CALIFORNIA BUDGET PROJECT

Welfare Reform Update

December 2003

MOVING BEYOND WELFARE:
WHAT DO WE KNOW ABOUT FORMER CALWORKS RECIPIENTS?

KEY FINDINGS

California's welfare caseload has declined steeply since 1995, and has continued to drop despite an increase in the number of out-of-work Californians since 2000.[1] However, steep caseload reductions are not enough to declare welfare reform a success. What happens to California families when they leave welfare? This *Update* examines recent studies of California welfare "leavers," as well as studies that focus on leavers in other states or from a national perspective. Most of these studies define leavers as former welfare recipients who have been off cash aid for at least two consecutive months. Key findings of this analysis include:

- Leavers commonly cite work and increased earnings as their reason for leaving welfare. About half of leavers in some Bay Area counties said they left welfare for a work-related reason. While only about one-third of Los Angeles County leavers reported leaving cash aid for a work-related reason, work was the most frequently cited reason for leaving welfare in Los Angeles County.

- Statewide, about half of leavers who left welfare in 1999 were working in any given quarter after leaving aid. Leaver employment levels were substantially higher in certain Bay Area counties, but less than half of Los Angeles County leavers were employed about one year after leaving. National data indicate that the percentage of leavers with jobs declined from about 50 percent in 1999 to about 42 percent in 2002 due to the recession. This suggests that recent welfare leavers are less likely to find and keep jobs than in the late 1990s.

- Statewide, average earnings were higher for individuals who left welfare in the mid- to late 1990s than for those who left welfare earlier, but overall earnings remain low. For instance, 1999 leavers earned an average of about $1,500 in their first *quarter* after leaving aid. Earnings varied between Los Angeles County and several Bay Area counties. Median hourly wages among leavers in these counties were well above the state minimum wage, but much lower than what it costs to meet a family's basic needs in California.

- In Los Angeles County and several Bay Area counties, household income – which includes earnings and other sources of financial support – tends to be higher than in some other states. However, more than half of Los Angeles County leaver families had household incomes below the federal poverty level.

- Not all welfare leavers are employed. While some non-working leavers have alternative sources of income, such as a working spouse, national data indicate that one out of seven welfare leavers have no visible means of financial support. These "disconnected" leavers are more likely to have barriers to work and to experience food- and housing-related hardships than working leavers.

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- Many families do not receive supports designed to help them transition to employment and self-sufficiency after they leave aid. These supports include food stamps, Medi-Cal health coverage, child care, and the federal Earned Income Tax Credit. While Medi-Cal enrollment among leavers increased in the late 1990s, the proportion of former recipients with Medi-Cal coverage declines with time away from welfare. However, Medi-Cal enrollment among leavers is notably high and steady in Los Angeles County compared to other California counties and the state as a whole.

- Many families experience hardships after they stop receiving cash assistance. For example, nearly one-third of leavers in certain Bay Area counties reported not having enough food to eat. Leavers in various California counties also reported medical and housing hardships.

- Not all leavers stay off welfare permanently. While a smaller proportion of California leavers return to aid than in other states, several county-level studies have found higher rates of welfare return than is indicated by recent statewide data.

Introduction

California's welfare caseload dropped 48.7 percent between its peak in March 1995 and August 2003.[2] The decline was steepest in the late 1990s and through 2000, when a healthy economy, combined with stronger work policies and supportive services enacted as part of federal welfare reform in 1996, moved thousands of families out of the California Work Opportunity and Responsibility to Kids (CalWORKs) program.[3] The CalWORKs caseload has continued to decline, although less robustly, since the economic recession of 2001.[4] However, caseload reductions are not sufficient to declare welfare reform a success; helping families achieve self-sufficiency is equally important in order to move adults and children out of poverty and help families avoid returning to welfare.

This *Update* examines statewide and county-level studies of California welfare "leavers" that have been published since mid-2001.[5] Studies of employment outcomes for leavers in California's rural and agricultural counties are currently not available, despite the fact that these counties tend to have high unemployment rates and offer welfare leavers more limited job opportunities. This *Update* also examines recent reports that focus on leavers in other states or from a national perspective, in order to provide context for the California studies.

Most of these studies define welfare leavers as former recipients who have stopped receiving cash assistance for at least two consecutive months. In many states, leavers include people who have been sanctioned off welfare as punishment for not meeting program requirements. However, the maximum penalty in California for not following program rules is a reduction in the family's cash grant, rather than termination of all cash aid. In addition, in other states, leavers include families that have been dropped from the welfare rolls due to reaching the time limit on receipt of cash aid. In California, the CalWORKs 60-month time limit applies only to adults; children continue to receive state-funded cash assistance if the family meets eligibility guidelines.[6] As such, this *Update* does not address sanction or time limit policies or the characteristics of adults who have been sanctioned or reached state time limits.[7]

This *Update* addresses the following questions:

- Why do recipients leave welfare?
- How many welfare leavers are working?

- What types of jobs do leavers find and how much do they earn?
- What are their household incomes?
- What do we know about individuals who have left welfare, but who are not working?
- Do leavers receive Medi-Cal, food stamps, and other supports for which they are eligible?
- What hardships do former welfare recipients experience?
- Do they return to welfare?[8]

Why Do Recipients Leave Welfare?

Welfare leavers in California commonly cite work and increased earnings as their reason for leaving CalWORKs, according to county-level survey data.[9] Nearly half (49 percent) of leavers surveyed in Alameda and Contra Costa counties left cash assistance due to “employment changes” or “increased earnings.”[10] A higher proportion of Sonoma County leavers (55 percent) left welfare due to increased income.[11] Only about one-third (35 percent) of Los Angeles County leavers reported leaving welfare due to increased earnings or finding a job; however, work was the most frequently cited reason for leaving welfare in Los Angeles County.[12]

However, work and increased earnings are not the only reasons that individuals leave CalWORKs. In Los Angeles County, 16 percent of former recipients said they no longer needed cash assistance or felt it was “too much of a hassle” to continue receiving benefits, while 11 percent said that changes in family composition (for example, marriage or the youngest child turning 18) caused them to leave welfare.[13]

Leavers in certain Bay Area counties offered similar reasons for leaving welfare, including not complying with or avoiding program requirements or having a changed living situation.[14] Many of the leavers in these categories may have left welfare without a job. For example, an analysis of several welfare programs across the nation found that more than one-third (36 percent) of leavers did not work during the first four months after they stopped receiving cash assistance.[15]

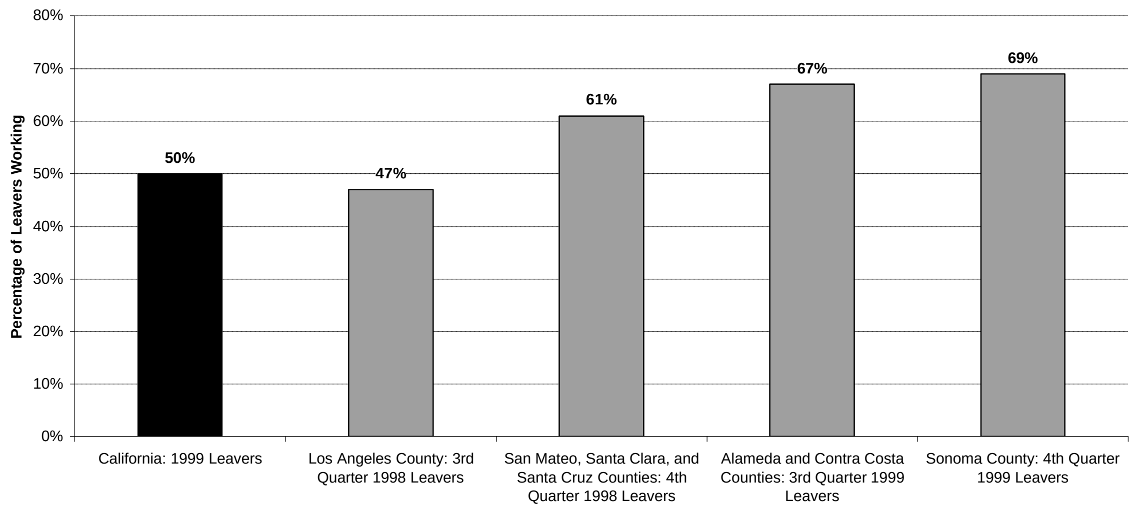
About Half of Former California Recipients Work After Leaving Welfare

One of the basic presumptions underlying welfare reform is that work is the best way for people relying on cash assistance to attain self-sufficiency. CalWORKs’ “work-first” orientation, along with that of the 1996 federal welfare law, limits the time that individuals can spend in training and education, based on the theory that the best way to move people off welfare is to get them into jobs as quickly as possible. Under a successful work-first model, recipients would find jobs and retain employment once off welfare.

Studies of employment among California’s welfare leavers focus on the late 1990s and 2000, a period of strong economic growth prior to the 2001 recession. For example, a RAND evaluation of the CalWORKs program uses administrative data, which may underestimate employment, to assess the status of leavers.[16] This study finds that employment among leavers across California increased during the 1990s, but remained low overall. Whereas less than one-third of 1991 leavers were working in any given quarter after leaving welfare, about half of 1999 leavers were employed in any given quarter (Figure 1).[17] In short, 1999 leavers were more likely to be employed than earlier cohorts, but many were not working even at the peak of California’s booming economy.

The Manpower Demonstration Research Corporation (MDRC) relies on administrative data to com-

Figure 1: Not All Former Welfare Recipients Are Employed



Note: Figures for California and Los Angeles County are based on administrative data; figures for Bay Area counties are based on survey data. California and Sonoma County figures are approximate.
Source: RAND, Manpower Demonstration Research Corporation, and SPHERE Institute

pare the status of Los Angeles County leavers who left welfare in the third quarters of 1996 and 1998.[18] The study finds that 1998 leavers were more likely to be employed in any quarter during the year after they left cash aid as compared to those who left welfare in 1996. Nonetheless, employment rates were low for both groups of Los Angeles County leavers. Nearly 47 percent of 1998 leavers, and about 41 percent of 1996 leavers, were working during the fourth quarter after leaving aid.[19] While 1998 leavers were more likely to be employed in all four quarters as compared to 1996 leavers (34.2 percent versus 28.1 percent), steady workers represented a minority of all leavers. Moreover, four out of ten 1998 Los Angeles County leavers (40.9 percent) did not work at all in the year after leaving CalWORKs.[20]

The SPHERE Institute conducted three surveys to assess the employment status of leavers in six Bay Area counties.[21] These studies find that:

- 61 percent of leavers in San Mateo, Santa Clara, and Santa Cruz counties who left welfare in late 1998 reported working 18 months later. In addition, while leavers themselves may not work, other members of leaver households may be employed. In these counties, about three-quarters of leaver households had earnings 18 months after leaving aid.[22]

- 67 percent of leavers in Alameda and Contra Costa counties who left welfare in the third quarter of 1999 reported working one year later. In addition, more than 80 percent of leaver households in these counties had earnings.[23]

- About seven out of 10 leavers in Sonoma County who left welfare in late 1999 reported working one year later. In addition, more than four out of five leaver households reported earnings one year after leaving aid.[24]

Overall, smaller proportions of leavers were employed statewide and in Los Angeles County than in the six Bay Area counties. Much of this variation is likely attributable to differences in local economic conditions.[25] Average annual unemployment rates in five of the Bay Area counties studied (Alameda, Contra Costa, San Mateo, Santa Clara, and Sonoma) were consistently below the state average between

1997 and 2000, whereas the unemployment rate in Los Angeles County consistently exceeded the state average by approximately one-half of a percentage point.[26]
Studies from several other states show that leavers were employed at somewhat higher rates than in California as a whole in the late 1990s. In other states, more than half of former recipients were working, according to administrative data; state-level survey data show even higher employment levels among welfare leavers.[27] A national survey found that 63 percent of former TANF recipients were working in 1999.[28] In addition, an MDRC analysis of several welfare programs across the nation found that 64 percent of leavers were working during the first four months after they stopped receiving cash aid; of these working leavers, 79 percent were still employed one year after leaving welfare.[29]

In summary, statewide and county-level research indicates that about half or more, but far from all, former recipients were employed after leaving CalWORKs during the period of strong economic growth in the late 1990s. However, joblessness has increased in California and nationally due to the recent recession and continuing weak job market.[30] National data indicate that the percentage of leavers who are employed declined from about 50 percent in 1999 to about 42 percent in 2002.[31] In addition, the unemployment rate for single mothers increased 2.5 percentage points, to 9.4 percent, between 2000 and the first half of 2003.[32] This suggests that welfare leavers are less likely to find and keep jobs today than in the late 1990s.

Many Leavers Work in Low-Wage, Service Sector Jobs

The work-first approach assumes that welfare recipients will not only work their way off cash aid, but also that their wages will eventually be high enough to support a family. Yet, leavers often find jobs with minimal promise of advancement. None of the leaver studies examined in this report include data on the types of jobs held by California welfare leavers. However, a recent study drawing on national survey data found that in the late 1990s, seven service sector industries, including food service, personnel supply services, and child care, accounted for employment of more than half (50.7 percent) of former welfare recipients.[33] Wages in these industries tend to be low. For example, the average hourly wage for food establishments was $6.94 in the second quarter of 2003, much lower than the $13.94 hourly average for the private sector as a whole.[34]

A study of employed, poor, single women in four urban counties, including Los Angeles County, found that most women worked in low-skill, service sector jobs.[35] More than half of respondents (54 percent) worked in 10 occupations, including housecleaner or maid; cashier; health or nursing aide; child care worker; food preparation; secretary; and retail sales. Moreover, a recent survey of Los Angeles County firms found that a significantly larger share of low-wage businesses had hired a recent welfare recipient in the previous year as compared to firms paying higher wages.[36]

Earnings Are Low Statewide, but Relatively High in Some Counties

Using administrative data, the RAND statewide CalWORKs evaluation found that *average* (mean) inflation-adjusted earnings were higher for individuals who left welfare in the mid- to late 1990s than for those who left welfare earlier, although overall earnings remained low. For example, 1999 leavers earned an average of about $1,500 in their first quarter after leaving aid (about $500 per month on an average monthly basis), while 1991 leavers earned an average of about $1,000 in the same period, after adjusting for inflation.[37] Only 25 percent to 30 percent of Californians who left welfare in the late 1990s were working the equivalent of full time at the minimum wage, although this was up from about 15 percent of 1991 leavers.[38]

Administrative data for Los Angeles County show that the *median* leaver who left cash assistance in late 1998 had earnings of $3,286 in the subsequent quarter – approximately $1,095 per month on an average monthly basis.[39] The median leaver who was working in the fourth quarter after leaving aid made slightly more—$3,314, about $1,105 on an average monthly basis.[40] Employed leavers in Los Angeles County worked an average of 34 hours per week, and about seven out of 10 employed leavers worked more than 30 hours per week, according to survey data. The typical employed leaver in late 1998 earned $7.50 per hour, or $13,260 per year assuming 34 hours of work per week, which was less than the 1998 federal poverty level (FPL) for a family of three ($13,650).[41]

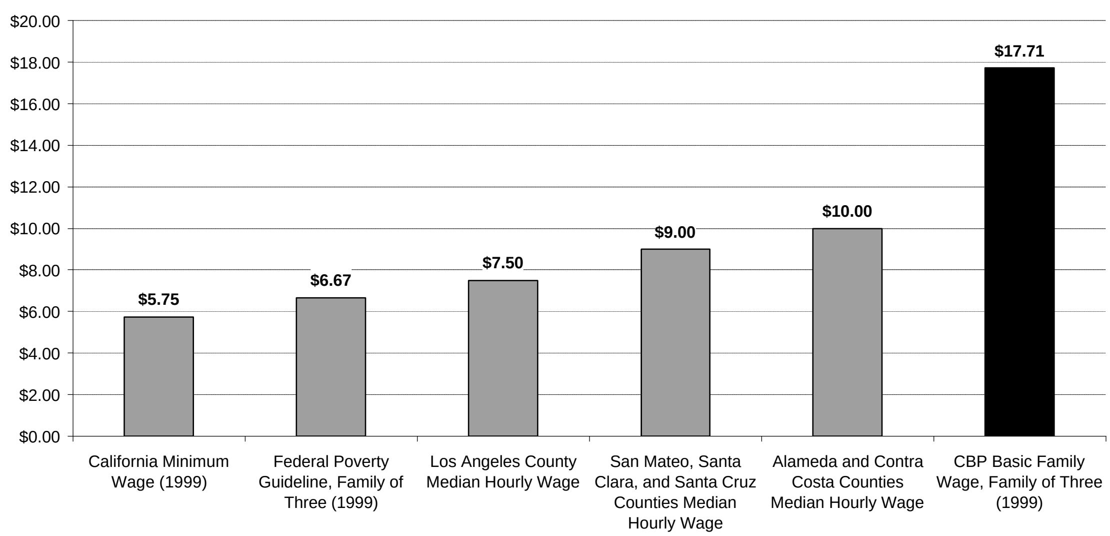
The Bay Area studies indicate that former welfare recipients in areas with strong economies earned between $9 and $10 per hour and that median leaver *households* (including those in which the leaver was not working) had earnings of about $1,500 per month or more, according to survey data.

- In San Mateo, Santa Clara, and Santa Cruz counties, 52 percent of leavers were working full-time and 9 percent were working part-time 18 months after leaving CalWORKs, according to survey data. The median wage among employed leavers was about $9 per hour. Median leaver household earnings were about $1,500 per month, compared to about $1,200 per month one year earlier.[42]

- In Alameda and Contra Costa counties, 53 percent of leavers were employed full-time and 14 percent were employed part-time one year after leaving welfare, according to survey data. The median wage for former recipients who were working one year after leaving was about $10 per hour.[43] The typical leaver household had earnings of $1,600 per month one year after leaving welfare, slightly higher than the household earnings reported six months earlier.[44]

- According to survey data, about 60 percent of Sonoma County leavers were working full-time and about 9 percent were employed part-time one year after leaving CalWORKs. Median leaver household earnings were $1,600 per month one year after leaving CalWORKs in 1999, compared to about $1,500 per month six months earlier.[45]

Figure 2: Welfare Leavers Earn Substantially Less Than CBP's Basic Family Wage



Note: Median hourly wage for San Mateo, Santa Clara, and Santa Cruz counties is approximate. The CBP basic family wage for a family of three in 2003 is $23.54.
Source: Manpower Demonstration Research Corporation, SPHERE Institute, California Budget Project

The earnings data reported in these studies are based on different methods and therefore may not be directly comparable.[46] Nonetheless, the wages reported for Los Angeles County and Bay Area counties are well above the state minimum wage and generally higher than average leaver wages in other states, but much lower than what it costs to meet a family's basic needs in California (Figure 2).[47] California's high cost of living requires a single parent with two children to earn about $23.50 per hour to cover basic expenses in 2003.[48] Moreover, not all leavers work full-time or year-round, and wage data are available only for areas that had relatively strong economies in the late 1990s and 2000.

Leaver Household Incomes in Some Counties Exceed Those of Other States

In addition to earnings from work, leaver families may have other sources of income, including child support and state disability payments, which together make up a family's household income. Survey data for Los Angeles County indicate that the *average* (mean) household income of those who left aid in late 1998 was $1,466 per month, or nearly $17,600 per year.[49] Four out of 10 respondents (39.7 percent) lived in households with an average monthly income of less than $1,000 ($12,000 per year).[50] MDRC calculates that more than half (54 percent) of leaver families surveyed had household incomes below the federal poverty level (FPL) and that about one-quarter (23 percent) had incomes at or above 151 percent of the FPL. (The FPL was $13,880 for a family of three in 1999.)

In the Bay Area counties, *median* leaver household income one year or more after leaving welfare was more than $1,600 per month, or more than $19,000 per year.[51] Median leaver household income exceeded 110 percent of the FPL in these counties, reaching 140 percent of the FPL in Alameda and Contra Costa counties. In addition, 59 percent to 71 percent of leaver households reported household income above the FPL one year or more after leaving welfare, according to Bay Area survey data.

Household incomes tend to be higher in Los Angeles County or the Bay Area than in some other states. Survey findings show that the median monthly household income varies from $800 in the District of Columbia to $1,195 in Arizona, while the mean income ranges from $1,054 in Illinois to $1,440 in Iowa.[52] However, California's cost of living is one of the highest in the nation.

What Do We Know About Leavers Who Are Not Working?

Not all welfare leavers are employed. Limited data exist to assess how non-working leavers support themselves and their families, although California-specific data are not available. Some non-working leavers have alternative sources of income. For example, a national survey conducted in 1999 found that 11 percent of leavers were not employed, but had a working spouse; 9 percent had worked recently, and thus may have been temporarily between jobs; and 2 percent were receiving disability benefits.[53] However, an analysis of several welfare programs across the nation found "little evidence that many nonworking leavers left welfare for marriage or cohabitation."[54]

About one out of seven welfare leavers have no visible means of financial support, according to recent national survey data. These former recipients are "disconnected" – that is, do not have a job or a working spouse, do not receive disability benefits, and have not returned to cash assistance.[55] These leavers also had not worked in the previous year and "were unlikely to be temporarily between jobs." Disconnected leavers are more likely to have barriers to work and to experience food- and housing-related hardships than leavers who are employed.[56] A study of former recipients in New Jersey found that about 40 percent of disconnected leavers left welfare for work and then lost their jobs, while one-third left welfare due to a sanction.[57] About half of such leavers live with another adult and many pay no rent, and more than one-third "receive money or in-kind help from friends or relatives who do not live with them."[58] In addition, a study of multiple welfare programs found that less than one-quarter (23.1 percent) of nonworking leavers continued to receive food stamps after leaving welfare, compared to four out of 10 (42.8 percent) employed leavers.[59]

Many Leavers Receive Few Work Supports

Many leavers and their families are eligible for work supports designed to help individuals stay in jobs and support their families. These supports include food stamps, Medi-Cal, subsidized child care, and the federal Earned Income Tax Credit (EITC). Eligibility for these programs generally depends on a family's income. Despite the importance of these supports for families in transition off cash aid, recent studies indicate that many former recipients are not accessing them.

Food Stamps

A full-time working parent in a family of three can earn up to about $9.50 per hour and still be eligible for food stamps.[60] However, leavers' participation in the Food Stamps Program tends to be lower than expected given their relatively low earnings.[61]

In Los Angeles County, administrative data indicate that about a third of 1998 leavers received food stamps in the year after leaving CalWORKs.[62] In the Bay Area counties, 9 percent of one-parent families and 21 percent of two-parent families received food stamps between 11 and 16 months after leaving welfare, according to administrative data. Nearly three out of 10 one-parent families (28 percent), and more than four out of 10 two-parent families (43 percent), in the Bay Area were eligible for but not receiving food stamps between 11 and 16 months after leaving aid. Eligible families lost more than $200 per month in foregone food stamp benefits.[63]

Research from other states indicates that between 33 percent and 78 percent of leavers received food stamps just after leaving cash assistance; food stamp receipt was between 33 percent and 63 percent nine months later.[64] An MDRC analysis of several welfare programs across the country found that 42 percent of leavers stayed on food stamps immediately after leaving welfare and 60 percent of leavers had received food stamps within a year after leaving aid. However, of the 18 percent of leavers who did not initially stay on food stamps but returned to food stamps within one year, 69 percent of them had also returned to welfare.[65]

Lower usage levels in California may be explained in part by higher income disregards and grant levels, which together allow recipients to "earn off" CalWORKs at higher wages than welfare recipients in other states. This makes people who leave CalWORKs due to earnings more likely to have income that exceeds the food stamp eligibility thresholds, which are set by the federal government. However, it is also clear that many leavers, particularly those who leave welfare with no job or a low-paying job, are eligible for food stamps and do not receive them.[66]

Medi-Cal

Medi-Cal is California's version of Medicaid, a federal-state health care program for certain low-income families and individuals. Families that receive CalWORKs cash assistance automatically qualify for Medi-Cal. Most families that leave cash aid continue to be enrolled in Medi-Cal through the "Edwards Hold" category for at least one month while their case is evaluated.[67] Leavers whose income is at or below 100 percent of the FPL ($15,260 per year for a family of three in 2003) may be eligible for Medi-Cal through the "1931(b)" category for low-income, working adults.[68] Leavers may also qualify for 12 months of Transitional Medi-Cal (TMC) if they become ineligible for 1931(b) Medi-Cal or leave cash assistance due to increased earnings.[69] Other leavers may qualify for Medi-Cal through the Medically Needy category or one of dozens of other eligibility categories.[70] Children of welfare leavers may be eligible for Medi-Cal even if their parents are not.[71]

Medi-Cal enrollment among welfare leavers is much higher than food stamp receipt, but still is not universal. On the one hand, the proportion of former California welfare recipients enrolled in Medi-Cal increased from an average of 27.6 percent to 45.1 percent between 1997 and 2000, according to administrative data analyzed by RAND and the Medi-Cal Policy Institute.[72] On the other hand, the percentage of leavers covered by Medi-Cal starts out high, but declines with time since leaving welfare. In 2000, about 90 percent of former California welfare recipients who were off welfare for one month were enrolled in Medi-Cal, according to administrative data. However, about six out of 10 leavers (57 percent) who were off welfare for nine months, and less than half of leavers (46 percent) who were off welfare for 18 months, had Medi-Cal in 2000.[73]

In comparison, research from other states indicates that between two-fifths and four-fifths of leavers were enrolled in Medicaid just after exiting welfare, and Medicaid enrollment declined in most states over the next three quarters.[74] However, the declines were smaller than in California, where Medi-Cal enrollment dropped from about 90 percent to less than 60 percent after nine months.

The RAND statewide evaluation shows that the proportion of California welfare leavers enrolled in Transitional Medi-Cal declined between 1997 and 2000.[75] This decline is partly due to the creation of the 1931(b) category, which provides Medi-Cal coverage to certain low-income families who otherwise might enroll through TMC. Leavers who initially enroll in 1931(b) Medi-Cal and then lose eligibility due to increased earnings may still be eligible for 12 months of TMC. "The 1931(b) category thus can augment TMC," according to RAND.[76]

Leavers' enrollment in Medi-Cal varies widely across California's counties. The percentage of former recipients enrolled in Medi-Cal in 2000 ranged from a high of 78.2 percent in San Francisco County to a low of 17.7 percent in Sierra County, according to the RAND / Medi-Cal Policy Institute study. This suggests that counties vary "on how well they are reaching all eligible former welfare recipients."[77] The MDRC study of Los Angeles County leavers, which also uses administrative data, found an even higher percentage of leavers enrolled in Medi-Cal than reported in the RAND / Medi-Cal Policy Institute study. About 90 percent of Los Angeles County leavers who left welfare in late 1998 were enrolled in Medi-Cal in the first months after leaving, compared to 87.8 percent a year after leaving aid.[78]

In the six Bay Area counties analyzed by the SPHERE Institute, the proportion of one-parent families with at least one member enrolled in Medi-Cal declined from 71 percent to 53 percent within a year after leaving aid, according to administrative data. In contrast, about three-quarters of two-parent leaver families had Medi-Cal coverage during the same period.[79] In surveys, however, Medi-Cal enrollment appears to be lower. Leavers may not have been aware that they were automatically enrolled in Medi-Cal through the Edwards Hold category "for relatively lengthy periods of time" while the state established regulations for the 1931(b) program.[80] Thus, leavers may not have used the Medi-Cal services for which they were eligible. Perhaps because of this, between one-fifth and one-quarter of Bay Area leavers were uninsured one year or more after leaving welfare.

Declines in Medi-Cal enrollment may be partly explained by leavers' enrollment in private health insurance plans. A RAND survey of leavers in six California counties shows that Medi-Cal coverage was lower among individuals who were off welfare longer; conversely, employer-sponsored insurance coverage was higher among those with more time away from welfare. As a result of these opposing trends, leavers who had been off welfare for one year or longer were less likely to be uninsured (about 28 percent) than leavers who were off welfare for five months or less (about 35 percent).[81]

However, as discussed earlier, many welfare leavers work in low-wage, service sector jobs, and thus frequently do not have access to employer-sponsored health insurance. A California survey indicates that employers in the service and retail sectors are less likely to offer health insurance to workers than are employers in other business sectors, including manufacturing and finance.[82] In addition, small California companies with more low-wage workers than other small firms are much less likely to offer health insurance than are other firms of that size.[83] Likewise, a recent survey of Los Angeles County firms shows that 70 percent of low-wage firms, and nearly 60 percent of service-sector firms, do not offer health insurance to entry-level employees.[84]

Child Care

California leavers who are working are eligible for child care assistance for children 12 years and younger for at least two years after leaving cash assistance.[85] However, many leavers do not appear to be aware of this benefit. Only about two out of five leavers (38.6 percent) in Los Angeles County who worked one or more quarters after leaving welfare received assistance with child care costs, according to survey data.[86] One-quarter to one-third of CalWORKs leavers in Alameda, Contra Costa, and Sonoma counties reported that they were unaware of the availability of child care subsidies one year after leaving welfare.[87]

Earned Income Tax Credit

The federal EITC uses the tax system to target cash assistance to low-income families with earnings from work, and can boost a family's income by more than 30 percent. A full-time working parent with two children can earn up to about $16 per hour and still be eligible for the EITC. However, usage appears to be low, despite near universal eligibility among working leavers. Less than half of leavers in the Bay Area counties studied by the SPHERE Institute had used the EITC one year or more after leaving cash aid, according to survey data. In addition, about four out of 10 leavers in five of these counties had never heard of the EITC.[88]

Summary

County-level data suggest that the use of many work supports, especially food stamps, child care assistance, and the EITC, is quite low among leavers. Medi-Cal enrollment is relatively low in the Bay Area counties studied by the SPHERE Institute; Los Angeles County leavers are much more likely to be enrolled in Medi-Cal. Supportive services can enable former recipients to make ends meet on lower wages.[89] However, a substantial number of welfare leavers are not receiving the services and supports for which they are eligible.

What Hardships Do Leavers Experience?

One-fifth (21.8 percent) of Los Angeles County leavers reported being "food insecure," and one-fifth (22.7 percent) reported experiencing hunger.[90] One fifth (22.9 percent) stated that someone in their family could not see a doctor or go to the hospital due to lack of money or insurance. Los Angeles County leavers also reported housing hardships. One out of 10 leavers (10.8 percent) had been evicted or homeless and one-third (36.3 percent) reported excessive rent burdens.[91] Leavers who subsequently returned to cash assistance were more likely than other leavers to experience material hardships, such as excessive rent burden or unmet medical or dental needs.

Hardships also were evident in Bay Area counties. In San Mateo, Santa Clara, and Santa Cruz counties, nearly one-third (30 percent) of leavers reported sometimes or often not having enough food to eat in their household 18 months after leaving welfare. In Sonoma County, more than one-quarter of leavers reported using a food pantry, food bank, or soup kitchen after leaving welfare.[92] Many of these leavers are eligible for food stamps yet do not receive them, underlining the need for efforts to help former recipients access the food stamps for which they qualify.[93] In addition, one-fifth of leavers in these Bay Area counties reported excessive rent burden, while about 12 percent of Sonoma County leavers and 29 percent San Mateo, Santa Clara, and Santa Cruz county leavers experienced crowded housing conditions a year or more after leaving aid.

Studies in other states show that California leavers and their children are not alone in experiencing difficulties. In Arizona, the District of Columbia, Illinois, Missouri, and Washington, for instance, a quarter or more of former recipients reported not having enough to eat, cutting the size of meals or skipping meals, or being unable to buy enough food.[94] Likewise, welfare leavers in Arizona, the District of Columbia, Illinois, Iowa, and South Carolina reported being behind on rent. Finally, a significant number of leavers in Arizona and Illinois reported being unable to afford or get medical attention after leaving welfare (24 percent and 31 percent, respectively).[95]

How Many Leavers Return to Cash Aid?

Not all leavers stay off welfare permanently. Some leavers return to cash aid as a result of losing their jobs, not earning enough to remain self-sufficient, or for other reasons.[96] In California, about 15 percent of former recipients who left cash aid in 1999 were back on welfare in any given quarter during the follow-up period, according to the RAND statewide study. The rate of return was higher in the early 1990s, when one-quarter or more of California leavers subsequently returned to cash assistance.[97] This suggests that a higher percentage of leavers were able to stay off cash assistance during the strong economic expansion of the late 1990s.

However, several county-level studies have found higher rates of welfare return than is indicated by recent statewide data.[98] In Los Angeles County, one-third (31.5 percent) of those who left welfare in late 1998 were back on aid for at least one month during the subsequent year, according to administrative data. The typical leaver who returned to aid had quarterly earnings of about $1,800, substantially lower than that of the typical leaver who remained off welfare ($3,310).[99] About 20 percent of leavers in five Bay Area counties, including Contra Costa and San Mateo, had returned to welfare within 18 months, according to survey and administrative data.[100]

Sonoma County was closer to the statewide trend – about 15 percent of leavers returned to CalWORKs one year after exit. Leavers who returned to welfare in Sonoma County had less education and reported more barriers to employment, such as lack of access to a car, than Sonoma County leavers who remained off aid.[101]

National survey data and studies of leavers in other states indicate that one-fifth or more of families leaving welfare return within one year.[102] Leavers who had little education, little work experience, poor health, and had a child after leaving welfare were more likely to return to welfare than the average leaver.[103] In addition, about one-third (32.2 percent) of African-American former recipients return to cash assistance, compared with about one out of four (24.1 percent) Latino leavers and one out of eight (12.7 percent) white leavers. Families that received work supports, such as subsidized child care and government health insurance, were less likely to return to cash aid. However, as discussed above, many leavers do not receive supportive services for which they are eligible.[104]

CONCLUSION

Despite CalWORKs' emphasis on finding jobs, not all of the individuals who leave welfare have a job or retain employment. Moreover, national data indicate that welfare leavers are finding it harder to find and keep jobs in the current economy. Among those who are working, earnings are typically quite low, often above the federal poverty level for a family of three, but about half of what it costs to raise a family in California. Most employed leavers work in low-wage industries with few opportunities for advancement and limited access to employer-provided health insurance. While some counties have relatively high Medi-Cal enrollment, a large proportion of families do not benefit from programs for which they are eligible, such as food stamps, Medi-Cal, subsidized child care, and the EITC. Low wages combined with lack of participation in benefit programs creates economic difficulties for many families that have left CalWORKs.

Information gaps prevent a full understanding of how leavers are doing. While the RAND statewide CalWORKs evaluation provides valuable information regarding employment, quarterly earnings, and Medi-Cal receipt among California leavers, there has been no recent statewide reporting on wages and the types of jobs that former recipients find. Little is known about variation in outcomes among counties, and the county-level research that has been conducted to date has been in urban areas with strong economies. Relatively little is known about former recipients in California who neither work nor return to cash assistance, and about whether outcomes for California differ by race and ethnicity.

The state and counties can take several actions to help fill information gaps and help support former welfare recipients and their families:[105]

- ***The state should initiate ongoing monitoring and evaluation of welfare leavers, including those without jobs.*** This should include surveys regarding hourly wages and hours worked. Without systematic and ongoing tracking of leavers at the state and county levels, it is difficult to determine to what extent welfare reform improves the lives of low-income California families.

- ***The state needs to differentiate among counties and include rural areas in its tracking and monitoring efforts.*** Relative to rural areas, Bay Area counties were characterized by strong economies and plentiful jobs, particularly during the economic boom of the late 1990s. While unemployment has increased significantly in Bay Area counties since the 2001 recession, regional economic disparities between rural and urban counties remain.

- ***The state needs to monitor outcomes for leavers by race and ethnicity.*** Where substantial variation exists, the state should examine the causes and design programs accordingly.

- ***The state and counties need to ensure that leavers know about and receive work supports to help them make the transition from welfare to self-sufficiency.*** Work supports include food stamps, Medi-Cal, subsidized child care, and the EITC. The state should document and disseminate county best practices for linking leavers to the benefits for which they are eligible. For example, Medi-Cal enrollment is notably high and steady in Los Angeles County compared to other California counties.

- ***Counties should design welfare-to work programs that are geared toward jobs with opportunities for advancement, to the extent that they are not already doing so.*** This could help CalWORKs recipients not only move off the welfare caseload, but also obtain jobs that can support a family.

Scott Graves prepared this Update. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Publication of this Update was supported by grants from the David and Lucile Packard and William and Flora Hewlett Foundations. General operating support for the California Budget Project is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP website at www.cbp.org.

ENDNOTES

[1] The annual average number of unemployed persons increased 39.2 percent between 2000 and 2002.

[2] August 2003 is the most recent month for which CalWORKs caseload data are available.

[3] California established CalWORKs in 1997 to conform the state's welfare system to the new federal law. CalWORKs is annually supported by a fixed federal Temporary Assistance for Needy Families (TANF) block grant of $3.7 billion and $2.7 billion in state and county maintenance of effort funds, the minimum required by federal law.

[4] The average annual CalWORKs caseload fell 6.7 percent to 505,096 in 2001 and 2.2 percent to 493,953 in 2002.

[5] Earlier studies were examined in California Budget Project, *What Do We Know About Former CalWORKs Recipients?* (July 2001).

[6] CalWORKs recipients began to reach the state's time limit in January 2003. The state Department of Social Services (DSS) estimates approximately 64,000 cases in which one or more adults will reach the state time limit between January 2003 and June 2004; 95.2 percent of these cases will be eligible to receive state funding for the children. See California Budget Project, *Timing Out: CalWORKs Recipients Face the State's Five-Year Time Limit* (December 2002) and *Early Impact of the CalWORKs 60-Month Time Limit* (June 2003). The University of California's Welfare Policy Research Project is sponsoring a study of the impact of the CalWORKs time limit that is scheduled for completion in 2006.

[7] Several studies indicate that sanctioned adults are more likely to have barriers to employment, including a variety of health problems. See Eileen P. Sweeney, *Recent Studies Indicate That Many Parents Who Are Current or Former Welfare Recipients Have Disabilities or Other Medical Conditions* (Center on Budget and Policy Priorities: February 29, 2000). For a review of sanctions and time limits studies, see LaDonna Pavetti and Dan Bloom, "State Sanctions and Time Limits," in Rebecca M. Blank and Ron Haskins, eds., *The New World of Welfare* (Washington, D.C.: Brookings Institution Press, 2001), pp. 245-264.

[8] Many of these questions may never be fully answered, and answers will certainly be complex, due in part to differences in regional economies and county welfare programs. Regional economies, in large part, define work opportunities, wage levels, and other labor market conditions confronted by welfare recipients. Differences among counties regarding welfare-to-work program design, such as training and education components, and implementation, such as sanctions, mean that recipients' experiences with "welfare reform" vary across the state. Therefore, conclusions about welfare leavers from Los Angeles County, for example, may say little about the prospects of former recipients in Marin or Modoc counties.

[9] Studies show that leavers are more likely to cite work-related reasons for leaving welfare than is indicated by administrative data. Leavers "do not always disclose to the welfare agency that they have found employment, and this could be one reason for the discrepancy between these data sources." Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 19.

[10] CBP analysis of SPHERE Institute data. The survey included families that left CalWORKs in the third quarter of 1999. R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), pp. 19-21.

[11] CBP analysis of SPHERE Institute data. The survey included families that left CalWORKs in the fourth quarter of 1999. David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), pp. 12-13.

[12] The survey examined female-headed families that left CalWORKs in the third quarter of 1998. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 14, 19.

[13] The study does not report the full range of responses. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 19-20.

[14] R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), pp. 19-21; and David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), pp. 12-13.

[15] Cynthia Miller, *Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload* (Manpower Demonstration Research Corporation: November 2002), pp. 31-32. This analysis uses administrative data and defines leavers as individuals who remain off cash aid for at least one year.

[16] Administrative data may understate the number of leavers employed by excluding workers who are self-employed, work for the federal government, receive unreported wages, or take a job in another state. However, administrative data allow researchers to track large numbers of welfare leavers over time.

[17] For the period 1991-1997, RAND tracked each annual cohort of leavers for 12 quarters after they left aid. RAND tracked the 1999 cohort of leavers for six quarters after leaving welfare. The study defines "employment" as earning more than $50 in any given quarter. The RAND data do not indicate the proportion of leavers who worked multiple quarters. Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), pp. 59-60.

[18] Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 22-23. The study defines employment as having at least $100 in earnings in a quarter.

[19] In addition, "about 59 percent of the 1998 leavers and 52 percent of the 1996 leavers worked at least one quarter in the year after leaving welfare." Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 22.

[20] In contrast, 48.4 percent of 1996 leavers did not work in the year leaving welfare. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 23.

[21] The survey data from the six Bay Area counties were published in three SPHERE Institute reports in 2001. The Bay Area results are summarized in Thomas MaCurdy, Grecia Marrufo, and Margaret O'Brien-Strain, *What Happens to Families When They Leave Welfare?* (Public Policy Institute of California: 2003).

[22] David C. Mancuso, et al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data—Final 18-Month Report* (The SPHERE Institute: November 30, 2001), pp. 27-28. The survey included one- and two-parent families. The third round of interviews was completed 18 to 23 months after recipients left CalWORKs.

[23] R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), pp. 37, 39. The survey included one- and two-parent families. The second round of interviews was completed approximately 12 months after recipients left CalWORKs.

[24] David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), pp. 21, 24. The survey included one- and two-parent families. The second round of interviews was completed approximately 12 months after recipients left CalWORKs.

[25] Part of the difference may also be attributable to research methods. The statewide and Los Angeles County studies drew on administrative data, which, as noted above, may underestimate employment, while the SPHERE Institute's studies of Bay Area counties relied on survey data to assess employment among leavers.

[26] Annual average employment figures downloaded from Employment Development Department, Labor Market Information Division, at http://www.calmis.ca.gov/htmlfile/subject/lftable.htm, on September 17, 2003. Santa Cruz County had an unemployment rate about a percentage point above the state average during this period. This relatively higher level of unemployment in Santa Cruz County may partly explain why a smaller percentage of leavers were working in San Mateo, Santa Clara, and Santa Cruz counties *combined* than in the other Bay Area counties studied by the SPHERE Institute.

[27] Leaver employment data are reported for Arizona, Georgia, Illinois, Iowa, Massachusetts, Missouri, South Carolina, and Washington, as well as the District of Columbia and Cuyahoga County (Cleveland), Ohio. Only in Iowa was the leaver employment rate below 50 percent, according to administrative data. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[28] Alan Weil, *Ten Things Everyone Should Know About Welfare Reform* (The Urban Institute: Series A, No. A-52: May 2002), p. 3. This statistic is from the 1999 round of the National Survey of America's Families. Fifty-seven percent of welfare leavers were working 20 hours or more per week, while 6 percent were working fewer than 20 hours per week. The survey defined leavers as individuals who left welfare between 1997 and 1999 and remained off welfare in 1999.

[29] Cynthia Miller, *Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload* (Manpower Demonstration Research Corporation: November 2002), pp. 31-32. This study defines leavers as individuals who remain off cash aid for at least one year.

[30] Statewide, unemployment rose from 4.9 percent in 2000 to 6.7 percent in 2002. Joblessness increased steeply in some Bay Area counties that had benefited most from rapid economic growth in the late 1990s. For example, unemployment increased to 5.0 percent or higher in Alameda, Contra Costa, San Mateo, and Santa Clara counties between 2000 and 2002. Unemployment reached 6.8 percent in Los Angeles County in 2002.

[31] Pamela Loprest, *Fewer Welfare Leavers Employed in Weak Economy* (The Urban Institute: Snapshots III, No. 5: August 2003). The data are from the 1999 and 2002 rounds of the National Survey of America's Families. See also Heather Boushey and David Rosnick, *Jobs Held by Former Welfare Recipients Hit Hard by Economic Downturn* (Center for Economic and Policy Research: September 5, 2003).

[32] The unemployment rate is higher for single mothers without a high school diploma (19.2 percent). Mark Levitan and Robin Gluck, *Job Market Realities and Federal Welfare Policy* (Community Service Society: September 2003).

[33] Also included among the seven industries were retail, hotels, and nursing homes. Heather Boushey and David Rosnick, *Jobs Held by Former Welfare Recipients Hit Hard by Economic Downturn* (Center for Economic and Policy Research: September 5, 2003).

[34] The food establishment average wage does not include tips. Heather Boushey and David Rosnick, *Jobs Held by Former Welfare Recipients Hit Hard by Economic Downturn* (Center for Economic and Policy Research: September 5, 2003).

[35] Denise F. Polit, et al., *Is Work Enough? The Experiences of Current and Former Welfare Mothers Who Work* (Manpower Demonstration Research Corporation: November 2001), pp. 31-33. The study surveyed a broader sample of women than welfare leavers, although leavers made up more than half the sample. Five percent of survey respondents never received welfare, 38 percent left welfare more than one year before the interview, 15 percent left welfare within the year before the interview, and 43 percent were still receiving welfare. The other counties included in the study were Cuyahoga County (Cleveland), Ohio; Miami-Dade County, Florida; and Philadelphia County, Pennsylvania. The study does not report "type of job" by county.

[36] "Low-wage firms" are defined as those in which the mean employee wage is less than $1,500 per month. Shannon McConville and Paul Ong, *Access to Employment-Based Insurance Among Welfare Recipients in Los Angeles County: Offering, Eligibility, and Participation* (The Ralph and Goldy Lewis Center for Regional Policy Studies, UCLA: May 31, 2003), p. 14.

[37] Average monthly figure is CBP analysis of RAND data. Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), pp. 60-61.

[38] The RAND study does not include data on leavers' hourly wages, household earnings, or total household income. Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), pp. 62-63.

[39] The median is the middle number in a series, or the average of the two middle numbers if there are an even number of values.

[40] Average monthly figures are CBP calculations. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 24.

[41] The mean wage among employed survey respondents was $8.40 per hour. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 27-29.

[42] David C. Mancuso, et al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data—Final 18-Month Report* (The SPHERE Institute: November 30, 2001), pp. 27-28, 30.

[43] Respondents include only those "who had worked at some time during the preceding six months." R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), pp. 37-38.

[44] R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), p. 40.

[45] The Sonoma County study did not report the median hourly wage for employed former welfare recipients. David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), pp. 21, 25.

[46] For example, RAND reports mean earnings; MDRC reports median earnings. The median is the middle number in a series, or the average of the two middle numbers if there is an even number of values, while the mean is an arithmetic average. The mean can be influenced by extreme values (for example, a few leavers with extremely high or low earnings); therefore, caution should be used when comparing mean and median values. In addition, RAND and MDRC report individual leaver earnings, whereas the SPHERE Institute reports household earnings.

[47] The California minimum wage was $5.75 during the period covered by these studies, while the median wage of recent welfare leavers in three states (Illinois, South Carolina, and Washington) and the District of Columbia ranged from $6.50 to $8.13 per hour, according to survey findings. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[48] California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (October 2003). The CBP estimated that a single parent with two children needed to earn about $18 per hour in 1999 to cover basic expenses. See California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (October 1999).

[49] Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 44-46.

[50] Income sources include earnings from work, food stamps, child support, Supplemental Security Income payments, and welfare payments for welfare leaver families that returned to CalWORKs. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 46.

[51] Mean income, as reported for Los Angeles County, and median income, as reported for the Bay Area counties, may not be comparable, as noted in the previous section.

[52] Household income data for leaver families are reported for Arizona, Illinois, Iowa, Missouri, and Washington, as well as the District of Columbia and Cuyahoga County (Cleveland), Ohio. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[53] Alan Weil, *Ten Things Everyone Should Know About Welfare Reform* (The Urban Institute: Series A, No. A-52: May 2002), p. 3. Data are from the 1999 round of the National Survey of America's Families.

[54] Cynthia Miller, *Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload* (Manpower Demonstration Research Corporation: November 2002), p. Sum-4.

[55] Pamela Loprest, *Disconnected Welfare Leavers Face Serious Risks* (The Urban Institute: Snapshots III, No. 7: August 2003). The author notes that some of these disconnected leavers "might be on the verge" of returning to welfare. Data are from the 2002 round of the National Survey of America's Families.

[56] Pamela Loprest, *Disconnected Welfare Leavers Face Serious Risks* (The Urban Institute: Snapshots III, No. 7: August 2003).

[57] Robert G. Wood and Anu Rangarajan, *What's Happening to TANF Leavers Who Are Not Employed?* (Mathematica Policy Research, Inc., Issue Brief No. 6: October 2003), p. 2.

[58] Robert G. Wood and Anu Rangarajan, *What's Happening to TANF Leavers Who Are Not Employed?* (Mathematica Policy Research, Inc., Issue Brief No. 6: October 2003), pp. 2-3. See also Sheila R. Zedlewski, et al., *Families Coping Without Earnings or Government Cash Assistance* (The Urban Institute: Occasional Paper No. 64: February 2003). This study is based on qualitative interviews with 95 poor families living without earnings or government cash assistance.

[59] Cynthia Miller, *Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload* (Manpower Demonstration Research Corporation: November 2002), pp. 32-33.

[60] Food stamp rules allow a family of three with no other countable income to earn up to $19,848 in federal fiscal year 2003-04, or 130 percent

of the FPL.

[61] In general, relatively few low-income Californians who are otherwise eligible for food stamps receive them. A recent report indicates that only 12.3 percent of potentially eligible adults in California participate in the Food Stamps Program. Charles DiSogra, et al., *Only 12% of California's Poorest Adults Receive Food Stamps, One Million Lack Adequate Food* (UCLA Center for Health Policy Research, Health Policy Fact Sheet: July 2003).

[62] Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 41.

[63] Thomas MaCurdy, Grecia Marrufo, and Margaret O'Brien-Strain, *What Happens to Families When They Leave Welfare?* (Public Policy Institute of California: 2003), pp. 34, 38. As noted earlier, this report combines the three Bay Area county studies published by the SPHERE Institute in 2001.

[64] These studies include primarily single-parent families. One study was conducted in the District of Columbia and another in Cuyahoga County (Cleveland), Ohio. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[65] Cynthia Miller, Cindy Redcross, and Christian Henrichson, *Food Stamp Use Among Former Welfare Recipients* (Manpower Demonstration Research Corporation: February 2002), pp. 20-21. The study evaluates welfare programs in several states, including California and Florida.

[66] "Although most families with income below 130 percent of poverty are eligible to receive some amount of Food Stamps, evidence suggests that former recipients with income below the poverty level are not utilizing these benefits." Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 40.

[67] Automatic enrollment in Medi-Cal was mandated by the 1982 *Edwards v. Kizer* decision, which required county welfare departments to place welfare leavers in the Edwards Hold category until their continued eligibility for Medi-Cal could be determined. See Medi-Cal Policy Institute, *Transitional Medi-Cal* (Medi-Cal Facts: August 1998) and Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), pp. 67-69.

[68] Congress created this category of Medi-Cal coverage for low-income families in 1996 under Section 1931 of the Social Security Act. It includes families that receive cash assistance through the CalWORKs program (Cash-based 1931(b)) and families that do not participate in CalWORKs, but have low incomes (1931(b)-Only). In March 2000, California expanded the 1931(b) category to cover non-CalWORKs families with incomes up to 100 percent of the FPL.

[69] Medi-Cal Policy Institute, *The Guide to Medi-Cal Programs* (1999), p. 23. In the 2003 Budget Act, California eliminated the second year of TMC, which was entirely funded by the state. The state and federal governments jointly fund the first 12 months of TMC.

[70] The Medically Needy category covers individuals who do not qualify for cash assistance, but who meet requirements of age, blindness, disability, or deprivation. Those who receive Medically Needy Medi-Cal may be eligible with or without a share of cost. However, the role of the Medically Needy category "has diminished since the addition of the 1931(b)" eligibility category. Amy G. Cox, Jacob Alex Klerman, and Ingrid Aguirre Happoldt, *Medi-Cal After Welfare Reform: Enrollment Among Former Welfare Recipients* (Medi-Cal Policy Institute, Issue Brief No. 4: December 2001), p. 6.

[71] For example, infants up to age one are eligible for Medi-Cal if family income is below 200 percent of the FPL, and children between one and six years of age are eligible for Medi-Cal if family income is below 133 percent of the FPL.

[72] Amy G. Cox, Jacob Alex Klerman, and Ingrid Aguirre Happoldt, *Medi-Cal After Welfare Reform: Enrollment Among Former Welfare Recipients* (Medi-Cal Policy Institute, Issue Brief No. 4: December 2001), p. 3.

[73] Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), p. 67-68.

[74] Based on administrative data. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[75] For example, TMC enrollment declined from about 10 percent to less than 5 percent for leavers who were off welfare for one month. Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), p. 68.

[76] Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), p. 70.

[77] Only leavers who had been off CalWORKs for one year were included in the analysis. Amy G. Cox, Jacob Alex Klerman, and Ingrid Aguirre Happoldt, *Medi-Cal After Welfare Reform: Enrollment Among Former Welfare Recipients* (Medi-Cal Policy Institute, Issue Brief No. 4: December 2001), p. 7.

[78] Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 41.

[79] Thomas MaCurdy, Grecia Marrufo, and Margaret O'Brien-Strain, *What Happens to Families When They Leave Welfare?* (Public Policy Institute of California: 2003), p. 34.

[80] "It is possible that many of these families were not aware that their Medi-Cal coverage had been extended, thereby contributing to the discrepancy between the administrative and survey data." Thomas MaCurdy, Grecia Marrufo, and Margaret O'Brien-Strain, *What Happens to Families When They Leave Welfare?* (Public Policy Institute of California: 2003), pp. 30, 34, 36.

[81] However, the same pattern did not hold for welfare leavers' children – the percentage of leaver children who are uninsured "is not consistently lower among children who have been away from welfare longer." Carole Roan Gresenz and Jacob Alex Klerman, *Beyond Medi-Cal: Health Insurance Coverage among Former Recipients* (RAND: August 2002), pp. 10, 15-16. The survey was administered in 2000-01 to current and former recipients in six counties: Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego.

[82] Kaiser Family Foundation and Health Research and Educational Trust, *California Employer Health Benefits Survey, 2001* (February 2002), Chart #3.

[83] Small firms are defined as those with fewer than 200 employees. Kaiser Family Foundation and Health Research and Educational Trust, *California Employer Health Benefits Survey, 2001* (February 2002), Chart #4.

[84] Shannon McConville and Paul Ong, *Access to Employment-Based Insurance Among Welfare Recipients in Los Angeles County: Offering, Eligibility, and Participation* (The Ralph and Goldy Lewis Center for Regional Policy Studies, UCLA: May 31, 2003), p. 15.

[85] The 2003-04 budget agreement eliminated subsidized child care to 13-year-old children.

[86] CBP analysis of MDRC survey data. "Assistance" is defined as help from "either a government agency or some other source." Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 29-30.

[87] R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), p. 62; David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), p. 43.

[88] EITC use may be underreported in surveys, to the extent that respondents do not realize that they claimed this benefit when they filed their tax forms. The five counties are Alameda, Contra Costa, San Mateo, Santa Clara, and Santa Cruz.

[89] California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (October 2003).

[90] Food insecurity means that a family does not always have access to enough food to meet its basic needs. Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 52.

[91] Excess rent burden occurs when "housing costs for rent and utilities [exceed] 50 percent of a household's total income." Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), p. 54.

[92] David C. Mancuso, et al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data—Final 18-Month Report* (The SPHERE Institute: November 30, 2001), p. 43; David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), p. 42.

[93] About one-third of leavers in San Mateo, Santa Clara, and Santa Cruz counties who reported not having enough food to eat appeared to be eligible for, but were not receiving, food stamps. David C. Mancuso, et al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data—Final 18-Month Report* (The SPHERE Institute: November 30, 2001), pp. 44-45.

[94] "Not having enough to eat" includes Arizona. "Cutting the size of meals" or "skipping meals" includes the District of Columbia, Illinois, and Washington. "Being unable to buy food" includes Missouri. Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[95] Gregory Acs, Pamela Loprest, and Tracy Roberts, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001).

[96] Pamela Loprest, *Who Returns to Welfare?* (The Urban Institute, Series B, No. B-49: September 2002), p. 3.

[97] Jacob A. Klerman, et al., *Welfare Reform in California: Early Results from the Impact Analysis* (RAND: 2002), pp. 57-58. The data include leavers who cycled on and off welfare at least once during the three-year follow-up period.

[98] The county-level data come primarily from counties with healthy economies during a period of strong job growth. A higher percentage of families may have returned to cash assistance than reported here when the unemployment rate increased during and after the 2001 economic recession.

[99] Nandita Verma and Richard Hendra, *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Manpower Demonstration Research Corporation: January 2003), pp. 35-37.

[100] R. Mark Gritz, et al., *Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties—Final Report* (The SPHERE Institute: October 26, 2001), pp. 27-29; David C. Mancuso, et al., *Examining Circumstances of Individuals and Families Who Leave TANF: Assessing the Validity of Administrative Data—Final 18-Month Report* (The SPHERE Institute: November 30, 2001), pp. 19-23.

[101] David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County—Final Report* (The SPHERE Institute: June 29, 2001), pp. 65, 67-71.

[102] Gregory Acs and Pamela Loprest, *Final Synthesis Report of Findings from ASPE "Leavers" Grants* (The Urban Institute: November 27, 2001); Pamela Loprest, *Who Returns to Welfare?* (The Urban Institute, Series B, No. B-49: September 2002).

[103] Pamela Loprest, *Who Returns to Welfare?* (The Urban Institute, Series B, No. B-49: September 2002), p. 4.

[104] The higher return rate of African-Americans "may be in part because this group has lower levels of education and work experience." Pamela Loprest, *Who Returns to Welfare?* (The Urban Institute, Series B, No. B-49: September 2002), pp. 4-6.

[105] At least one important research project is under way: The University of California's Welfare Policy Research Project is sponsoring a study of the impact of the CalWORKs time limit that is scheduled for completion in 2006.