 to 20 percent in 1995, and then declined with falling caseloads, to 5 percent in 2000 (Figure 6.10). Similarly, the number of high-welfare neighborhoods increased, from 74 in 1992 to 116 in 1995, and then declined with falling caseloads, to 24 in 2000 (not shown in the figure). The residential concentration of welfare receipt declined with falling caseloads in all four Urban Change sites — most dramatically in Cuyahoga (from 71 percent in 1992 to 13 percent in 2000) and least so in Philadelphia (from 75 percent in 1992 to 61 percent in 1999).

- **The rate of segregation of poor families from nonpoor families increased in Los Angeles from 1990 to 2000, but segregation by welfare status was stable.**

As shown in Table 6.3, while only 35 percent of Los Angeles's residents would have needed to move to achieve an equitable distribution of poor and nonpoor households in 1990, that proportion increased to 54 percent by 2000. Segregation by poverty was much more stable in the other three Urban Change counties, increasing marginally in Philadelphia and declining marginally in Cuyahoga and Miami-Dade. The segregation of welfare recipients from nonrecipients was fairly stable over time in each of the four counties, as shown in Figure 6.11. Welfare recipients in Los Angeles experienced levels of housing segregation similar to the levels of their counterparts in Miami-Dade and less severe than the levels of their counterparts in Cleveland and Philadelphia. As in the other three counties, welfare caseload declines did not result in more equitable housing opportunities for low-income families in Los Angeles.

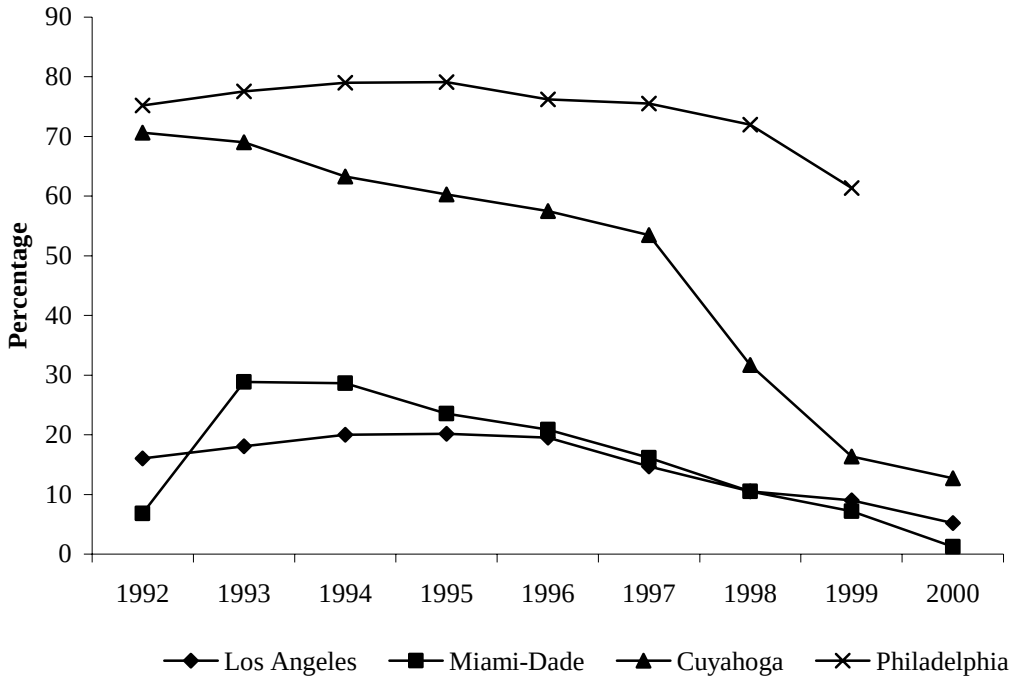
- **Poor families became slightly more isolated from nonpoor families in Los Angeles between 1990 and 2000, while welfare recipients became less isolated from nonrecipients.**

As shown in Table 6.3, the average poor resident in Los Angeles would find that 23 percent of his or her neighbors were also poor in 1990 and that 27 percent were also poor in 2000. Welfare recipients, on the other hand, became less isolated from nonrecipients, in part because they made up a smaller and declining share of the county's population. Figure 6.12 shows that isolation among welfare recipients increased between 1992 and 1995 as caseloads increased and that isolation then declined slightly, to 10 percent by the end of the decade. The isolation of poor from nonpoor residents and of welfare recipients from nonrecipients was lower in Los Angeles and Miami-Dade than in Cuyahoga and Philadelphia. As in the other counties, welfare recipients became less isolated from nonrecipients as caseloads declined. But unlike

The Project on Devolution and Urban Change

Figure 6.10

Annual Welfare Concentration in the Four Urban Change Sites, 1992-2000



SOURCE: MDRC calculations from Los Angeles County administrative welfare records.

NOTE: The concentration index shows the proportion of welfare recipients living in census tracts with welfare receipt rates greater than or equal to 20 percent.

other counties, poor Los Angeles residents became more isolated from nonpoor residents as poverty became increasingly concentrated.

- **In Los Angeles, the number of high-poverty neighborhoods increased by 64 percent, while the number of high-welfare neighborhoods declined by 74 percent.**

As shown in Table 6.2 and discussed above, the 1990s were a period of dynamic growth and change for Los Angeles County. Despite increases in labor force participation and

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Table 6.3

Poverty Concentration and Isolation in the Four Urban Change Sites, 1990 and 2000

	Los Angeles		Miami		Cleveland		Philadelphia	
	1990	2000	1990	2000	1990	2000	1990	2000
Number of people below poverty line	1,308,255	1,674,599	341,261	396,995	191,149	179,372	313,374	336,177
Total population	8,863,164	9,519,338	1,937,094	2,253,362	1,412,140	1,393,978	1,585,577	1,517,550
Percentage of people below poverty line	14.8	17.6	17.6	17.6	13.5	12.9	19.8	22.2
Concentration[a] (%)	8.3	12.2	20.1	13.3	29.7	18.8	30.0	28.3
Isolation[b] (%)	22.9	26.6	26.5	24.7	52.5	46.7	31.9	21.2
Segregation[c] (%)	35.1	53.6	32.4	29.1	32.1	27.2	37.5	38.6

SOURCE: MDRC calculations from U.S. Department of Commerce, Bureau of the Census, 1990 and 2000.

NOTES: [a]The concentration index shows the proportion of poor people living in census tracts with poverty rates greater than or equal to 40 percent.

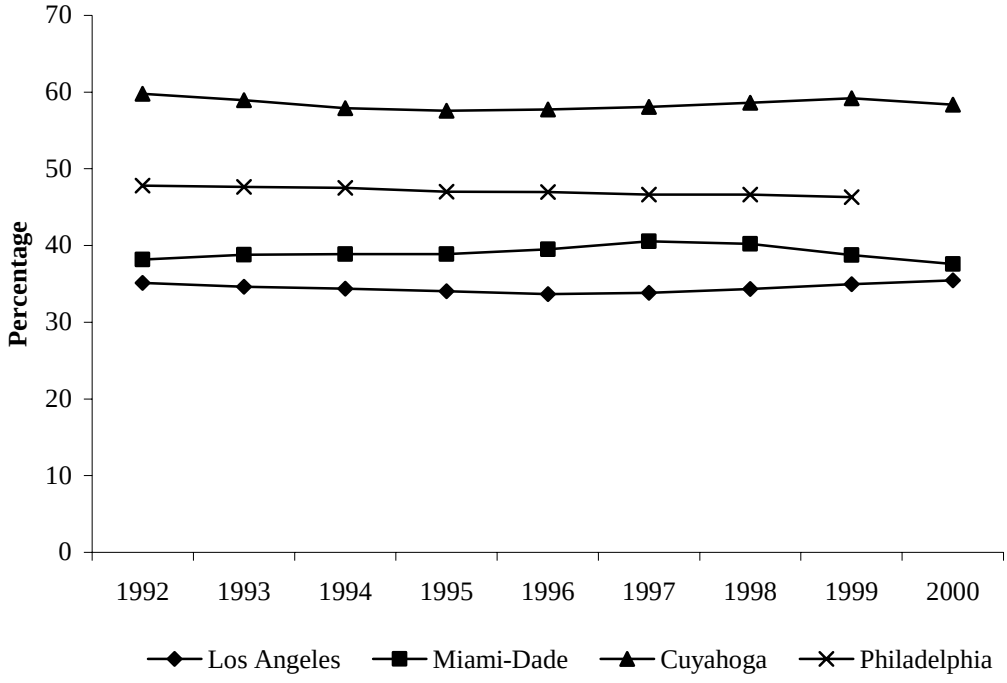
[b]The isolation index shows the proportion of a poor person's neighbors that are also poor.

[c]The dissimilarity index shows the percentage of the county's population that would have to move to another census tract in order to achieve an equal representation of poor and nonpoor residents in each census tract.

The Project on Devolution and Urban Change

Figure 6.11

Annual Welfare Segregation in the Four Urban Change Sites, 1992-2000



SOURCE: MDRC calculations from Los Angeles County administrative welfare records.

NOTE: The dissimilarity index shows the percentage of the county's population that would have to move to another census tract in order to achieve an equal representation of welfare recipients and nonrecipients in each census tract.

median household income countywide, the proportion of children increased, and the ratio of working adults to children decreased. Despite welfare caseload declines (and perhaps in part because of them), the poverty rate increased such that, by 2000, the number of poor neighborhoods had grown from 320 in 1990 to 525, but the number of high-poverty, high-welfare neighborhoods had decreased from 89 in the pre-TANF (1992-1995) period to 23 (Figure 6.1). Figure 6.13 contrasts neighborhood-level changes in poverty and welfare concentration. As

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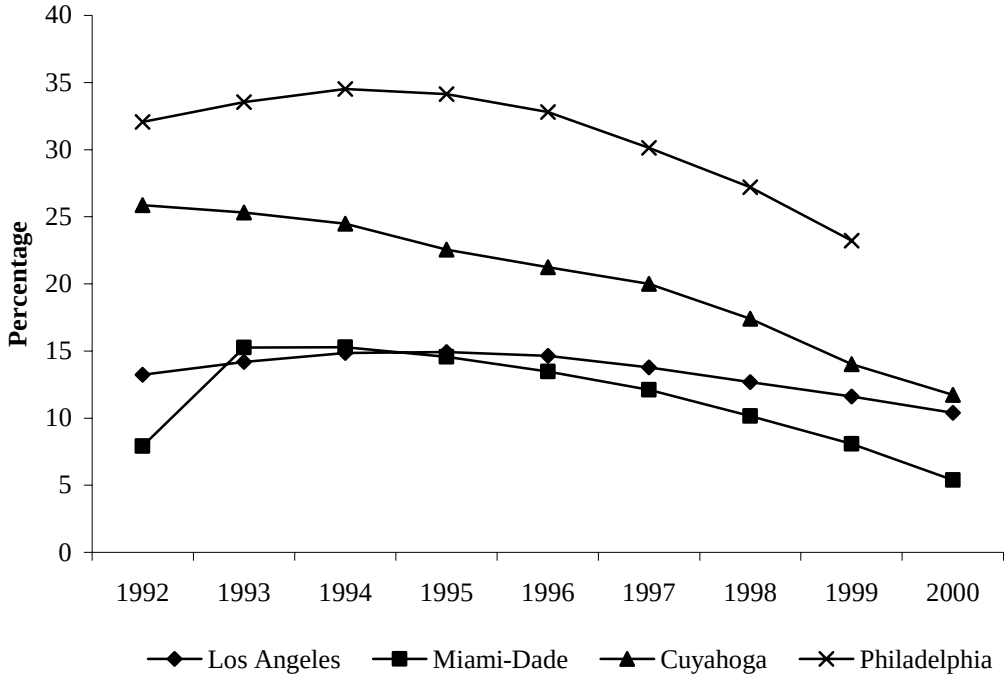
Figure 6.12

Annual Welfare Isolation in the Four Urban Change Sites, 1992-2000



SOURCE: MDRC calculations from Los Angeles County administrative welfare records.

NOTE: The isolation index shows the proportion of a welfare recipient's neighbors that are also welfare recipients.

shown in Figure 6.13a, of the 409 neighborhoods that in 1990 had high-poverty rates, 378 (92 percent) remained high-poverty neighborhoods in 2000.[25] Poverty declined in the remaining 31

[25]Poverty rates did change in the "consistently high-poverty" tracts, but not enough to tip the neighborhoods above or below the 20 percent high-poverty threshold. For example, among the 378 consistently high-poverty neighborhoods, poverty levels remained relatively stable (neither increasing nor decreasing by 5 percentage points or more) in 218 tracts, decreased by 5 percentage points or more in 132 tracts, and increased by 5 percentage points or more in 28 tracts.

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Figure 6.13a

Changes in the Concentration of Poverty After Welfare Reform, by Census Tract, 1990 - 2000

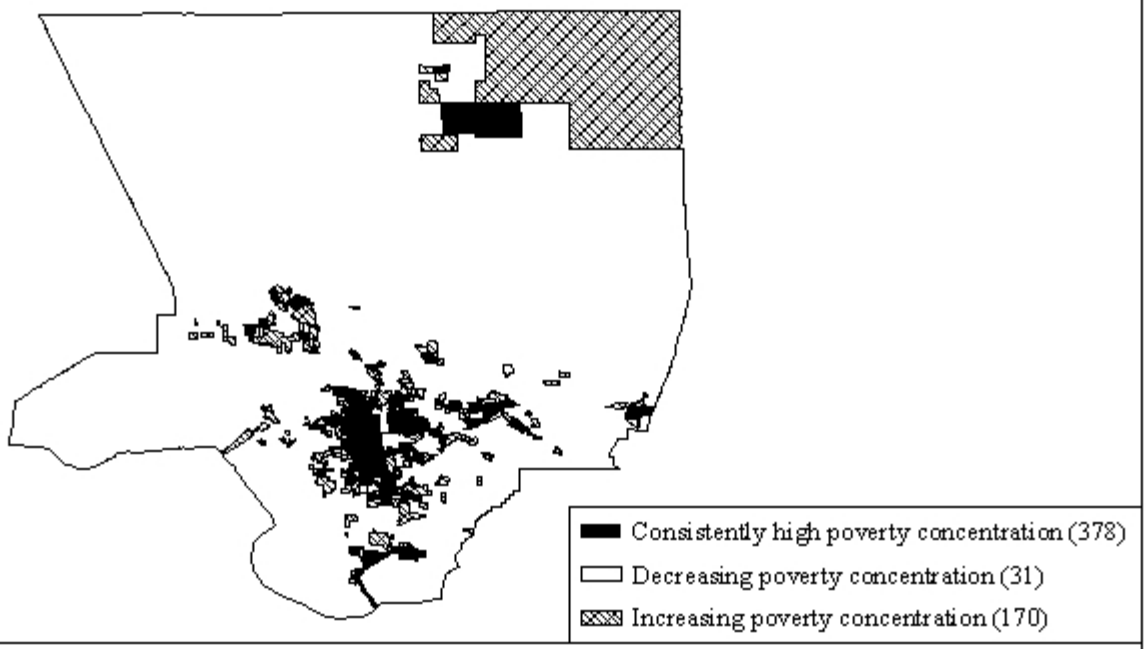

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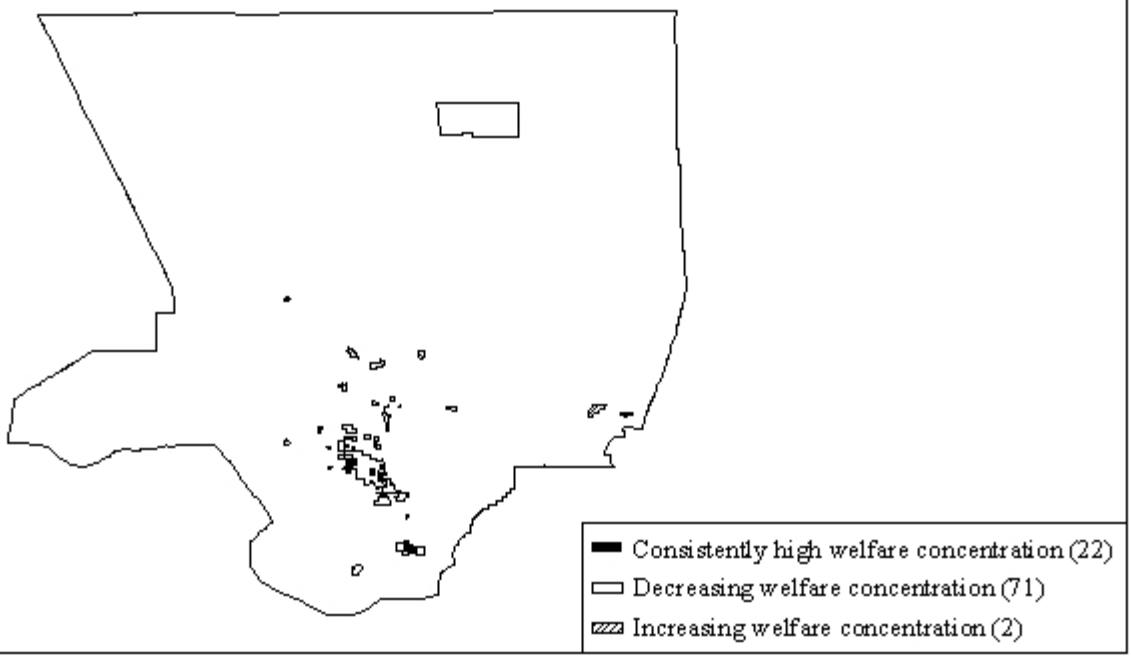
Figure 6.13b

Changes in the Concentration of Welfare Receipt After Welfare Reform, by Census Tract, Pre-Reform (1992-1995) to 2000



SOURCE: Urban Change Neighborhood Indicators Database.
NOTE: High poverty and welfare receipt thresholds are 20 percent.

tracts (8 percent), such that they were no longer high-poverty neighborhoods in 2000; but poverty increased elsewhere, such that 170 tracts became high-poverty neighborhoods in 2000.[26]

By contrast, as shown in Figure 6.13b, of the 93 neighborhoods that had high levels of welfare receipt in the pre-TANF period, only 22 tracts (24 percent) evidenced high levels of welfare receipt in 2000. Most neighborhoods (71 tracts, or 76 percent) were no longer high-welfare neighborhoods. Only 2 additional tracts became high-welfare neighborhoods by 2000. Thus, while the percentage of high-welfare neighborhoods decreased from 6 percent before welfare reform to 1 percent in 2000, the percentage of high-poverty neighborhoods increased from 25 percent to 34 percent. Clearly, at the neighborhood level, the 1990s were an era of increasing poverty and decreasing reliance on cash assistance.

Neighborhoods change for many simultaneous and interrelated reasons, and it is difficult to predict where poverty rates will increase or decrease or to even offer conclusive retrospective explanations of why they did.[27] The 170 neighborhoods in Los Angeles where poverty increased were not the poorest in 1990, and labor force participation rates in these neighborhoods were relatively high, if stagnant, throughout the decade (Table 6.4). But they evidenced greater-than-average declines in the ratio of working adults to children, greater-than-average increases in the proportion of children and foreign-born residents, and a particularly disproportionate increase in the percentage of adult residents without a high-school diploma. McConville and Ong attribute the growing concentration of poverty in Los Angeles throughout the 1990s to immigration and the economic assimilation of immigrant children, increasing competition at the bottom end of the labor market due to an influx of workers with low skills, and the declining labor market demand for aerospace and other manufacturing jobs. They observe that neighborhood poverty in 1990s Los Angeles was increasing more dramatically, but also in different ways, than in prior decades. First, neighborhood poverty in the 1990s was more often occurring in suburban than urban neighborhoods. Second, the Latino — and, to a lesser extent, the Asian/Pacific Islander — share of the poor population and representation in poor neighborhoods was increasing, while the African-American share and representation was decreasing. Third, they note that as the increase in the share of foreign-born residents was much larger in the 1970s and 1980s than in the 1990s, the direct effects of international migration on growing neighborhood poverty were probably less significant than the indirect effects of the growing share of adults without a high-school diploma and the growing proportion of children. Each of these

[26]Most of changes in poverty rates that tipped neighborhoods above or below the 20 percent poverty threshold were sizable, particularly among tracts that moved from low- to high-poverty status. Poverty levels decreased by more than 5 percentage points in more than half the tracts (17 out of 31) that crossed the 20 percent poverty threshold to become "low-poverty" tracts. Similarly, poverty levels increased by 5 percentage points or more in most of the tracts (140 out of 170, or 82 percent) that crossed the poverty threshold to become "high-poverty" tracts.

[27]Galster, Quercia, Cortes, and Malega, 2003.

The Project on Devolution and Urban Change

Table 6.4

Demographic Composition and Labor Force Participation Among Neighborhoods, by Change in Poverty Concentration, Los Angeles County, 1990 and 2000

	Neighborhoods Where Poverty Increased from Less Than 20% in 1990 to More Than 20% in 2000 (N =170)		All Residential Los Angeles Neighborhoods (N = 1,620)	
	1990	2000	1990	2000
Population	1,040,762	1,155,757	8,767,664	9,435,422
Age composition (%)				
Children (ages 0-17)	29.2	32.3	26.2	27.9
Adults (ages 18-64)	62.9	60.5	64.1	62.3
Seniors (ages 65 and up)	7.8	7.1	9.7	9.7
Ethnic composition and nativity (%)				
Hispanic	48.3	60.2	37.5	44.8
Non-Latino black	15.2	13.9	10.8	9.4
Non-Latino white	27.2	15.3	40.8	30.8
Non-Latino Asian	8.7	7.6	10.4	11.7
Foreign born	37.4	41.5	32.8	36.3
Education and labor force participation (%)				
Percentage without a high school diploma	39.2	43.2	30.1	30.2
Total labor force participation rate	59.1	58.0	55.6	60.5
Median rent and homeownership				
Median rent ($)	597	656	678	809
Five-year household mobility rate (%)	42.2	47.9	47.2	52.0
Homeownership (%)	36.2	35.4	48.0	47.7
Income and poverty				
Median family income ($)	31,114	34,989	42,729	53,373
Ratio of income to poverty (%)				
Below 50% of poverty	6.6	10.4	6.6	8.1
Below 100% of poverty	15.8	24.5	15.2	18.0
Below 150% of poverty	29.3	40.2	25.5	30.0
Below 200% of poverty	42.5	53.2	35.2	40.1
Provider ratio				
Ratio of working adults to children	1.55	1.13	1.81	1.48

SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

three observations is consistent with the characteristics of the neighborhoods where increasing poverty was found in the present analysis. Importantly, as McConville and Ong observe, even in neighborhoods where poverty was increasing, rates of single parenthood were declining, and rates of labor force participation were consistently high.[28]

Summary and Conclusions

Across Los Angeles County, the 1990s were an era of increasing poverty and decreasing reliance on cash assistance. The percentage of high-welfare neighborhoods decreased from 6 percent before welfare reform to 1 percent in 2000, and the percentage of high-poverty neighborhoods increased from 25 percent in 1990 to 34 percent in 2000. This analysis of the outcomes of these dramatic changes in neighborhood composition on the well-being of children and families offers reassurances and identifies challenges.

On the one hand, the sky did not fall on Los Angeles County after welfare reform, as some opponents suggested that it might. As in the other counties studied as part of the Project on Devolution and Urban Change, welfare recipients who were living in the most distressed neighborhoods were just as likely to work as those living in less distressed neighborhoods, suggesting that neither neighborhood cultural norms nor neighborhood structural disadvantages were formidable enough to prevent determined families from achieving employment. Similarly, gradual declines in the rates of teen birth and child maltreatment — along with gradual increases in the adequacy of prenatal care — suggest that progress can be achieved to prevent harm and to provide care in ways that will benefit families and children at risk for years to come.

On the other hand, the rising tide of economic growth did not lift all boats. Port-of-entry counties like Los Angeles and Miami-Dade have been called the "Ellis Islands" of the late twentieth and early twenty-first centuries, extending the welcome of America's characteristically open immigration policies to new Americans, who now, as in other times and places, have helped revitalize urban culture, cuisine, and commerce by repopulating neighborhoods, renovating houses, and replenishing the tax base. Fixed block grants and federal restrictions on essential work and income supports for noncitizens are likely to put severe economic strain on these counties, even in prosperous times. As mentioned in Chapter 2, Los Angeles faced the challenge of implementing welfare reform with more generous terms on a much greater scale and amid a greater increase in poverty than any of the other three Urban Change counties. Contrary to the trend in cities across the United States — and despite economic growth and significant caseload declines — the residential concentration of poverty, the segregation of poor from nonpoor

[28]McConville and Ong, 2003.

households, and the isolation of the poor all increased during the 1990s in Los Angeles County, with implications for intensified public demands for social and civic services. Specifically, the proportion of children and the proportion of adults without a high school diploma are increasing in many neighborhoods, and although rising labor force participation rates suggest that more families than ever are working, rising poverty rates suggest that the earnings of an increasing number of families are not adequate to their needs. In other times and places, industrial demand has created more middle-rung jobs for new Americans, who, in turn, organized labor supply to demand a living wage. But as demand-side forces have changed and labor has weakened, public work supports such as child care and Medicaid, income supports such as food stamps and cash assistance, and effective child and adult education systems are needed more than ever for the growing number of families and children living in Los Angeles's poor neighborhoods.

Appendix A

Supplemental Tables to Chapter 3

The Project on Devolution and Urban Change

Appendix Table A.1

Descriptive Statistics of New Monthly Cash Assistance Individual Entrant Groups (in Quarters)

	1993 Quarter 4	1994 Quarter 4	1995 Quarter 4	1996 Quarter 4	1997 Quarter 4	1998 Quarter 4	1999 Quarter 4	2000 Quarter 4	2001 Quarter 4
Proportion female (%)	0.72	0.72	0.71	0.68	0.71	0.68	0.69	0.70	0.66
	(0.45)	(0.45)	(0.45)	(0.47)	(0.46)	(0.47)	(0.46)	(0.46)	(0.47)
Age at first AFDC/TANF spell	32	32	32	32	32	32	32	32	33
	(9)	(9)	(9)	(10)	(10)	(10)	(10)	(10)	(10)
Proportion having a second spell of welfare receipt (%)	0.30	0.26	0.33	0.30	0.31	0.28	0.25	0.16	--
	(0.46)	(0.44)	(0.47)	(0.46)	(0.46)	(0.45)	(0.43)	(0.37)	--
Earnings 4 quarters before first AFDC/TANF spell ($)	623	843	846	914	932	967	1,014	1,157	1,348
	(1,475)	(1,551)	(1,519)	(2,688)	(1,815)	(1,735)	(1,858)	(3,008)	(2,306)
Number of quarters employed 4 quarters before first AFDC/TANF spell	0.28	1.34	1.36	1.37	1.40	1.41	1.42	1.48	1.53
	(0.45)	(1.59)	(1.60)	(1.61)	(1.61)	(1.63)	(1.63)	(1.65)	(1.67)
Sample size	15,719	13,506	7,203	5,191	3,615	3,106	2,888	3,307	4,285

SOURCES: MDRC calculations using Los Angeles County welfare administrative records and unemployment insurance records.

NOTES: The demographics are estimated using the individual recipients on the cases represented in the chapter. As a result, the sample sizes reported above for individuals in each group do not correspond to the sample sizes for cases reported in Appendix Table A.2. Average earnings and employment are for all new quarterly individual entrants to AFDC/TANF who are 18 years and over. Quarterly entrants are used in the employment and earnings analysis because earnings data are reported quarterly.

Standard deviations are listed in parentheses.

The Project on Devolution and Urban Change

Appendix Table A.2

Sample Sizes for New Entrant Groups, by Year of First Cash Assistance Receipt

Year	Observations for Cases Starting AFDC/ TANF (1)	Observations for Cases Starting AFDC/ TANF (Excluding January and July) (2)	Observations for New Long-Term Cases (AFDC/TANF) (3)	Observations for Recidivist Cases Reopening Within 6 Months (4)	Observations for Individuals Starting Food Stamps Who Open AFDC/TANF Cases Within 6 Months (5)
1993	96,467	52,271	---	21,667	176,723
1994	84,610	45,950	---	59,169	153,755
1995	52,645	26,733	34,741	60,733	87,504
1996	44,376	21,353	29,052	40,439	86,822
1997	33,012	15,935	23,460	43,520	65,445
1998	26,713	13,607	18,024	36,250	61,296
1999	87,472	15,086	11,669	77,038	68,685
2000	108,027	21,287	7,625	93,347	91,158
2001	99,340	26,847	17,696	50,947	50,347
Total	632,662	239,069	142,267	483,110	841,735

SOURCE: MDRC calculations using Los Angeles County welfare administrative records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

Long-term cases are cases that open for the first time and then go on to receive benefits 18 months out of a 24-month period. As a result of the 24-month base period, the first long-term case group occurs in 1995.

Food stamp case results exclude single (adult) recipients, who were subject to different eligibility rules since 1996. The percentage of individuals receiving food stamps who open a welfare case refers to the proportion of individuals who receive food stamps, but not cash assistance, who open a cash assistance case within a specified period of time.

Appendix B

Methodological Notes

Using Neighborhood Indicators for Research: Strengths and Limitations

The advantages of using aggregate indicators to measure change in neighborhoods and the population residing therein are several.[1] First, since welfare policy changes were under way before the study began, indicators created from data that have already been collected provide a retrospective baseline. Second, the availability of statistical indicators allows many neighborhoods to be studied, because the data sources cover the entire city and county. Third, the use of Geographic Information System (GIS) technology makes it practical to manipulate this sort of data and to build up to the desired units of geography through aggregation. Fourth, the data can be subjected both to traditional time-trend analyses and also to spatial and ecological analyses.[2]

Several limitations arise as well from using available indicators. Indicators are typically constructed from data collected for administrative, not research, purposes. Thus, they may be proxies only for the concepts of interest. The use of administrative data could also be a potential source for bias. For example, crimes are known to be underreported to the police,[3] law enforcement jurisdictions differ in their response to crime reports,[4] and practices within jurisdictions change over time. These factors can affect whether a crime record is generated and how the crime is classified. Child abuse and neglect reports are vulnerable to similar problems.[5]

The Calculation of Concentration Indices

The Dissimilarity Index

The dissimilarity index is calculated as shown below:

$$D = .5\sum_{i} \left|q_i - r_i\right|$$

where q_i is the welfare population and r_i represents the share of all persons not on welfare living in the census tract.

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[1]Coulton, 1997.

[2]Neighborhood indicators are calculated through aggregations of people, houses, businesses, streets, buildings, and so on; they are limited in the degree to which they can be used to draw conclusions about individuals. Aggregate variables are legitimate measures of ecological phenomena, such as neighborhood conditions and characteristics of neighborhood residents. It is important, however, that the theory and hypotheses that drive the analyses be pertinent to the aggregate units rather than to the individual cases that go into the aggregate measure.

[3]O'Brien, 1985.

[4]Sherman, Gartin, and Buerger, 1989.

[5]O'Toole, Turbett, and Nalpeka, 1983.

The Isolation Index

The Isolation index is calculated as shown below. In this case, it is 1 minus the probability that a cash welfare recipient will encounter a nonwelfare recipient. It is calculated as:

$$P = \sum_i q_i [y_i / t_i]$$

where q_i represents the share of a given subpopulation (for example, all welfare recipients) living in census tract i; y_i is the number of persons not in the specified subpopulation living in census tract i; and t_i is the total population of census tract i. The P-index "is the minority-weighted average of each census tract's majority proportion";[6] the $1 - P$ can be interpreted as in index of isolation, with a higher value meaning more isolation. This index is sensitive to the relative size of the minority group.

[6]Massey and Denton, 1998.

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MDRC is a nonprofit, nonpartisan social policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Child Development
- Improving Public Education
- Promoting Successful Transitions to Adulthood
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.