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ABSTRACT

The General Accounting Office (GAO) reviewed reports published by seven states (Indiana, Maryland, Oklahoma, South Carolina, Tennessee, Washington, and Wisconsin) regarding the status of their families who have left welfare. The families discussed in the reports were estimated to account for approximately 8 percent of the number of families to leave welfare nationwide between October 1993 and June 1997. According to the reports, most adults in former welfare families were employed at some time after leaving welfare. Little else was known about their family well-being, however. Employment rates ranged from 61% to 87% for adults in the former welfare families; however, little is known about their household income. Between 19% and 30% of those who left the welfare rolls returned to them. The average hourly wage of former welfare clients ranged from \$5.67 in Tennessee to \$8.09 in Washington. (Nine tables/figures are included. Appended are the following: information about the study's scope and methodology; reports from states' studies of families who left welfare; information on selected grants awarded by the Department of Health and Human Services to families leaving welfare; comments from the Department of Health and Human Services; and names of major contributors to the report.) (MN)

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GAO

Report to the Chairman, Committee on Finance, U.S. Senate, and the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

April 1999

WELFARE REFORM

Information on Former Recipients' Status

ED 430 089



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**Health, Education, and
Human Services Division**

B-281749

April 28, 1999

**The Honorable William V. Roth, Jr.
Chairman, Committee on Finance
United States Senate****The Honorable Nancy Johnson
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives**

In recent years, states have reformed their welfare programs for needy families with children by strengthening and strongly enforcing work requirements for adults and imposing time limits on the receipt of cash assistance. During the same time period, the nation has experienced strong economic growth, and cash assistance caseloads have declined by 40 percent—from their peak of about 5 million families in 1994 to 3 million families as of June 1998. Many of the reforms, begun as demonstrations under the Aid to Families With Dependent Children (AFDC) program, were incorporated into federal welfare legislation—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA ended the federal entitlement to assistance for eligible needy families with children under AFDC and created the Temporary Assistance for Needy Families (TANF) block grant, which makes \$16.8 billion available to states each year through 2002 and is overseen by the Department of Health and Human Services (HHS) at the federal level. Specified goals of TANF include providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; preventing and reducing the incidence of out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. To help states achieve TANF goals, PRWORA gives the states increased flexibility over the design and implementation of their welfare programs; however, states are required to impose work requirements and enforce a 5-year lifetime limit on the receipt of federal assistance.

These changes in welfare programs, designed to decrease dependency, combined with the dramatic declines in welfare caseloads, have generated interest among program administrators, state and local policymakers, welfare advocates, and the public in general about the condition of

families no longer receiving cash assistance under AFDC or TANF.¹ Given the importance of knowing what has happened to the parents and children of families who have left welfare, and to better understand states' progress in meeting TANF goals, you asked us to report on what is now known about families no longer receiving welfare. Because there are no federal requirements for states to report on the status of former welfare recipients,² the only systematic data currently available on families who have left welfare come from research efforts initiated by states to meet their own information needs. As you requested, we (1) determined the extent to which states have reported information on the condition of families who have left welfare in the following key areas: economic status, family composition, and family and child well-being; (2) determined from generalizable state studies what is known about the status of former welfare families in the key areas; and (3) identified federal and state efforts to improve the usefulness of the data obtained through these state efforts.

To do this work, we collected and examined reports—published by September 30, 1998³—that were based on studies conducted or sponsored by states of families who left the AFDC or TANF rolls during or after 1995. We also spoke with state officials in the states that had published reports and with HHS officials, and we reviewed documents from several organizations that are monitoring states' efforts to study former welfare families. We conducted our work between July 1998 and April 1999 in accordance with generally accepted government auditing standards. (See app. I for a more detailed discussion of how studies were identified, assessed, and compared.)

Results in Brief

Seventeen states have published information on the status of their families who have left welfare.⁴ Each of these states reported on the economic status of former welfare recipients, and the majority reported on family

¹For the purposes of this report, the term "welfare" refers to cash assistance received under AFDC or TANF.

²PRWORA makes \$1 billion available over 5 years to reward states that achieve high performance levels in meeting TANF goals. HHS has determined that the fiscal year 1999 High Performance Bonus will be based in part on job retention rates and the earnings gain rates of adults leaving welfare, outcomes that require states that choose to compete for the bonus to follow up with former welfare recipients who obtained employment.

³For the states that had published reports by this date, we included additional information as it became available, including more recent reports and data.

⁴These states are Idaho, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Montana, New Jersey, New Mexico, Oklahoma, Pennsylvania, South Carolina, Tennessee, Washington, Wisconsin, and Wyoming.

composition and family and child well-being. The studies differed, however, in important ways, including the categories of families studied, geographic scope, the time during which families who had left welfare were tracked, and the extent to which the families for whom data were available are representative of all families in the sample. Taking these factors into account, we determined that studies from only 7 of the 17 states had enough information on a sample of families to generalize findings to most families who had left welfare in the state at the time of the study.

These seven states' studies reported that most of the adults in families remaining off the welfare rolls were employed at some time after leaving welfare. However, significant numbers of families also returned to the rolls. In the three studies that reported the information, from 19 to 30 percent of the families who left welfare returned to the rolls at some time during the follow-up period. Although the seven states' studies generally had limited data on total household income, five reported that many families who had left welfare subsequently received noncash public assistance such as Medicaid and food stamps, indicating that families' incomes were low enough to keep them eligible for these forms of government assistance. None of the studies reported on changes in family composition resulting from marriage or pregnancy after leaving welfare. Regarding measures of well-being, six states' studies included data on homelessness or separation of children from their parents and reported no indication of increased incidence of these outcomes at the time of follow-up.

Efforts are under way at both the federal and state levels to improve the usefulness of the data being collected to assess the status of former welfare families. Most states either are currently studying or plan to study former welfare families, and HHS has recently funded 14 projects to track and monitor families who have left welfare. The projects will cover families who leave welfare in 10 states, five counties in 2 other states, and the District of Columbia. These jurisdictions, which include three of the states whose studies are reviewed in this report, will receive technical assistance through HHS and from other states on developing their tracking efforts. State officials in many of the states whose studies we reviewed said they plan to continue studying former welfare families, in some cases with additional HHS support, but also on their own. Maryland, for example, plans to conduct a telephone interview of a sample of former welfare families to get more in-depth information on such items as the factors that helped families leave welfare, and Idaho is trying to locate additional

families who have left welfare in order to increase the ability of the data to support conclusions about the population of families leaving welfare in that state. In the future, these ongoing state efforts, many supported by HHS, should provide a more complete picture of the status of families who have left welfare.

Background

Under the AFDC program, many states received waivers from federal rules to strengthen work requirements for adults. In addition, some states began experiments with time limits on receiving cash assistance. Under TANF, states generally must impose work and other program requirements on most adults receiving aid and, when an adult does not comply, reduce a family's benefit or, at state option, terminate the benefit entirely. Moreover, families receiving TANF face a lifetime limit of 5 years, or less at state option, of federal assistance. These reforms represent significant departures from previous state and federal policies for needy families with children and have been accompanied by large declines in the number of families receiving cash assistance, from an all-time high in 1994 of about 5 million families to just over 3 million as of June 1998.

While numerous efforts are planned or under way to assess welfare reform nationally, currently little information is available on the status of families who have left welfare. Although families have always left welfare for a variety of reasons, including increased household income due to employment or marriage,⁵ once their cases were closed and the families no longer received assistance, they usually were not routinely tracked or monitored.⁶ However, in the new environment in which eligible needy families are no longer entitled to cash assistance and the emphasis is on moving families off welfare into employment, concern about the condition of families no longer receiving aid has increased. The Congress and others are interested in the employment status of former welfare recipients, changes in family composition resulting from marriage and pregnancy, and the overall well-being of these families and their children. While the Congress has earmarked \$5 million for HHS to study the outcomes of welfare reform and has taken other steps to monitor the status of poor families as discussed below, states are not federally required to report on the condition of former welfare families.

⁵See, for example, Mary Jo Bane and David T. Ellwood, *The Dynamics of Dependence: The Routes to Self-Sufficiency* (Cambridge, Mass.: Urban Systems Research and Engineering, 1983) and LaDonna Pavetti, *The Dynamics of Welfare and Work: Exploring the Process by Which Women Work Their Way Off Welfare* (Cambridge, Mass. Ph.D. dissertation, Harvard University, 1993).

⁶Families have been tracked in the past if they were involved in a program evaluation or other targeted research effort.

States' greater responsibility for welfare programs under PRWORA has increased states' need for information to support program management and decision-making, as well as to respond to the information requests from a variety of interested parties, such as service providers, advocacy groups, and the media. For example, some state legislatures are requiring state welfare agencies to report on outcomes from their reformed welfare programs, including the status of former welfare families. Consequently, many states have begun to track former welfare families.⁷ The data these states are reporting are the major source of information currently available on the condition of families who have left welfare.

Only those families who actually become welfare recipients and then leave the rolls are included in most state tracking studies. However, the changes in welfare can also have the effect of decreasing the number of families coming onto the welfare rolls. For example, many states have diversion strategies designed to prevent families from coming onto the welfare rolls by providing a needed service, such as child care or transportation, providing a one-time cash payment to overcome a barrier to employment, or requiring that applicants conduct a job search before receiving cash assistance.⁸ As a result, a comprehensive assessment of the postreform status of poor families with children would include information on TANF-eligible families who did not become welfare recipients as well as former welfare recipients.

To provide information on the postreform status of all low-income families, not just former welfare families, the U.S. Census Bureau at the direction of the Congress is conducting a longitudinal survey of a nationally representative sample of families, paying particular attention to eligibility and participation in welfare programs, employment, earnings, out-of-wedlock births, and adult and child well-being. Data from this survey, called the Survey of Program Dynamics, will help researchers and policymakers understand the impact of welfare reform on the well-being of low-income families and children by providing information on whether welfare recipients are finding jobs, what their earnings are, and what types of support they need to make the transition from welfare to work. In

⁷In this report, we use the terms "track" and "tracking" to refer to efforts to collect information on families who have left welfare, regardless of whether data have been collected one time only or over time.

⁸See *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence* (GAO/HEHS-98-109, June 18, 1998); Richard P. Nathan and Thomas L. Gais, *Overview Report: Implementation of the Personal Responsibility Act of 1996* (Albany, N.Y.: Federalism Research Group, The Nelson A. Rockefeller Institute of Government, Oct. 1998); and Kathleen Maloy and others, *A Description and Assessment of State Approaches to Diversion Programs and Activities Under Welfare Reform* (Washington, D.C.: The George Washington University, Aug. 1998).

addition, the Urban Institute is conducting a multiyear project monitoring program changes and fiscal developments, along with changes in the well-being of children and families.⁹ As part of this project, the Urban Institute has surveyed nearly 50,000 people to obtain comprehensive information on the well-being of adults and children as welfare reform is being implemented in the states. A second survey is planned for 1999. Full results from the Census Bureau and Urban Institute surveys may not be available until the year 2000. In addition, a plethora of studies are under way that will be providing information in the future on various aspects of welfare reform.¹⁰

State Studies Reported Some Information on the Status of Families Who Have Left Welfare

Seventeen states have collected data and reported on the status of some former welfare families in the key areas of economic status, family composition, or family and child well-being. The state studies differed in important ways, such as categories of families tracked, the length of time families were tracked, and the sources of follow-up data. Some of the studies presented no information on a substantial portion of the sample families, limiting the usefulness of these studies for drawing conclusions about the status of most former welfare families in the state. We determined that studies in 7 of the 17 states had enough data on a sample of families who had left welfare to generalize sample findings to the population of former welfare families from which the sample was drawn.

Seventeen States Reported Some Information on Economic Status, Family Composition, or Family and Child Well-Being

We identified a total of 18 state-sponsored or -conducted studies in 17 states—2 studies in Wisconsin and 1 in each of the other states—that reported on the status of families who left welfare in 1995 or later. The reports contain a broad range of information on economic status, family composition, and family and child well-being. Figure 1 summarizes the kinds of information reported in each of the 17 states and classifies the information according to the three major areas of interest. All of the studies reported information on economic status, all but one reported on family and child well-being, and most reported some information on family

⁹The Urban Institute, a research organization located in the District of Columbia, is conducting a multiyear project designed to analyze the devolution of responsibility for social programs from the federal government to the states, focusing primarily on health care, income security, job training, and social services. Initial results from the 1997 National Survey of America's Families are available at the Urban Institute's Web site at www.urban.org. The survey is representative of the nonelderly population in the nation as a whole and in 13 states: Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin.

¹⁰For a list of completed and ongoing studies of welfare reform, see the Web site www.researchforum.org, created and maintained by the Research Forum on Children, Families, and the New Federalism, National Center for Children in Poverty, 154 Haven Avenue, New York, N.Y. 10032-1180.

composition. Overall, 15 of the 17 states reported information in all three areas. (App. II lists the 17 states and their study reports.)

Figure 1: Categories of Information Reported in State Studies of Former Welfare Families

	Idaho	Indiana	Iowa	Kentucky	Louisiana ^a	Maryland	Michigan	Montana	New Jersey	New Mexico	Oklahoma	Pennsylvania	South Carolina	Tennessee	Washington	Wisconsin 1 ^b	Wisconsin 2	Wyoming
Economic Status	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Work or Wages	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Income Sources		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Receipt of Government Assistance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Receipt of Nongovernment Assistance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Barriers to Employment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family Composition	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Age of Household Head	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gender of Household Head	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marital Status		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Number of Children	c		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ages of Children	c	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Presence of Other Adults	c		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Demographics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family/Child Well-Being	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health Coverage		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health Status			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Child Care	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Child Protective Service Involvement			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Housing/Homelessness	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Deprivations	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Child School Attendance/Achievement			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Child Criminal Involvement			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Teen Pregnancies			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Victimization			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Substance Abuse			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Self Assessment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Comments on Programs	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Reasons for Case Closure		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

^aThe Louisiana study included information on families leaving welfare in metropolitan New Orleans only.

^bTwo studies were conducted in Wisconsin.

^cIdaho measured this variable, but the variable was not discussed in its report.

^dSouth Carolina reported separately on this variable in "Child Maltreatment Among Former Clients of the South Carolina Family Independence Program," Oct. 1998.

^eTennessee performed an additional study of child well-being for a nonrepresentative sample of children whose parents had left the state's welfare program between Dec. 1996 and Feb. 1997 that includes information on emotional, economic, and motivational well-being.

Studies Differed in Coverage, Timing, and Data Sources

Because states generally initiated tracking studies to meet their own information needs, the 18 studies in the 17 states differed in a number of important ways, including the categories of families tracked, geographic coverage, the time periods covered, and the timing and frequency of follow-up. The studies also differed in the sources of data used for tracking families who had left welfare. Table 1 summarizes key information on the studies, including the categories of families studied, the time periods involved, the frequency of follow-up, the time between leaving and follow-up, and the method of data collection.

Table 1: Key Ways in Which State Studies Differed

Categories of families and time periods involved	Follow-up		Data collection method(s)
	Frequency	Timing	
Idaho			
Families who left TANF July to Dec. 1997	Twice	6 to 12 and 13 to 24 months after exit	Mail survey
Indiana			
Families receiving AFDC May 1995 to May 1996 who subsequently left AFDC	Once	12 to 18 months after enrollment	Telephone survey
Iowa			
AFDC families assigned to or who volunteered for the Limited Benefit Plan ^a Nov. 1994 to Apr. 1995	Once	8 to 12 months into assignment	Telephone survey, in-person interviews, case studies, and review of administrative data
Kentucky			
Families who left TANF Jan. to Nov. 1997	Once	1 to 11 months after exit	Telephone survey

(continued)

Categories of families and time periods involved	Follow-up		Data collection method(s)
	Frequency	Timing	
Louisiana			
Families in metropolitan New Orleans who left TANF Jan. to Mar. 1998	Once	1 to 4 months after exit	Telephone survey
Maryland			
Families who left TANF Oct. 1996 to Sept. 1997	Quarterly	Up to 12 months after exit	Review of administrative data
Michigan			
Families whose AFDC benefits were terminated in Apr. 1996 because they did not comply with program rules	Biannually	3 and 6 months after exit	In-home interviews and review of administrative data
Montana			
Families who received or left AFDC or TANF Mar. 1996 to Sept. 1997	Once (survey) or monthly (administrative data)	Up to 22 months after exit	Telephone survey and review of administrative data
New Jersey			
Families whose TANF benefits were terminated Jan. to Feb. 1998 because of failure to comply with program rules	Once	1 to 2 months after exit	Telephone survey
New Mexico			
Families who left AFDC July 1996 to June 1997	Once	^b	Mail survey
Oklahoma			
Families who left or were denied TANF Oct. 1996 to Nov. 1997	Once	2 to 18 months after exit or denial	Telephone survey
Pennsylvania			
Families who left TANF Mar. 1997 to Jan. 1998	Once	1 week to 11 months after exit	Telephone survey
South Carolina^c			
Families with a household member required to seek employment who left TANF July to Sept. 1997 and had not returned at time of follow-up	Once	9 to 14 months after exit ⁱ	Telephone survey and some in-person interviews

(continued)

Categories of families and time periods involved	Follow-up		Data collection method(s)
	Frequency	Timing	
Tennessee			
Families who lost TANF benefits Jan. to Oct. 1997 because they did not comply with program rules and TANF families whose head was employed full- or part-time Feb. to Oct. 1997	Once	Approximately 3 months after exit	Telephone survey
Washington^c			
Single-parent families who left TANF Apr. to July 1998	Once	2 to 4 months after exit	Telephone survey and review of administrative data
Wisconsin			
Single, female-headed families who left AFDC July 1995 to July 1996	Five times	Quarterly for 5 quarters after family left welfare	Review of administrative data
Families who left AFDC/TANF Jan. to Mar. 1998 and did not return prior to survey	Once	5 to 10 months after exit	Telephone survey and in-person interviews
Wyoming			
Families who left TANF Dec. 1996 to Feb. 1998	Once	1 to 15 months after exit	Telephone survey

^aThe Limited Benefit Plan was part of Iowa's welfare reform initiated under waiver. It was a short-term alternative assistance program for AFDC recipients who did not comply with program rules and for some volunteers. Families in the Limited Benefit Plan received reduced cash benefits that were subsequently terminated for a fixed period of time, after which the family could reapply for benefits.

^bInformation not provided in report.

^cSouth Carolina and Washington reported on groups of families who had left welfare earlier. We included the most recent sample in our summary.

Source: GAO analysis of state studies.

Fourteen of the studies reported data on a statewide sample of families who left welfare for a range of reasons, and one study reported on a sample of families who left welfare in the state's major city. The remaining three studies focused primarily on families who left welfare because of an adult recipient's failure to comply with program requirements. These three studies were conducted, at least in part, because of concerns about the potential impact on family well-being of the loss of the entire cash benefit,

rather than just a reduction in benefits, as was typically required under AFDC for noncompliance.

None of the studies reported specifically on families who had left welfare because of time limits. While there is great interest in the status of these families, in most states few families have reached their time limits, and in states where they have, few families have lost benefits as a result of the time limits.¹¹ However, as states' programs mature and more families reach the federal 5-year time limit on TANF benefits or state-established time limits of shorter duration, more of these families will be included in the tracking studies.¹²

The studies also differed in the time period during which families left welfare and the length of time between the family's exit and the study follow-up. The time at which states initiated a study of families who had left welfare depended in part upon when states' reforms were implemented and when they needed information on the status of families affected by the reforms. The time periods of the 18 state studies ranged from as early as 1995 (before federal welfare reform) to as late as 1998 (after TANF was implemented in most states). The amount of time between leaving welfare and the follow-up also varied, ranging from 1 to 24 months. There were also differences in the frequency of follow-up. At least one state, Maryland, has been tracking families who have left welfare for a number of years and plans to track monthly samples of families for 2 years after they leave the rolls, whereas other states planned a one-time follow-up effort.

In addition, the studies used different sources of data to locate and track families. The Maryland study and the first Wisconsin study relied solely on administrative data, while other states' studies were based on surveys of the former recipients using in-home visits, the telephone, or the mail. Some states' studies used both survey and administrative data. Administrative data are case-specific information from the files of various programs, services, or agencies, including state unemployment insurance, food stamps, Medicaid, child welfare, child support enforcement, and

¹¹As part of its overall evaluation of Florida's Family Independence Program, the Manpower Demonstration Research Corporation conducted interviews with 25 families 6 months after the families lost benefits because of time limits. At least half of the 25 families reported that since their benefits had expired it had become more difficult to make ends meet. In general, however, there was no evidence of major changes in housing status or living arrangements, nor was there evidence that most respondents lacked the means to buy food.

¹²The Manpower Demonstration Research Corporation is also conducting a cross-state study of welfare time limits in Florida, Vermont, and Wisconsin.

criminal and education agencies. Since administrative data are limited to data collected for program management purposes, they may not be as focused on the questions of interest as are the survey data. On the other hand, administrative data may be less expensive to collect and more accurate than the self-reported data and can more readily than a survey provide information on large numbers of individuals.

Findings From Most State Studies Were Not Generalizable to the Population of Former Welfare Families in the State

We determined that eight tracking studies, covering seven states, (1) were designed to include most families who left welfare in the state at the time of the study and (2) had sufficient data on the sample of families tracked for the sample to be considered representative of families studied.¹³ These studies were designed to include families who left welfare for a range of reasons, although the studies varied in the specific category of families covered. For example, the Maryland study included all families who had left welfare, while the South Carolina study included only families with a household member required to seek employment who subsequently left welfare and had not returned at the time of follow-up.

Although none of the 18 studies were able to locate all families included in the samples to be tracked, eight studies had sufficient data on a sample of families to conclude that the sample represented the population from which it was taken. The nonresponse rates ranged from 15 to 88 percent for the state surveys. For the two studies using administrative data only, information about 8 percent and 18 percent of the families being tracked could not be found in the data being used. (See app. I for the proportion of families located in all 18 studies.)

Missing information for some members of a sample raises concerns about the representativeness of the remaining sample and whether findings can be generalized to the population from which the sample was drawn. Families who left welfare and subsequently responded to a survey and families about whom information was available in administrative data may be different in important ways from families for whom no information is available; thus, results based on such families are not generalizable to the entire population of families who left welfare in a state. Some policymakers and researchers are concerned that families who do not answer surveys or whose current status is no longer reflected in administrative data might be worse off than families for whom there are

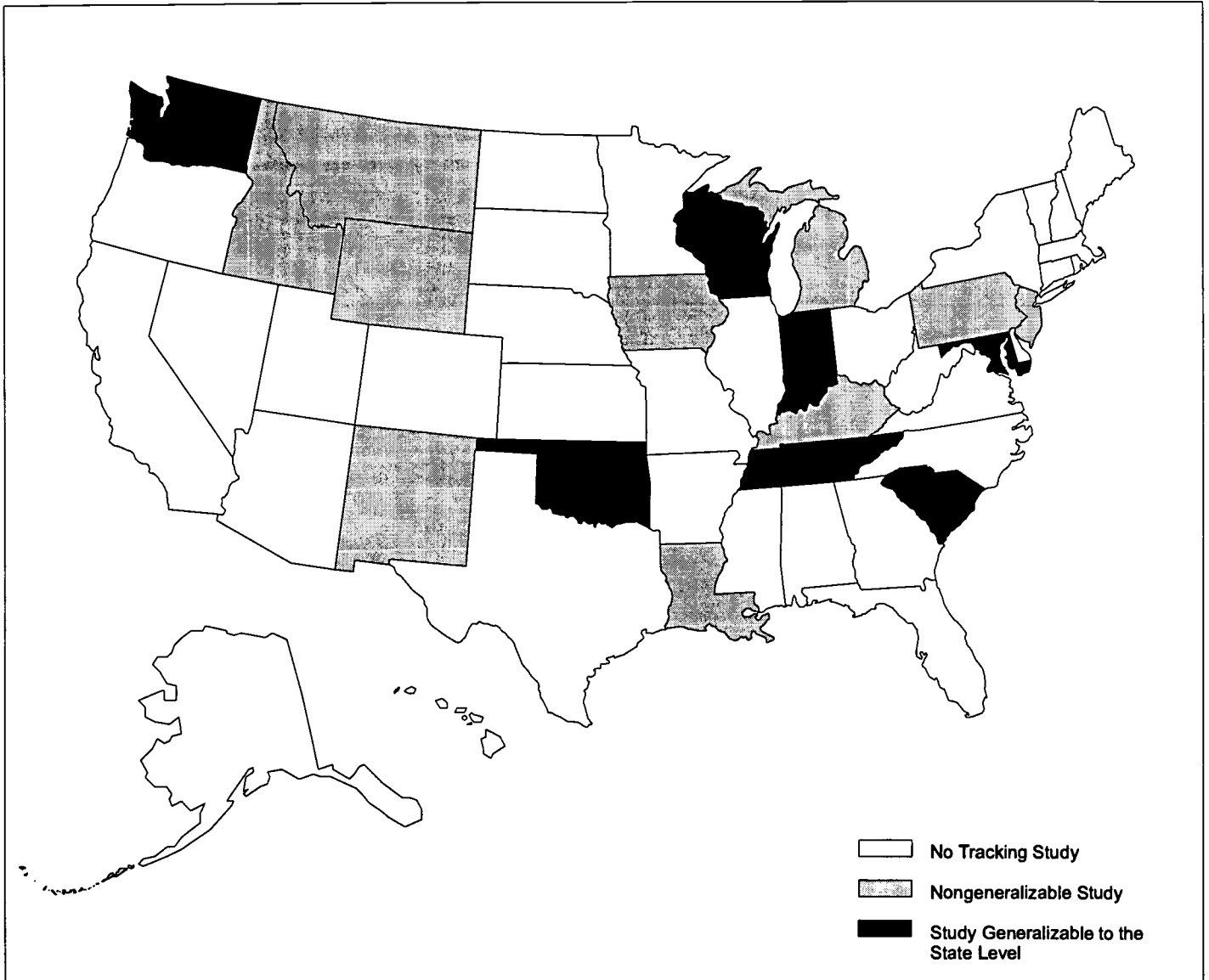
¹³While the Iowa study had an 85-percent response rate, results could only be generalized to families assigned to Iowa's Limited Benefit Plan, and not to families leaving welfare for other reasons.

data.¹⁴ While the families who were not located may have fared quite well in terms of employment or family formation, some missing families may be experiencing hardship. For the purpose of summarizing findings, we either included only those studies that had data on at least 70 percent of the sample of families from the population of interest in the state or included a nonresponse analysis that showed no important differences between respondents and nonrespondents.

The seven states that we determined to have studies with results generalizable to their welfare populations are Indiana, Maryland, Oklahoma, South Carolina, Tennessee, Washington, and Wisconsin. We estimated that these seven states accounted for about 8 percent of the number of families who left welfare nationwide between October 1993 and June 1997. Figure 2 highlights these 7 states, along with the 10 other states that reported information on former welfare recipients.

¹⁴In five states, follow-up was done by telephone with no provision for families without telephones. In one of these studies, only families for which the state had telephone numbers were included in the sample to be tracked. Since it is reasonable to assume that families without telephones could differ in important ways from families with telephones, findings based on a sample of families with telephones are unlikely to be the same as findings based on a sample that includes families that have no telephones.

Figure 2: States That Have Reported Data on Families Who Have Left Welfare



Studies in the seven states had either (1) data on a high enough percentage of the sample to reasonably generalize the results to the population from which the sample was drawn or (2) an analysis showing that the

nonrespondents had some of the same key characteristics as the respondents, providing greater assurance that the results from the limited sample could be generalized to the population from which the sample was drawn. (See app. I for a more detailed discussion of our assessment.)

Most Adults in Former Welfare Families Were Employed at Some Time After Leaving Welfare; Little Else Is Known About Family Well-Being

Because the seven states' studies differ in several ways, as discussed above, the results are not completely comparable across states. However, the studies provide an indication of the status of families who had left welfare in these states at the time of the studies and, to the extent that the results are consistent, suggest a pattern of what is happening to these families. The studies had consistent findings on employment and earnings. Most former welfare families had an adult who was or had been employed since leaving welfare. Although the studies indicated that former recipients often worked at low-wage jobs, little information was available on families' total household incomes, which could include child support or earnings from a second worker. Some studies also reported that significant proportions of the families had returned to welfare. In general, the studies provided little information on family and child well-being.

Adults Had Employment Rates of 61 to 87 Percent, but Little Is Known About Household Income

Employment rates ranged from 61 to 87 percent for adults in the families who left welfare in the seven states; however, these employment rates were measured in different ways. Studies measuring employment at the time of follow-up reported employment rates from 61 to 71 percent. Studies measuring whether an adult in a family had ever been employed since leaving welfare reported employment rates from 63 to 87 percent. In the four studies reporting both employment measures, the percentage employed at some time since leaving welfare was considerably higher than the percentage reporting employment at the time of follow-up. (Table 2 summarizes employment and earnings data in seven states.) These employment rates generally exclude families who returned to welfare, which can be a substantial portion of the families who leave welfare. In the three studies for which such data were available, the percentage of the families who initially left welfare and then returned to the rolls ranged from 19 percent after 3 months in Maryland to 30 percent after 15 months in Wisconsin. Removing families who return to welfare from the employment rate calculations results in higher employment rates than

when they are included, since many former recipients who return to the welfare rolls are not employed.¹⁵

¹⁵For example, if 2,000 families leave welfare and, at a 3-month follow-up, 1,000 are employed, 500 remain off welfare but are not employed, and 500 have returned to welfare and are not working, the 3-month employment rate is 50 percent for the entire 2,000 families and 67 percent if only the 1,500 families remaining off welfare are included in the calculation.

Table 2: Employment and Earnings Data From Studies in Seven States

State and period during which families studied left welfare ^a	Employed at time of follow-up	Ever employed since leaving welfare	Average hourly wage rate ^b	Average number of hours worked per week	Average earnings per quarter ^c
Indiana, 1995-96 ^d	64.3%	84.3%	\$6.34	32	\$2,637
Maryland, 1996-97	^e	63.0 ^f	^e	^e	2,384 ^f
Oklahoma, 1996-97	64.5	^e	6.51	34	2,877
South Carolina, 1997	61.8	85.6	6.45	36	3,019
Tennessee, 1997 ^g	61.0	^e	5.67	37	2,727
Washington, 1998	71.0	87.0	8.09	36	3,786
Wisconsin, 1995-96 ^h	^e	82.1	^e	^e	2,378 ⁱ
Wisconsin, 1998 ^j	62.0	83.0	7.42	36	3,473 ⁱ

Note: Except where noted, these data include only families who did not return to welfare.

^aThe year indicates the period during which the families studied left welfare. For more detailed information on the different time periods and frequency and length of follow-up in these studies, see table 1.

^bThese figures represent the mean wage. While the mean wage tends to be higher than the median wage, we did not have the median wage for all studies.

^cFor all studies except Maryland's and the first Wisconsin study, we had to estimate quarterly earnings on the basis of reported average hourly wage and average number of hours worked per week. Because it is unlikely that all members of the sample worked all 13 weeks in a quarter, most of these estimates are likely to be somewhat higher than the actual average earnings per quarter.

^dWage and earnings data for Indiana include those of recipients with earned income who were also on welfare. Because Indiana did report that average wage rates were significantly higher for former welfare recipients than for those combining work and welfare, the average wage rate for the combined groups may underestimate the wage rate for former recipients who are no longer on welfare.

^eData were not available.

^fThis figure also includes individuals who returned to welfare.

^gThe Tennessee study reported separately for families who left welfare because of noncompliance and for those who were employed, whether on or off welfare. Employment rates presented here are for both groups, whereas wage data and earnings estimates are for the employed group only.

^hThese data are based on a study using administrative data for families leaving welfare from July 1995 to July 1996.

ⁱCaution must be used in comparing these earnings figures because the earlier study used administrative data and the later one used survey responses. The administrative data may underestimate earnings because not all earnings were included. The survey data may be more inclusive of earnings but, because the data were self-reported, they could understate or overstate earnings.

^jThese data are based on interviews with families who left welfare from Jan. 1998 to Mar. 1998.

While all eight studies reported some information on former recipients' earnings or wages, the studies did not provide a complete story on hourly wages or number of hours worked.¹⁶ Average quarterly earnings for former recipients ranged from \$2,378 to \$3,786 in the studies that either reported quarterly earnings or for which we estimated quarterly earnings. Extrapolating these quarterly earnings to a year results in average annual earned incomes ranging from \$9,512 to \$15,144. These amounts of annual earned income are greater than the maximum annual amount of cash assistance and food stamps that a three-person family with no other income could have received in these states.¹⁷ However, if these earnings were the only source of income for the families after they left welfare, many of them would remain below the federal poverty level.¹⁸

The question of whether a family is economically better off after leaving welfare than when receiving cash assistance is quite complex. The answer depends on many factors, including the amount of the cash benefit while on welfare, which varies by state, family size, and earnings while on welfare; family earnings and other sources of income; and aid after leaving welfare, as well as any work-related expenses. For example, the 1995-96 Wisconsin study that tracked families for more than 15 months after they left welfare compared postwelfare earnings of these families to the maximum benefit they could have received under AFDC to see if families were economically better off after leaving welfare. The study found that whether postwelfare earnings exceeded the maximum AFDC benefit depended in part upon the number of children in the family. Postwelfare earnings exceeded the maximum AFDC cash benefit for 54 percent of the families with one child and for 41 percent of the families with three or more children. The study also noted that because some families combine welfare and work, the combination of the cash benefit and earnings could result in some families on welfare having more cash income than families with earnings only. The study showed that during their first year off welfare, less than half of the families had cash incomes higher than their incomes had been while on AFDC, including both benefits and earnings.

¹⁶For another study of employment and earnings of families leaving welfare, see Sharon Parrott, *Welfare Recipients Who Find Jobs: What Do We Know About Their Employment and Earnings?* (Washington, D.C.: Center on Budget and Policy Priorities, Nov. 1998).

¹⁷In these seven states, for a single-parent, three-person family with no income, the maximum annual amount of cash assistance and food stamps combined ranged from \$6,000 in Tennessee to \$9,744 in Washington, as of Jan. 1997.

¹⁸For 1998, the federal poverty level for a family of three was \$13,650. We estimated the average annual earnings from the studies of the seven states as follows: Indiana—\$10,548; Maryland—\$9,536; Oklahoma—\$11,508; South Carolina—\$12,076; Tennessee—\$10,908; Washington—\$15,144; and Wisconsin—\$9,512 and \$13,892. In two of the studies estimated earnings were above the federal poverty level.

While the tracking studies provide information on individuals' earned incomes, much remains unknown about families' total household income. For example, the studies generally do not provide information on whether others in a household have earnings or on other sources of household income, such as child support payments or financial assistance from relatives and friends. Moreover, most of the studies do not include comprehensive information on the receipt of other noncash benefits, such as food stamps, Medicaid, and child care or transportation assistance, or what employment-related expenses, including child care and transportation, households may have. Only three of the eight state studies had some information on household income. In the Oklahoma study, 57 percent of the former welfare families reported household incomes at or below the official poverty level. In the Indiana study, 57 percent of the families off welfare at follow-up reported monthly household income below \$1,000. In contrast, Washington reported average total family income, including child support payments, equal to 130 percent of the federal poverty level for a family of three. According to the Washington study, 35 percent of the families who left welfare and had children received some child support, and 36 percent had at least one worker in the family other than the respondent to the survey. The 1995-96 Wisconsin study found that the proportion of families who had left and remained off welfare for at least 1 year who had earnings above the official poverty level varied by family size. While 35 percent of the families with one child and 24 percent of the families with two children had earnings above the poverty level, only 11 percent of the families with three or more children did.

Although these studies do not provide a comprehensive picture of families' financial situations, they consistently indicated that many of the families leaving welfare were employed at fairly low-paying jobs. Our recent report on TANF implementation in seven states and other studies indicate that many states and localities are providing support services, such as case management services and financial assistance with child care, to help former welfare recipients maintain their employment. Several states and localities have also undertaken efforts to help these low-wage workers upgrade their job skills to improve their job prospects.¹⁹ Moreover, the recently expanded earned income credit can increase the incomes of

¹⁹See Rebecca Brown and others, *Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients* (Washington, D.C.: National Governors' Association and HHS, 1998); Mark Elliott, Don Spangler, and Kathy Yorkievtz, *What Next After Work First?* (Philadelphia: Public/Private Ventures, spring 1998); and Brandon Roberts and Jeffrey D. Padden, *Welfare to Wages: Strategies to Assist the Private Sector to Employ Welfare Recipients* (Chevy Chase, Md.: Brandon Roberts and Associates, Aug. 1998).

qualified low-income families by as much as \$2,271 for families with one child and \$3,756 for families with two or more children.²⁰ Information on total household income and receipt of government supports is key to understanding the condition of former welfare recipients and the extent to which they continue to rely on government aid rather than becoming economically self-sufficient.²¹

The studies in five states reported on the extent to which former welfare families say they receive noncash public assistance.²² As shown in table 3, in these states, between 44 and 83 percent of the families who left welfare received Medicaid benefits, and between 31 and 60 percent received food stamps. The Wisconsin study that tracked families who left welfare between July 1995 and July 1996 for 15 months found significant decreases in the use of noncash public assistance over time. Forty-six percent of the former recipients who remained off welfare for at least 1 year received both Medicaid and food stamps in the first quarter after leaving welfare, and 28 percent received both in the fifth quarter after leaving cash assistance. Four studies had information on the receipt of child care subsidies.

²⁰The earned income credit is a refundable tax credit for qualified working people who have earned incomes below certain specified levels.

²¹Research conducted in 1996 by Cancian and Meyer using the National Longitudinal Survey of Youth to trace welfare use, poverty status, and primary sources of income in the 5 years following an exit from welfare reports that although 40 percent of the AFDC exiters do not return to AFDC within the first 5 years, only 20 percent went the entire 5 years without using AFDC, food stamps, or Supplemental Security Income. See Daniel Meyer and Maria Cancian, *Life After Welfare: The Economic Well-Being of Women and Children Following an Exit from AFDC* (Madison, Wis.: Institute for Research on Poverty, discussion paper no. 1101-96, Aug. 1996).

²²While food stamp and Medicaid caseloads have declined recently, the reasons for these changes are not fully understood. We do not know, for example, how many former welfare families that are eligible for these benefits actually receive them. There is concern that some needy families no longer receiving cash assistance may be unaware that they are still entitled to Medicaid and food stamps. While a strong economy may also partially explain recent declines in food stamp and Medicaid caseloads, the relative contributions of this and other such factors to these trends are unclear.

Table 3: Percentages of Families Reporting Receipt of Public Assistance After Leaving Welfare

State and period during which families studied left welfare ^a	Percentage receiving				
	Medicaid coverage	Food stamps	Supplemental Security Income benefits	Women, Infants, and Children benefits	Child care subsidies
Indiana, 1995-96	53	38	11	25	^b
Oklahoma, 1996-97 ^c	70	50	17	^b	23 ^d
South Carolina, 1997	80	60	13	27	18
Washington, 1998	64 children; 44 adults	45	^b	^b	38 ^e
Wisconsin, 1995-96	83 in first quarter after leaving welfare; 56 in fifth quarter after leaving	49 in first quarter after leaving welfare; 31 in fifth quarter after leaving	^b	^b	^b
Wisconsin, 1998	71	49	17	38	17

Note: Unless specified, the percentage is of all families in the sample. Except for the earlier Wisconsin study, all data are from surveys in which respondents self-reported their receipt of aid.

^aFor more detailed information on the different time periods and frequency and length of follow-up in these studies, see table 1.

^bThis information was not reported.

^cData include families that returned to work.

^dFor respondents who are employed or in training and whose households include children, the percentage reporting the receipt of a child care subsidy increases to 34.

^eFamilies with children under 13 whose parent is at work.

While receiving AFDC or TANF, families generally also receive Medicaid benefits to cover their health expenses. However, whether Medicaid benefits are retained after a family has left welfare depends on many factors, and health insurance coverage after leaving welfare varied in the states with these data.²³ For example, about 9 percent of the children in families who left welfare in South Carolina, about 20 percent in Oklahoma, and 35 percent in Indiana did not have health insurance at the time of follow-up. For adults who left welfare in these states, 24 percent in Oklahoma, 32 percent in Washington, 48 percent in South Carolina, and 54 percent in Indiana did not have health insurance.

²³To ensure continued Medicaid coverage for low-income families, PRWORA generally preserves the Medicaid entitlement, setting eligibility standards at AFDC levels in effect on July 16, 1996. In addition, under certain conditions, families that leave TANF for employment may continue Medicaid for 12 months. Medicaid coverage is also available for many low-income children, even if their parents are not eligible. For more information, see *Welfare Reform: Early Implications of Welfare Reform for Beneficiaries and States* (GAO/HEHS-98-62, Feb. 24, 1998).

While much attention is paid to welfare recipients who become employed and stay off the rolls, there is also interest in how those who are not employed and have not returned to welfare are faring. The South Carolina and Wisconsin surveys asked nonworking former recipients what stopped them from working for pay. In both states, the most frequently mentioned reason was their own physical or mental illness, followed by the inability to find a job, lack of transportation, and lack of child care. The Wisconsin study attempted to determine how these families were supporting themselves. Of the 142 former recipients not currently working, 18 percent were living with employed spouses or partners. Sixty-five percent of the families of the remaining nonworking former recipients were receiving Social Security, state unemployment insurance, child support, or foster care payments; 23 percent were not receiving cash assistance but were receiving noncash assistance, such as free housing, rent subsidies, Medicaid, or food stamps.

Studies in Seven States Provided Limited Information on Family Composition and the Well-Being of Children and Families

The studies in seven states provided limited information on the family composition and well-being of former welfare families and the children in these families. Although a major goal of welfare reform was the promotion of two-parent families and the reduction of out-of-wedlock pregnancies, the tracking studies report only minimal information on family composition at the time of data collection, and no information on changes that may have occurred just before or after leaving welfare. The studies with surveys asked questions regarding family composition; however, these surveys did not provide information on changes in the number of children in a family, changes in marital status, or the formation of other two-parent families since a family left the welfare rolls.

Further, beyond any inferences that could be drawn from the employment and earnings of parents, the studies provided little information on how former welfare children and families were doing relative to housing, health, education, food security, substance abuse, crime, and victimization.²⁴ While some of the studies provided limited information on some of these factors, there are no comprehensive data on family and child well-being.

Three studies—from Maryland, Oklahoma, and Washington—reported on the number of children in former recipient families that had ever been involved with child protective services. These studies found few cases in

²⁴These and other factors are considered indicators of well-being. Fig. 1 lists a number of these items reported in the state studies.

which children had been involved with child protective services since leaving welfare.²⁵ For example, the Maryland study reviewed state data from its foster care program to determine the number of children placed in foster care after their families left welfare. This study reported that less than one-half of 1 percent of the children studied entered foster care after their families left cash assistance.

Two studies, South Carolina's as well as Wisconsin's recent survey of families leaving welfare during the first quarter of 1998, asked former recipients to compare several aspects of their general well-being after leaving welfare with their situation when they were on welfare. Because Wisconsin used a modified version of the interview schedule developed in South Carolina, the data are comparable, even though the programs that the recipients experienced are not. Table 4 shows the results from the two states' surveys. Former welfare recipients in both states were more likely to experience some deprivations after leaving welfare than while on welfare. At the same time, in South Carolina and Wisconsin, 76 and 68 percent, respectively, disagreed or strongly disagreed with the statement that "life was better when you were getting welfare." Regarding housing status, an important aspect of well-being, the limited information from the studies did not suggest increased incidence of homelessness at the time of follow-up.

²⁵South Carolina, in separate analyses, compared the number of incidents of maltreatment reported to the Child Protective Services' Central Registry for a sample of families who had left welfare with the number of incidents for families still on welfare; it also compared the number of incidents of maltreatment in a sample of former welfare families before and after leaving welfare. The differences were not statistically significant for either comparison.

Table 4: Recipients' Comparisons of Deprivations While on and After Being on Welfare

Question	South Carolina ^a (percentage responding "yes")		Wisconsin ^b (percentage responding "yes")	
	On welfare	Off welfare	On welfare	Off welfare
Did you ever get behind in rent or house payments?	13	15	30	37 ^c
Did you ever get behind on a utility bill?	16	18	49	47
Was there ever a time when you could not buy food?	6	9	22	32 ^c
Was there ever a time when you could not afford child care when needed in order to work?	11	9	22	33 ^c
Did somebody in your home ever get sick or hurt when you could not get medical care?	1	7 ^c	8	11
Did you have to go to a homeless shelter?	2	1	5	3

^aBased on a sample of 403 former welfare recipients.

^bBased on a sample of 375 former welfare recipients.

^cThese differences are statistically significant at the .05 level.

Source: South Carolina's Survey of Former Family Independence Program Clients: Cases Closed During July Through Sept. 1997 and Wisconsin's Survey of Those Leaving AFDC or W-2 Jan. to Mar. 1998, preliminary report.

State and Federal Efforts Are Under Way to Improve the Usefulness of State Tracking Studies

The number of states conducting or sponsoring studies that track the status of families leaving welfare has increased in recent years, and state and federal efforts are under way to improve the usefulness of the data being collected. Thirty-nine states, including the 17 we identified in this report, and the District of Columbia already are tracking or plan to track families leaving welfare. In an attempt to improve the quality and comparability of these studies, HHS has funded several states and other jurisdictions to conduct tracking studies and is providing them technical assistance in conducting these studies.

State Tracking Efforts Are Increasing in Number and Expanding in Scope

We have identified 39 states and the District of Columbia that are either planning to study former welfare families or are already doing so. Most of the 17 states that we discuss in this report are planning to continue their

tracking and to enhance their efforts, in some cases with federal funds and in other cases with state funds. Maryland, for example, plans to survey former recipients to get the kind of detailed information about families' lives that is not available in the program data upon which state officials currently rely in their ongoing longitudinal studies. Among the topics to be covered are how former welfare families are able to make ends meet; what enabled them to leave the welfare system; and, in the cases of those who returned to welfare, what brought them back. Idaho is trying to locate families that did not respond to its survey. Maryland, Massachusetts, South Carolina, Wisconsin, and Mecklenburg County in North Carolina have received funds from HHS to support their efforts to link administrative data systems for purposes of studying the effects of welfare reform on other state and federal public assistance programs. A South Carolina official told us that by linking TANF data to state unemployment insurance data, the state was able to locate many of the families that did not respond to its survey.

Federal Efforts Are Helping States to Improve the Usefulness of the Data Being Collected on Families Leaving Welfare

To increase the usefulness of state tracking efforts in providing a more complete picture of the status of former welfare families, HHS is supporting some states and counties with funds and technical assistance. As part of its overall strategy to evaluate welfare reform, HHS has awarded grants to 14 projects covering 16 jurisdictions—10 states, five counties in 2 other states, and the District of Columbia—to support efforts to track, through administrative data, surveys, or other methods, former TANF recipients' work transitions and receipt of other benefits, including supportive services.²⁶ Each of these tracking efforts plans to collect information on one or more of the following: families diverted from welfare, eligible families who do not apply for benefits, and families who have left welfare. All 14 grantees will collect both administrative data and survey data on former recipients. (See app. III for information on the 14 studies.)

In addition, HHS submitted its overall research plan for evaluating welfare reform to the National Academy of Sciences for guidance on research design and recommendations for further research.²⁷ The National Academy has convened a panel of experts on program evaluation methods, survey design, administrative record analysis, state database

²⁶In May 1998, HHS announced the availability of funds and requested proposals from states for research into the status of individuals and families who leave the TANF program and eligible families who are diverted or who fail to enroll. Of the proposals received, 14 awards were made.

²⁷HHS has funded other related research efforts, including assessments of the impacts of welfare reform on children and immigrants.

development and analysis, and welfare policy and evaluation to review data needs and methods. One of the panel's first activities was to conduct a workshop to review and assess the HHS grantees' study methodologies. The workshop provided a forum in which representatives from states and counties that had been awarded grants were able to talk with experts about their planned tracking studies. The panel plans a 30-month study on a broad range of issues related to evaluating welfare, with an interim report to be ready in June 1999.

HHS expects to use data from the 14 funded projects to generate a picture of what is happening to families exiting welfare and families diverted from ever entering welfare. In recognition of the need for high-quality research and comparable findings, HHS is providing technical assistance to the states directly, and through the National Academy panel, and is encouraging grantees to share information with one another. The National Academy panel is providing advice on issues of data quality and comparability as well as policy relevance. Initially, the 14 grantees have agreed to work toward increasing comparability across studies by using a common definition of welfare "leaver."²⁸ They have also agreed to clarify which studies will be tracking only families with adults and which will also track welfare cases that only include children. Finally, with the encouragement of HHS and the National Academy, the grantees will be sharing common approaches to studying such areas as insecurity and deprivation, child well-being, and changes in household composition.²⁹

Observations

While we were able to learn about the status of former welfare recipients in several states, we could conclude little about the status of most families that have left welfare nationwide. However, the limited information on economic status of the families being tracked indicates that many families who leave welfare find jobs that are low-paying. The low wages of these jobs emphasize the importance that income supports, such as subsidized medical and child care and the earned income credit, can assume in these families' total financial resources. As we noted in our earlier report on TANF implementation in seven states, federal and state policies and programs for assisting low-income working families are likely to play a

²⁸The grantees have agreed to define a "leaver" as a family that was off welfare for 2 months or longer.

²⁹In addition, HHS has funded five states—Connecticut, Florida, Indiana, Iowa, and Minnesota—to assess the effects of different welfare reform approaches on child well-being. The state agencies and research organizations involved in these projects are attempting to ensure compatibility of outcomes and measures to promote the ability to compare outcomes among states.

critical role in helping these families remain off cash assistance and move toward economic self-sufficiency.

But much remains unknown about most families leaving welfare nationwide. In our attempt to describe the condition of former welfare families, we were constrained by the data currently available from these early state tracking studies. More specifically, the high nonresponse rates in many state studies limit the usefulness of the results because generalizations cannot be made to all families of interest. Because those families who do not respond to surveys, or who may not show up in administrative data for other programs, may be the ones at greatest risk of negative outcomes, some policymakers and program officials are particularly concerned about not having enough information to determine the status of these families. In addition, for policymakers to better understand whether states are making progress in meeting the goals of TANF, more comprehensive information is needed on household income; receipt of government assistance; and changes in family composition, including increases in the number of two-parent families and additional births, especially to teens. And, finally, the data often are not comparable among the states. Consequently, even if each state had collected generalizable data on a comprehensive range of topics, it would often be difficult to generate a national picture from such studies. More comparable data would also be useful to individual states that want to understand how former welfare families fare in their states as compared with those in other states. In addition, comparable data among the states could help policymakers and program administrators at all levels of government identify promising approaches and practices for assisting low-income families.

The limited nature of the information currently available emphasizes the importance of additional state efforts, such as those funded by HHS. The ongoing state efforts promise to provide a more complete picture in the future. Many more states have tracking studies in progress or planned and efforts are under way at the state and federal levels to improve the usefulness of these efforts. As HHS continues to work with states to support their efforts to collect data on families who have left welfare, it has an opportunity to help states develop more generalizable, comprehensive, and comparable data.

Agency Comments

We obtained comments on a draft of this report from HHS, which stated that the report provides useful information on the status of former welfare

recipients and the varied efforts being made by states to follow up on the impacts of welfare reform. HHS also noted, however, how difficult it was to glean general results from such varied studies. It expressed concern that, while the report appropriately discusses the issues that preclude generalizing findings in many of the studies to the state level, the report does not address other factors, such as differences in the definitions of the populations studied and in states' economic conditions, which make it difficult to report general results from any of the studies. HHS further suggested that rather than attempting to find areas of comparability in the studies, we should focus on the crucial differences between studies and emphasize the contribution that the HHS-funded state studies of families leaving welfare will make. Finally, HHS had concerns about our reliance upon studies with low response rates.

We agree with HHS about the difficulties involved in discussing general results from the varied studies. We did not suggest, however, that results from the eight studies could be generalized beyond the states from which the study samples were drawn. We also pointed out that much remains unknown about most families who have left welfare nationwide. In addition, we were not attempting to report program impacts, which would require controlling for other factors that could affect family status, such as varying economic conditions. Rather, we focused on what is currently known about the status of former welfare families given the extent to which a particular state study was generalizable to the study population within the state. We also agree with HHS' concern regarding low response rates, and this was the reason most of the studies were determined to not be generalizable and no data from them were included in the report. Finally, the report had already noted that we believe the HHS-funded state efforts will make an important contribution toward improving the usefulness of future studies and increase understanding of the condition of former welfare families.

To address HHS' concerns, we revised the report to place greater emphasis on the studies' differences by moving detailed information on the studies' varied populations, time periods, and methodologies from the appendix to the body of the report. We also added an additional caveat to the discussion about employment and earnings information, pointing out the lack of complete comparability among the studies. In addition, where results from several states were displayed, we added information on time periods and references to more detailed information on the studies' populations and methodologies. HHS also made technical comments, which

we incorporated where appropriate. (See app. IV for the text of HHS' comments.)

We also provided copies of the draft report to the 17 states whose studies we reviewed and to an expert on welfare reform issues. We incorporated their technical comments where appropriate.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies to the Honorable Donna E. Shalala, Secretary of the Department of Health and Human Services; state TANF directors; and other interested parties. We will also make copies available upon request.

If you or your staff have any questions about this report, please contact me on (202) 512-7215. Other staff who contributed to this report are listed in appendix V.



Cynthia M. Fagnoni
Director, Education, Workforce,
and Income Security Issues

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Abbreviations

AFDC	Aid to Families With Dependent Children
HHS	Department of Health and Human Services
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
TANF	Temporary Assistance for Needy Families

Scope and Methodology

This appendix provides more detail on how we (1) identified state studies of families who had left welfare, (2) assessed the extent to which the studies could support statewide generalizations of results, and (3) summarized the findings on employment and income from the studies with results generalizable to each state's welfare population.

Identifying and Assessing the Studies

To obtain information to answer this request, we searched for state studies of families who left welfare during or after 1995 that had published results by September 30, 1998. We began with a list of state tracking efforts prepared by a joint effort of the staffs of the National Conference of State Legislatures, the National Governors' Association, and the American Public Human Services Association.³⁰ In addition, we talked to representatives of the 10 states with the largest welfare caseloads (California, Florida, Illinois, Michigan, New Jersey, New York, Ohio, Pennsylvania, Texas, and Washington) and asked if they had any studies of former welfare families for which results had been published. We also talked to welfare experts and asked them if they knew of any ongoing studies of former welfare recipients. Finally, we talked to representatives of those states that we identified as having published reports on the basis of their tracking efforts and asked what additional plans, if any, they had for tracking former welfare families and if they had updated their work. If a state had more recent information available, we included it in our analysis when possible, in some cases using a report published after September 30, 1998.

Through this process, we identified 18 separate tracking efforts in 17 states.³¹ The 18 studies varied in degree of data completeness and statewide generalizability. We were interested in summarizing results that could reasonably be generalized to most families who left welfare in the state at the time of the study. We considered a study to be of an acceptable level of statewide generalizability if the study successfully obtained data on at least 70 percent of the sample of families for which it sought such data, or if a nonresponse analysis of the data showed that there were no important differences between families represented in the data and those

³⁰This list appears in a document called "State Efforts to Track and Follow Up on Welfare Recipients" and is updated periodically as additional studies are identified. The list we used was dated July 30, 1998. For the most recent list of state efforts to track welfare recipients, see the Web site www.aphsa.org.

³¹Wisconsin had two studies. The second surveyed a cohort of welfare recipients that left the welfare rolls between Jan. and Mar. 1998. The results of this survey were issued on Jan. 13, 1999.

missing from the data.³² Except for this assessment, we did not independently verify the data included in the state studies. Using this assessment, we identified eight studies representing seven states. The proportion of families that responded to surveys or for whom data were located in administrative databases in each study is shown in table I.1.

Table I.1: Response Rates for State Studies

State	Population of interest	Number of respondents ^a	Response rate (percentage)
Idaho	Families who left TANF July to Dec. 1997	447	17
Indiana	Families receiving AFDC May 1995 to May 1996 who subsequently left AFDC	1,589	71
Iowa	AFDC families assigned to or who volunteered for the Limited Benefit Plan Nov. 1994 to Apr. 1995	137	85
Kentucky	Families who left TANF Jan. to Nov. 1997	560	17
Louisiana	Families in metropolitan New Orleans who left TANF Jan. to Mar. 1998	349	17
Maryland	Families who left TANF Oct. 1996 to Sept. 1997	2,156	82 ^b
Michigan	Families whose AFDC benefits were terminated in Apr. 1996 because they did not comply with program rules	67	53
Montana	Families who received or left AFDC or TANF Mar. 1996 to Sept. 1997	208	^c
New Jersey	Families whose TANF benefits were terminated Jan. to Feb. 1998 because of failure to comply with program rules	453	45
New Mexico	Families who left AFDC July 1996 to June 1997	617	12
Oklahoma	Families who left or were denied TANF Oct. 1996 to Nov. 1997	292	53

(continued)

³²For other purposes, a different criterion may be more appropriate. For example, some program administrators believe that a major effort should be made to locate all families in the sample, especially if the purpose of a study is to ensure that families have not been adversely affected by program changes.

**Appendix I
Scope and Methodology**

State	Population of Interest	Number of respondents^a	Response rate (percentage)
Pennsylvania	Families who left TANF Mar. 1997 to Jan. 1998	169	47
South Carolina ^d	Families with a household member required to seek employment who left TANF July to Sept. 1997 and had not returned at time of follow-up	403	76
Tennessee	Families who lost TANF benefits Jan. to Oct. 1997 because they did not comply with program rules, and TANF families whose head was employed full- or part-time Feb. to Oct. 1997	2,436	51
Washington ^d	Single-parent families who left TANF Apr. to July 1998	592	52
Wisconsin	Single, female-headed families who left AFDC July 1995 to July 1996	54,518	92 ^b
Wisconsin	Families who left AFDC/TANF Jan. to Mar. 1998 and did not return prior to survey	375	69
Wyoming	Families who left TANF Dec. 1996 to Feb. 1998	200	32

^aThese are the families actually located for whom data are reported in the study.

^bRepresents the percentage of families about whom information was located in program administrative data.

^cData not available.

^dBoth South Carolina and Washington reported on groups of families who left welfare earlier. We included the most recent sample in our summary.

Source: GAO analysis of state studies.

Summarizing Data Related to Employment and Income

We summarized the results for the eight studies that we considered could reasonably be generalized to the state level in the three major areas of interest: economic status, family composition, and family and child well-being. This effort was constrained by the different sources of data used by the state studies, different categories of families tracked, and different questions asked of respondents in the surveys. The area for which each state study had somewhat comparable data was economic

status. The state studies with surveys generally asked employment status at the time of follow-up, hourly wage rate, number of hours worked, and whether the respondent had ever worked since leaving welfare. The two studies relying on state unemployment insurance program data to track employment could report only whether an individual had worked at some point during a 3-month period and total earnings for the period. Further, since state unemployment insurance programs do not cover some categories of employed individuals, program data would not have information on these individuals. For example, self-employed individuals and certain agricultural workers are generally not covered.

The two studies reporting average quarterly earnings based on state unemployment insurance program data did not report average hourly wage or average number of hours worked. In order to make earnings data comparable among the eight studies, we estimated average quarterly earnings for the other studies for which we had, or could calculate, average hourly wage rates and average number of hours worked. We multiplied the average hourly wage in each of these studies by the study's reported average number of hours worked in a week and multiplied by 13 to estimate a quarterly wage. This enabled us to compare estimated quarterly earnings with the reported quarterly earnings. We also had to make some adjustment to ensure that the employment rates were for comparable categories of families. Although some of the studies reported employment rates only for adults who left welfare and were still off the rolls at the time of follow-up, others included all families who left the rolls during the study period—even those who had returned to welfare at the time of follow-up. To estimate comparable employment rates, we removed from the calculation data on the individuals who returned to the rolls and assumed that those who returned to the rolls were not employed.

Reports From States' Studies of Families Who Left Welfare

Idaho

Project Self-Reliance TAFI Participant Closure Study (II), Idaho Department of Health and Welfare, spring 1998.

Indiana

The Indiana Welfare Reform Evaluation: Assessing Program Implementation and Early Impacts on Cash Assistance, Abt Associates, Inc., Aug. 1997.

The Indiana Welfare Reform Evaluation: Who Is On and Who Is Off? Comparing Characteristics and Outcomes for Current and Former TANF Recipients, Abt Associates, Inc., Sept. 1997.

The Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years, Abt Associates, Inc., and The Urban Institute, Nov. 1998.

Iowa

Iowa's Limited Benefit Plan: Summary Report, Mathematica Policy Research, Inc., and the Institute for Social and Economic Development, May 1997.

A Study of Well-Being Visits to Families on Iowa's Limited Benefit Plan, Mathematica Policy Research, Inc., June 1998.

Kentucky

From Welfare to Work: Welfare Reform in Kentucky, Welfare Reform Evaluation No. 1, Center for Policy Research and Evaluation, Urban Studies Institute, University of Louisville, Jan. 1998.

Louisiana

Exiting Welfare: The Experiences of Families in Metro New Orleans, School of Social Work, Southern University at New Orleans, June 1998.

Maryland

Life After Welfare: An Interim Report, University of Maryland School of Social Work, Sept. 1997.

Life After Welfare: Second Interim Report, University of Maryland School of Social Work, Mar. 1998.

Michigan

A Study of AFDC Case Closures Due to JOBS Sanctions April 1996, Michigan Family Independence Agency, May 1997.

Montana

Montana's Welfare Reform Project: Families Achieving Independence in Montana FAIM, February 1998 Update, Montana Department of Public Health & Human Services, Feb. 12, 1998.

New Jersey

WFNJ (TANF) Sanction Survey, New Jersey Department of Human Services, July 2, 1998.

New Mexico

Survey of the New Mexico Closed-Case AFDC Recipients July 1996 to June 1997, Final Report, University of New Mexico, Sept. 1997.

Oklahoma

Family Health & Well-Being in Oklahoma: An Exploratory Analysis of TANF Cases Closed and Denied October 1996 to November 1997, Oklahoma Department of Human Services, Sept. 1998.

Pennsylvania

TANF Closed-Case Telephone Survey, Pennsylvania Department of Public Welfare, Mar. 1998.

South Carolina

Survey of Former Family Independence Program Clients: Cases Closed During January Through March 1997, South Carolina Department of Social Services, Division of Program Quality Assurance, Mar. 3, 1998.

Survey of Former Family Independence Program Clients: Cases Closed During July Through September 1997, South Carolina Department of Social Services, Division of Program Quality Assurance, Oct. 9, 1998.

Tennessee

Summary of Surveys of Welfare Recipients Employed or Sanctioned for Non-Compliance, University of Memphis, Mar. 1998.

Washington

Washington's TANF Single Parent Families Shortly After Welfare: Survey of Families Which Exited TANF Between December 7 and March 1998, Washington DSHS Economic Services Administration, July 1998.

Washington's TANF Single Parent Families After Welfare, Washington DSHS
Economic Services Administration, Jan. 1999.

Wisconsin

Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin, Institute for Research on Poverty, University of Wisconsin-Madison, Aug. 17, 1998.

Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin, Institute for Research on Poverty, University of Wisconsin-Madison, Oct. 30, 1998.

Survey of Those Leaving AFDC or W-2 January to March 1998, Preliminary Report, State of Wisconsin, Department of Workforce Development, Jan. 13, 1999.

Wyoming

A Survey of Former POWER Recipients (Personal Opportunities With Employment Responsibilities), Western Management Services, LLC, for Wyoming Department of Family Services, May 1998.

Information on Selected Grants Awarded by the Department of Health and Human Services to Study Families Leaving Welfare

This appendix provides information on the study methodologies planned by the jurisdictions receiving grants from HHS to study families who have left welfare.

Table III.1: Selected Information on Grants Awarded

Grantee	Award amount	Population of Interest	Timing of survey (months after exit)
Arizona	\$249,824	Families leaving welfare Oct. to Dec. 1996 and Jan. to Mar. 1998	12
California—Los Angeles County	250,000	Families leaving welfare Oct. to Dec. 1996 and Jan. to Mar. 1998	12
California—San Mateo, Santa Clara, and Santa Cruz counties	160,270	Families leaving or diverted from welfare Oct. to Dec. 1996 and July to Dec. 1998	6 and 12
District of Columbia	249,749	Families leaving welfare July to Sept. 1997 and Oct. to Dec. 1998	6
Florida	274,719	Families leaving or diverted from welfare Apr. to June 1997; families receiving food stamps or Medicaid who were eligible for, but not receiving, welfare Apr. to June 1997	18 to 20
Georgia	246,660	Families leaving welfare Jan. to Oct. 1997 and July 1998 to June 2001	6
Illinois	250,000	Families leaving welfare Oct. 1997 to June 1998 and Jan. to Mar. 1999	1 to 9
Massachusetts	206,294	Families leaving welfare Jan. to June 1997 and Dec. 1998 to Feb. 1999	3, 6, 9, and 12
Missouri	250,000	Families leaving welfare Oct. to Dec. 1996 and Oct. to Dec. 1997	15
New York	80,476	Families leaving welfare Nov. 1997 to Mar. 1998 and Jan. to Mar. 1999	12
Ohio—Cuyahoga County	250,000	Families leaving welfare Oct. to Dec. 1996 and Jan. to Mar. 1998	12
South Carolina	200,000	Families leaving welfare Jan. to Mar. 1997 and Jan. to Mar. 1999	6 and 9

(continued)

**Appendix III
Information on Selected Grants Awarded by
the Department of Health and Human
Services to Study Families Leaving Welfare**

Grantee	Award amount	Population of Interest	Timing of survey (months after exit)
Washington	244,965	Families leaving welfare Oct. to Dec. 1996, Oct. to Dec. 1997, and Oct. to Dec. 1998	6 to 9
Wisconsin	204,200	Families leaving welfare Oct. to Dec. 1996 and Jan. to Dec. 1998; families applying for welfare in Milwaukee Oct. 1998 to Mar. 1999	5 to 10

Source: Office of the Assistant Secretary of Planning and Evaluation, HHS.

**Appendix III
Information on Selected Grants Awarded by
the Department of Health and Human
Services to Study Families Leaving Welfare**

Figure III.1: Administrative Data Sources Grantees Planned to Use

Grantee	Administrative Data Sources													
	AFDC/TANF	Child Care	Child Protective Services	Child Support	Department of Education	Emergency Assistance	Food Stamps	General Assistance	Medicaid	Public Housing Authority	Supplemental Security Income	Unemployment Insurance	Women, Infants, and Children Program	Other
Arizona	■	■	■	■		■	■		■			■		■
California—Los Angeles County	■						■	■	■			■		
California—San Mateo, Santa Clara, and Santa Cruz Counties	■		■				■	■	■	■		■		
District of Columbia	■		■				■	■	■		■			
Florida	■			■			■	■				■		
Georgia	■		■	■			■					■		
Illinois	■		■				■		■				■	■
Massachusetts	■			■										■
Missouri	■	■	■		■	■	■					■		■
New York	■		■	■			■		■		■			■
Ohio—Cuyahoga County	■						■		■			■		
South Carolina	■		■	■					■			■		■
Washington	■		■	■			■		■			■		■
Wisconsin	■	■	■	■			■		■		■			■

^aThis category includes other data sources, such as sources of tax, welfare-to-work, and health information.

Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAR -9 1999

Ms. Cynthia M. Fagnoni
Director, Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Enclosed are the Department's comments on your draft report, "Welfare Reform: State Studies Provide Limited Information on Former Recipients' Status." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "June Gibbs Brown".

June Gibbs Brown
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

**Appendix IV
Comments From the Department of Health
and Human Services**

Comments of the Department of Health and Human Services on the U.S. General Accounting Office's Draft Report, "Welfare Reform: State Studies Provide Limited Information on Former Recipients' Status" (GAO/HEHS-99-31)

We have reviewed the General Accounting Office (GAO) draft report and have the following comments. In general, we believe that the report provides useful information on the status of former recipients and the varied efforts being made by States to follow-up on the impacts of welfare reform. However, it is an extremely difficult task to glean general results from these varied studies. This limitation is due not only to the variation in the results, but also to the significant variation in the methodological design and conduct of these studies. This variation is not surprising since there was little or no coordination of these studies across States. This limitation is particularly important in light of the Department's ongoing welfare leavers grants which will incorporate a relatively more comparable group of studies and results.

The report appropriately discusses caveats that preclude generalization over more than 7 of the 17 State studies. However, there are other obstacles to generalization that may make it much more questionable to report general results. For example:

- The studies define leavers in different ways ranging from 9 months off welfare to 2 months. With regard to measuring impacts, these can be very different groups.
- Period effects (i.e., when States are at different points in their caseload cycle in terms of reductions/leavers) are difficult to control for and can produce significantly different results due to different measured and unmeasured characteristics of the current and former recipients, as well as different economic conditions.
- The choice of a 50 percent response rate (even with an assessment of response bias) is on the low side of acceptable practice and might warrant stronger caveats about validity and generalizability.

We believe these important differences along with variations in follow-up times across studies makes generalization inappropriate. Rather than attempting to find areas of comparability, this report might provide more valuable information by simply focusing on its reporting of separate results or ranges of results with accompanying caveats to qualify some of the crucial differences.

We also believe it would be useful early in the report, in terms of putting these studies and the GAO report into context, to mention the welfare leavers grants studies funded by the Department currently underway in 14 States and counties. The development of these studies suggests that we will likely have significantly more and better information on this topic in the near future (some of the reasons for this are explained in our second to last comment below). We recommend that when mentioning the efforts of the Department in tracking former recipients GAO also acknowledge the role that Congress played in earmarking \$5 million to study welfare outcomes.

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Major Contributors to This Report

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Related GAO Products

Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients (GAO/HEHS-99-22, Feb. 26, 1999).

Domestic Violence: Prevalence and Implications for Employment Among Welfare Recipients (GAO/HEHS-99-12, Nov. 24, 1998).

Welfare Reform: Early Fiscal Effects of the TANF Block Grant (GAO/AIMD-98-137, Aug. 18, 1998).

Welfare Reform: Child Support an Uncertain Income Supplement for Families Leaving Welfare (GAO/HEHS-98-168, Aug. 3, 1998).

Welfare Reform: Many States Continue Some Federal or State Benefits for Immigrants (GAO/HEHS-98-132, July 31, 1998).

Welfare Reform: Changes Will Further Shape the Roles of Housing Agencies and HUD (GAO/RCED-98-148, June 25, 1998).

Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence (GAO/HEHS-98-109, June 18, 1998).

Welfare Reform: Transportation's Role in Moving From Welfare to Work (GAO/RCED-98-161, May 29, 1998).

Medicaid: Early Implications of Welfare Reform for Beneficiaries and States (GAO/HEHS-98-62, Feb. 24, 1998).

Welfare Reform: States' Efforts to Expand Child Care Programs (GAO/HEHS-98-97, Jan. 13, 1998).

Welfare Reform: States' Early Experiences With Benefit Termination (GAO/HEHS-97-74, May 15, 1997).

Welfare Waivers Implementation: States Work to Change Welfare Culture, Community Involvement, and Service Delivery (GAO/HEHS-96-105, July 2, 1996).

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