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**Iowa's Family
Investment Program:**
*Impacts During the First
3-1/2 Years of Welfare
Reform*

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CONTENTS

| Section | Page |
|--|-------------|
| A. INTRODUCTION | 1 |
| B. FINDINGS IN BRIEF | 1 |
| C. THE GOALS AND PROVISIONS OF IOWA’S WELFARE REFORM | 2 |
| D. RESEARCH METHODS | 3 |
| E. IMPACTS ON EMPLOYMENT AND EARNINGS | 4 |
| F. IMPACTS ON FIP PARTICIPATION AND BENEFITS | 5 |
| G. IMPACTS ON COMBINING WORK AND WELFARE | 6 |
| H. DISCUSSION | 7 |
| REFERENCES | 8 |
| APPENDIX: TABULAR PRESENTATION OF IMPACT ESTIMATES | |

FIGURES

| Figure | | Page |
|---------------|-------------------------------|-------------|
| 1 | EMPLOYMENT | 9 |
| 2 | EARNINGS | 10 |
| 3 | FIP PARTICIPATION | 11 |
| 4 | FIP BENEFIT | 12 |
| 5 | EMPLOYED AND NOT ON FIP | 13 |
| 6 | EMPLOYED AND ON FIP | 14 |

A. INTRODUCTION

In advance of implementing new welfare policies, Iowa changed the name of the program that provides cash assistance to low-income families with dependent children from “Aid to Families with Dependent Children” (AFDC) to the “Family Investment Program” (FIP) on July 1, 1993. Three months later, on October 1, 1993, acting under waivers of certain federal regulations, Iowa replaced the policies that had formerly governed the provision of assistance to low-income families with a new set of policies. The program that implemented the new policies is referred to as “FIP.”¹

Relative to AFDC policies, FIP policies place less emphasis on maintaining the incomes of client families and more emphasis on increasing their participation in employment or in employment-oriented training activities. To reinforce these incentives, Iowa implemented complementary reforms to the Food Stamp Program. FIP and the welfare reform Food Stamp Program anticipated the fundamental shift in federal welfare policy away from long-term income maintenance and toward temporary assistance mandated by the Personal Responsibility and Work Opportunity Act of 1996.

This report updates an earlier report on the impacts of FIP (Fraker et. al., 1998) by extending the period of the analysis. For families that were receiving assistance on 9/30/93, the period of the analysis underlying this report is three and one-half years, compared to two years in the earlier report. And for families that applied for assistance after 9/30/93, the period of the analysis is two years rather than one year.² The earlier report provides much detail on the data and methodology of the analysis. Because both have remained unchanged (except the length of the analysis period), we provide only the most general discussion of these matters in this report and refer readers who would like more detailed information to the earlier report.

B. FINDINGS IN BRIEF

The research findings presented in this report show that welfare reform in Iowa increased employment and average earnings during the first three and one-half years of the reform period. The findings further show that the increase in employment occurred because the reform policies encourage and allow families to work while receiving cash assistance. On the other hand, the findings provide no evidence that the reforms reduced FIP participation. However, there is evidence of small reform-induced reductions in the average FIP benefit beginning late in the second year of the reform period.

¹In Iowa, the term “FIP” has been used since July 1993 to refer to cash assistance for families with dependent children, without regard for whether the assistance was provided under the old AFDC rules or the new welfare reform rules. One must consider the context in which the term “FIP” is used to determine whether it refers generically to cash assistance or more specifically to cash assistance under welfare reform.

²The pending final report on the evaluation of FIP will present impact estimates based on five years of data for families that were receiving cash assistance on 9/30/93 and up to four years of data for families that applied for assistance after that date.

C. THE GOALS AND PROVISIONS OF IOWA'S WELFARE REFORM

FIP relies on a comprehensive package of incentives and services to encourage clients to adopt behaviors that will facilitate their achievement of self-sufficiency. It also imposes strong consequences on those who fail to adopt those behaviors. While self-sufficiency is the program's ultimate goal, state policy makers established three more immediate goals for FIP:

- 1. *Making Work Pay.*** The former AFDC program imposed a high "tax" on earnings, thereby discouraging welfare recipients from working. FIP provides several earnings disregards that jointly imply a 40 percent tax on earnings, in contrast to a tax of between 67 percent and 100 percent under AFDC.³ The lower tax on earnings under FIP allows a family to achieve a higher level of income at a given level of earnings than would have been possible under pre-reform regulations.
- 2. *Responsibility with Consequences.*** FIP was designed to shift responsibility for the well-being of low-income families with dependent children from the state to the parents in those families. To ensure that parents accept this responsibility, each able-bodied adult FIP recipient is required to participate in PROMISE JOBS, a program that provides employment and training opportunities for welfare recipients in Iowa. Exemptions from this requirement are sharply limited under FIP relative to AFDC.⁴

A critical PROMISE JOBS activity is the development and signing of a Family Investment Agreement (FIA). The FIA specifies the steps that a FIP participant who has been referred to PROMISE JOBS will take to achieve self-sufficiency and the services that the state will provide to facilitate that process. Failure to develop and sign an FIA, or abandonment of a signed FIA, results in the individual being assigned to the Limited Benefit Plan, under which his or her family's cash grant is temporarily reduced and/or eliminated.

- 3. *Family Stability.*** The designers of FIP regarded stable two-parent families as a key to achieving family self-sufficiency and building strong communities. They also believed that many AFDC policies undermined the formation and maintenance of two-parent families by restricting the access of these families to public assistance. FIP does not include several AFDC requirements that restricted eligibility for two-parent families, including the "100-hour rule," which stipulated that families in which a parent worked more than 100 hours per month were ineligible for cash assistance even if the earnings from that employment were low.

³During most of the analytic period for this report, welfare reform FIP offered a four-month Work Transition Period (WTP) to cases without significant earnings in the previous year. When the WTP was in effect for a case, there was no tax on earnings. The WTP was eliminated in 1997.

⁴Effective July 1, 1997, the only exemptions from the PROMISE JOBS participation requirement are for persons who are unable to participate because of a disability and for persons who are 16-19 years old and are not parents and attend school full time. Prior to that date, the principal caregiver to an infant was also exempt from this requirement.

D. RESEARCH METHODS

The evaluation of welfare reform in Iowa is based on an experimental design, under which families were randomly assigned to a treatment group that was subject to the new welfare reform policies or to a control group that was subject to the policies of the former AFDC program. Random assignment ensured that cases in the treatment and control groups were, on average, alike in their characteristics at the time of random assignment and were equally subject to the influence of external factors, such as changes in Iowa's economy.

We estimated the impacts of welfare reform by comparing mean values of outcome measures for the treatment and control groups in the quarters following random assignment.⁵ We made those comparisons separately for a sample of cases that were ongoing participants in FIP on September 30, 1993 (referred to as "ongoing FIP cases" or "ongoing cases") and for a sample of cases that applied to FIP after that date (referred to as "applicant FIP cases" or "applicant cases").⁶ For ongoing FIP cases, the number of quarters since random assignment as of the last available quarter of outcome data (the quarter that ended on March 31, 1997) was identical for all cases and was equal to the number of quarters since the implementation of welfare reform--fourteen quarters. All 6,684 members of the sample of ongoing cases were included in the analysis. Fewer quarters of outcome data were available for applicant FIP cases because they went through random assignment gradually following the implementation of welfare reform. Only those that applied for assistance during the first six quarters of the reform period (October 1993 through March 1995) were included in the research sample. With this restriction, at least eight quarters of data were available through March 31, 1997, for each of 6,009 applicant cases.⁷ Some of these cases did not actually enter the program because they either did not qualify for assistance or did not complete all of the steps in the application process.

The random assignment of sample members to treatment or control groups ensured that the difference between the two groups in the mean value of a given outcome measure was an unbiased estimate of the impact of welfare reform. However, to improve the precision (reduce the standard error) of our estimate of the impact of welfare reform on each outcome, we used multivariate regression to adjust for variation in the socioeconomic characteristics of the sample members that may have affected the outcome.

Our brief discussion of the impact estimates for each outcome conveys a general sense of the findings, illustrated with one or more examples. The magnitude and statistical significance of the impact estimate for a specific sample and quarter may differ from this characterization.

⁵Outcome measures were obtained from the Iowa Automated Benefit Calculation (IABC) system of the Iowa Department of Human Services (DHS) and from Iowa Workforce Development's (IWD's) unemployment insurance (UI) wage reporting system. When necessary, we transformed the data so that outcomes measured over time were expressed as quarterly amounts.

⁶Treatment and control groups were formed separately for ongoing FIP cases and applicant FIP cases. For each case assigned to a control group, two cases were assigned to a treatment group.

⁷Our earlier report on the impacts of Iowa's welfare reform is based on eight quarters of data for ongoing FIP cases and four quarters of data for applicant FIP cases (Fraker et al., 1998).

E. IMPACTS ON EMPLOYMENT AND EARNINGS

The welfare reform policies that are embodied in FIP provide enhanced incentives and requirements to work relative to the policies of the former AFDC program. The incentives include more generous earned-income disregards for all FIP participants and extended transitional childcare assistance for families that leave cash assistance due to employment.⁸ One implication of the expanded earned-income disregards is that employed applicants are more likely to qualify for assistance under FIP than under AFDC. With only a few exceptions, FIP requires able-bodied adult recipients to work or get training. This requirement and the consequence for failing to satisfy it (assignment to the Limited Benefit Plan) are more demanding than the corresponding policies under the former AFDC program.

Given FIP's enhanced incentives and requirements to work, it is not surprising that this evaluation found that Iowa's welfare reform increased employment and average earnings during the first three and one-half years of the reform period.⁹ These impacts were modest in size and were more pronounced among applicant FIP cases than among ongoing FIP cases.

Employment (Figure 1). Welfare reform increased employment. The impact was stronger on applicant cases than on ongoing cases. Among applicant FIP cases during the eight quarters following random assignment, cases in the treatment group were between three and six percentage points more likely to be employed than cases in the control group. For example, among applicant cases, 62 percent of treatment group members were employed in Quarter 6, compared with only 58 percent of control group members.¹⁰ Among ongoing FIP cases, there is only weak evidence that welfare reform increased employment. Consistently positive treatment-control differences in employment did not emerge until the fourth quarter following random assignment. However, those differences are statistically insignificant in all but two quarters.

Earnings (Figure 2). Welfare reform increased average earnings among both applicant cases and ongoing cases. Among applicant FIP cases, average earnings were between 4 and 12 percent higher for cases in the treatment group than for cases in the control group in each of the eight quarters following random assignment. Among ongoing FIP cases, the treatment-control difference in average earnings ranged from -1 percent in Quarter 13 to +12 percent in Quarter 6. In about half of the follow-up quarters, the treatment-control difference in average earnings is positive and statistically significant for both applicant cases and ongoing cases. For ongoing FIP cases only, the evaluation found evidence that the impact of welfare reform on average quarterly earnings declined late in the follow-up period. The estimated impact of the reforms on ongoing cases fell from around seven percent in Quarters 2 through 11 to near zero in Quarters 13 and 14.

⁸In July 1999, transitional childcare assistance and three other state-administered childcare assistance programs were consolidated into a single program with one set of requirements. There is no time limit on assistance under the consolidated program, so long as the eligibility requirements are met.

⁹The FIP case was the unit of observation and analysis for all findings presented in this report. The measures of employment and earnings were constructed from data in the Iowa unemployment insurance wage reporting system. We defined *employment* as positive earnings during a quarter by any member of a case age 14 years or greater. We defined *earnings* as the sum over all members of a case of earnings during a quarter.

¹⁰Tables A.1 through A.6 in the appendix provide the detailed findings underlying Figures 1 through 6.

F. IMPACTS ON FIP PARTICIPATION AND BENEFITS

The various components of the welfare reform Family Investment Program do not provide consistent incentives or requirements to reduce FIP participation. On the one hand, some components of the reform program might be expected to reduce FIP participation. These include the extension of transitional childcare assistance from one year to two years following exit from FIP due to employment, and work requirements that are more stringent and apply to a broader spectrum of cases than under AFDC. On the other hand, other components of welfare reform might be expected to increase FIP participation. These include liberalized eligibility criteria for two-parent families and expanded earned-income disregards. Both make it easier for applicant FIP cases to qualify for assistance; also, the latter makes it more difficult for those who are already on FIP to work their way off.¹¹ Consistent with these mixed incentives, this evaluation found that Iowa's welfare reform did not reduce FIP participation.

The rules governing the determination of FIP benefit amounts are such that a case's benefit should fall as its earned income rises. Therefore, welfare reform policies that are designed to stimulate additional earnings may indirectly reduce benefits.¹² Our analysis indicates that the reform policies did lead to a reduction in FIP benefits among ongoing FIP cases during the second half of the follow-up period for this report.

FIP Participation (Figure 3). This evaluation has produced no evidence that welfare reform in Iowa reduced FIP participation. To the contrary, cases in either of the evaluation's two treatment groups were generally more likely to participate in FIP during a quarter than their counterparts in the corresponding control group. Among applicant FIP cases, few of the positive treatment-control differences are statistically significant; but, among ongoing FIP cases, all but one of the differences are statistically significant.

FIP Benefit (Figure 4). Welfare reform reduced the average quarterly FIP benefit amount, but the reduction was concentrated in the second half of the follow-up period and was pronounced only for ongoing FIP cases. Among both applicant cases and ongoing cases, the average benefit was actually slightly higher for those in a treatment group than for those in the corresponding control group during the quarters immediately following random assignment. However, none of those differences were statistically significant. Beginning with Quarter 4 for

¹¹To illustrate how expanded earned-income disregards may make it more difficult for FIP recipients to work their way off of assistance, consider a family of four that is on FIP, has earnings, and is not receiving child support. Based on FIP benefit levels as of August 1995, this family would have lost eligibility for assistance under control policies after \$615 in monthly earnings, but would have remained eligible under treatment policies (with the generous earned-income disregards) until it had earned more than \$1,238.

¹²More generous earned-income disregards may either increase or decrease FIP benefits. If the disregards fail to stimulate additional earnings, then they will increase FIP benefits (because more of the existing earnings are disregarded in computing FIP benefits). If the disregards do stimulate additional earnings, then the additional earnings may more than offset the enhanced disregards, resulting in higher FIP net income and lower FIP benefits. However, the Work Transition Period, discussed in Footnote 2, may have moderated the tendency for increased earnings among treatment cases to reduce FIP benefits. This is because the WTP temporarily severed the relationship between earnings and benefits for a subset of treatment cases--those without significant earnings in the prior year.

applicant FIP cases and Quarter 6 for ongoing FIP cases, treatment-control differences were negative, suggesting that welfare reform may have caused the average FIP benefit to fall. However, those differences were small for applicant cases, less than 3 percent or ten dollars per month, and they are not statistically significant. They were larger for ongoing cases, typically greater than 4 percent or twenty dollars per month, and they are statistically significant in five of the final nine quarters in the follow-up period. We conclude that welfare reform reduced the average quarterly FIP benefit for ongoing cases during the second half of the follow-up period for this report.

G. IMPACTS ON COMBINING WORK AND WELFARE

We have seen that employment increased as a consequence of welfare reform, while FIP participation either increased or remained essentially unchanged. This pair of findings suggests that welfare reform facilitated the combining of work and welfare. Our investigation of the impacts of welfare reform on combining employment and FIP participation confirms this.

Employed and Not on FIP (Figure 5). Welfare reform in Iowa did not increase the likelihood that a family would be employed and *not* on FIP. Figure 5 shows that, among both applicant FIP cases and ongoing FIP cases, there was a strong tendency for the percentage of cases that were employed and not on FIP to increase with the passage of time since random assignment.¹³ However, this pattern was no stronger for treatment group members than it was for control group members. Indeed, among ongoing cases, treatment group members were significantly *less* likely than control group members to be employed and not on FIP during ten of the fourteen quarters following random assignment.

Employed and on FIP (Figure 6). This evaluation has produced both indirect and direct evidence that the positive impact of welfare reform on employment occurred because the reforms facilitated the combining of work and welfare. The *indirect evidence* is presented in Figures 1 and 5. Figure 1 shows that welfare reform increased employment generally, while Figure 5 shows that welfare reform did not increase the percentage of applicant cases that were employed and not on FIP, and actually reduced the corresponding percentage among ongoing cases. Therefore, we infer that welfare reform's positive impact on employment must have occurred because families were more likely to combine work and welfare when subject to the reform policies.

Figure 6, when considered with Figure 5, presents *direct evidence* that the positive impact of welfare reform on employment occurred because the reforms facilitated the combining of work and welfare. Figure 6 provides statistically significant evidence for all quarters following random assignment that welfare reform increased the percentage of both applicant cases and

¹³ Applicant cases that were employed and not on FIP were of two types: (1) cases that had never entered FIP (because they failed to complete the application process or did not meet the eligibility requirements) and were employed; and (2) cases that had entered FIP, but were no longer on FIP, and were employed.

ongoing cases that were employed and on FIP.¹⁴ We have seen in Figure 5 that welfare reform did not increase the percentage of either applicant cases or ongoing cases that were employed and *not* on FIP. Thus, the positive impact of welfare reform on employment occurred because the reforms facilitated the combining of work and welfare. There is no evidence that the reforms increased employment by encouraging families to choose employment in lieu of welfare.

H. DISCUSSION

A reading of the reforms embodied in FIP, absent any data analysis, suggests that they provide strong financial incentives for employment and impose significant consequences in its absence. In implementing FIP, Iowa sent a message to current and potential welfare recipients that, with few exceptions, the able-bodied adults in a family must work or get training in order for the family to receive cash assistance. However, only minor components of the reforms, such as the provision of an extra year of transitional childcare assistance, provide incentives for families to leave FIP. Indeed, the financial incentives for FIP participants to be employed make it harder for them to work and earn their way off of welfare.

The findings from the first three and one-half years of Iowa's welfare reform that are presented in this report are consistent with the preceding characterization. Employment increased as a consequence of welfare reform, especially among applicant FIP cases. The increase in employment occurred because families were more likely to combine work and welfare under FIP policies than under the policies of the former AFDC program. Average earnings increased as a consequence of welfare reform among both applicant FIP cases and ongoing FIP cases. This reform-induced increase in average earnings was, we infer, responsible for the small reduction in the average FIP benefit among ongoing cases in the later quarters of the follow-up period for this report. In contrast, welfare reform did not reduce FIP participation. In summary, the findings presented in this report reinforce our perception of the reforms as emphasizing the importance of work as a condition for receiving assistance.

In the first report on the impacts of Iowa's welfare reform (Fraker et al., 1998), we speculated that, as the follow-up period for the analysis was extended, statistically significant evidence of reform-induced reductions in FIP participation might be obtained. However, that has not proved to be the case. The first report provided estimates of the impacts of reform policies based on four quarters of follow-up data for the sample of FIP applicants and eight quarters for the sample of FIP participants. Our analysis of those early data revealed slightly *higher* FIP participation for cases in the treatment group than for cases in the control group. The current report is based on analysis of four additional quarters of follow-up data for applicant FIP cases and six additional quarters for ongoing FIP cases. However, our analysis of the additional data has revealed no statistically significant treatment-control differences in FIP participation

¹⁴The percentage of cases that were employed and on FIP fell with the passage of time following random assignment for cases in both the treatment groups and the control groups. This was true for applicant cases as well as ongoing cases. The decline was greater for cases in the control groups. Thus, in every quarter following random assignment, cases in the treatment groups were more likely than their counterparts in the control groups to be employed and on FIP. This treatment-control gap is the basis for our finding that welfare reform increased the percentage of cases that were employed and on FIP.

during the more recent follow-up quarters. Therefore, while welfare reform did not reduce participation in FIP during the later quarters in the follow-up period, it also did not increase participation--as occurred in earlier quarters.

More generally, for the different outcomes considered in this report, there is no evidence that the size of the welfare reform impacts grew with the passage of time following random assignment. The most typical time-pattern for the impact estimates is growth during the first four quarters after random assignment followed by stability. For a few outcomes, the impact estimates tended to shrink rather than grow with the passage of time following random assignment. These results provide no basis for expecting that further extension of the follow-up period would reveal larger impacts of welfare reform.

The findings presented in this report are probably the most reliable statistical results that this evaluation will produce regarding the impacts of Iowa's welfare reform on the core outcomes that are common to most evaluations of welfare reform--employment, earnings, welfare participation, and welfare benefit amounts. The pending final report will present impact estimates based on up to twenty quarters of administrative data and on survey data that were collected nineteen to twenty-four quarters after random assignment. However, the analyses of those data will be complicated by the fact that control policies began to be phased out late in Quarter 14 (January through March of 1997). By Quarter 15, all members of the control groups were subject to reform policies. This could result in treatment-control differences that underestimate the impacts of the reforms in Quarter 15 and beyond. We will use econometric models to minimize the risk of underestimation. Nevertheless, we expect findings from the evaluation for Quarter 15 and beyond to be less reliable than the findings presented here based on data from the first fourteen quarters following Iowa's implementation of welfare reform.

REFERENCES

Fraker, Thomas M., Lucia A. Nixon, Jonathan E. Jacobson, Anne R. Gordon, and Thomas J. Martin. "Iowa's Family Investment Program: *Two-Year Impacts*." Washington, DC: Mathematica Policy Research, Inc., December 1998 (available at the Mathematica web site: www.mathematica-mpr.com).

FIGURE 1 EMPLOYMENT

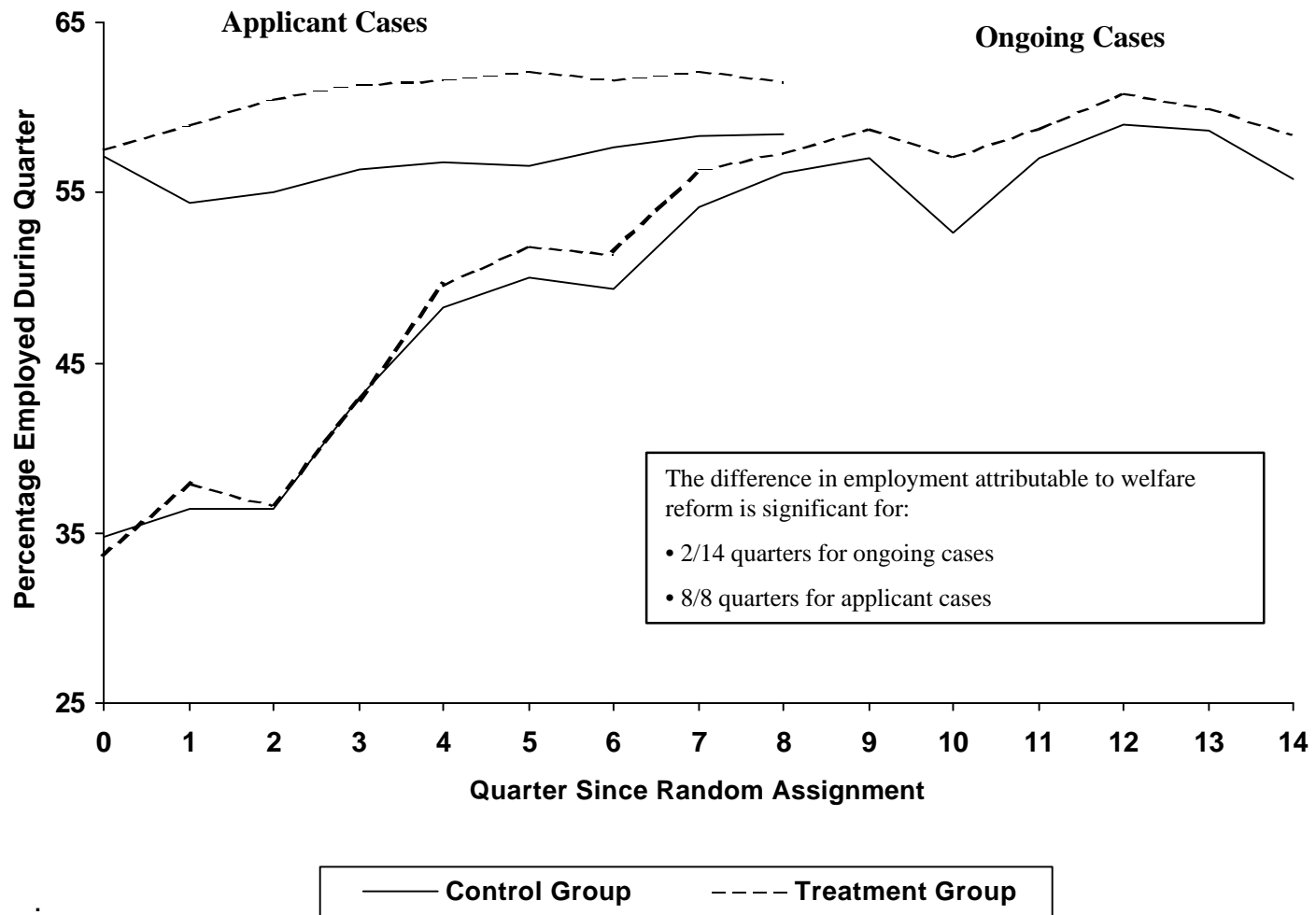


FIGURE 2 EARNINGS

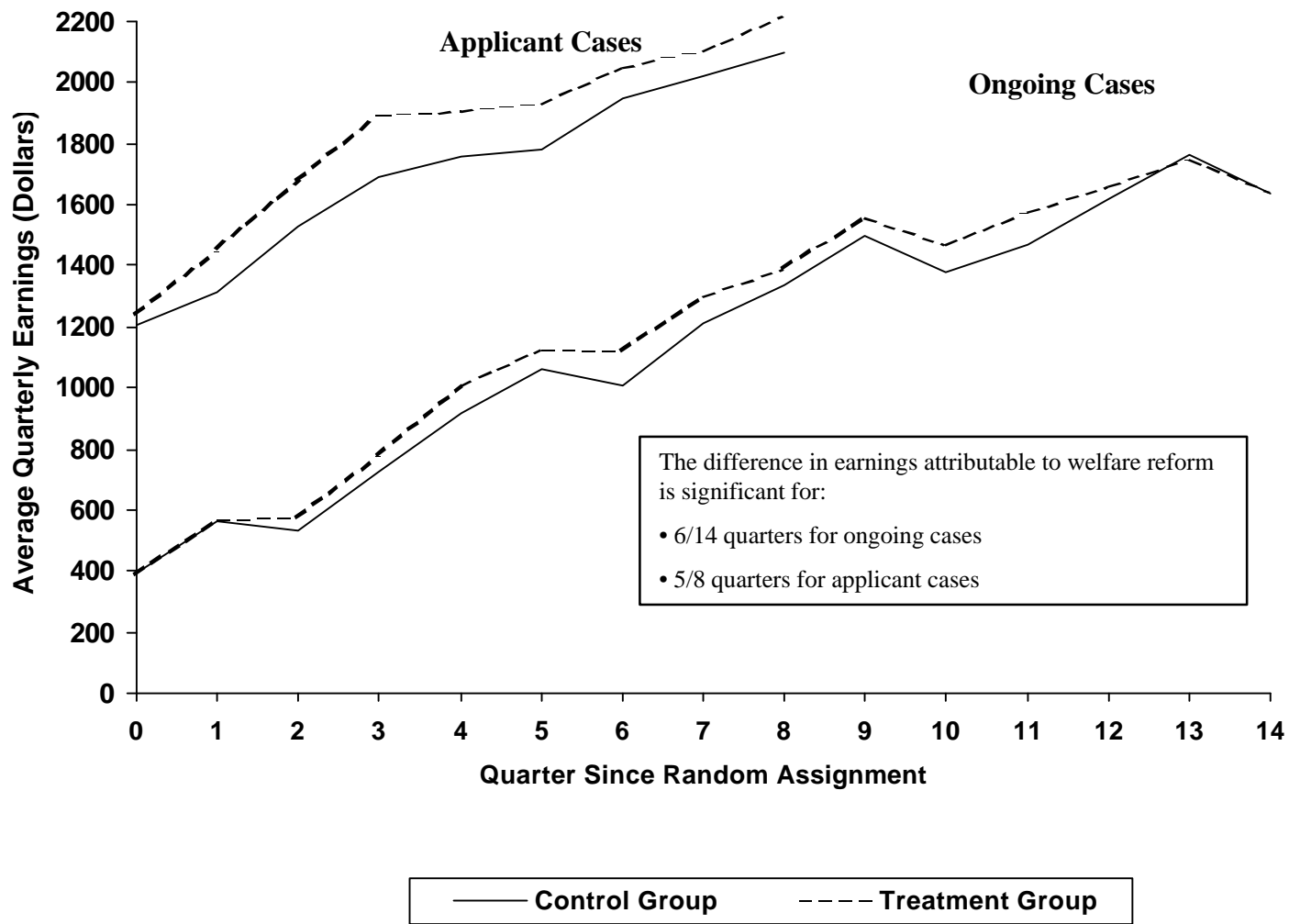


FIGURE 3 FIP PARTICIPATION

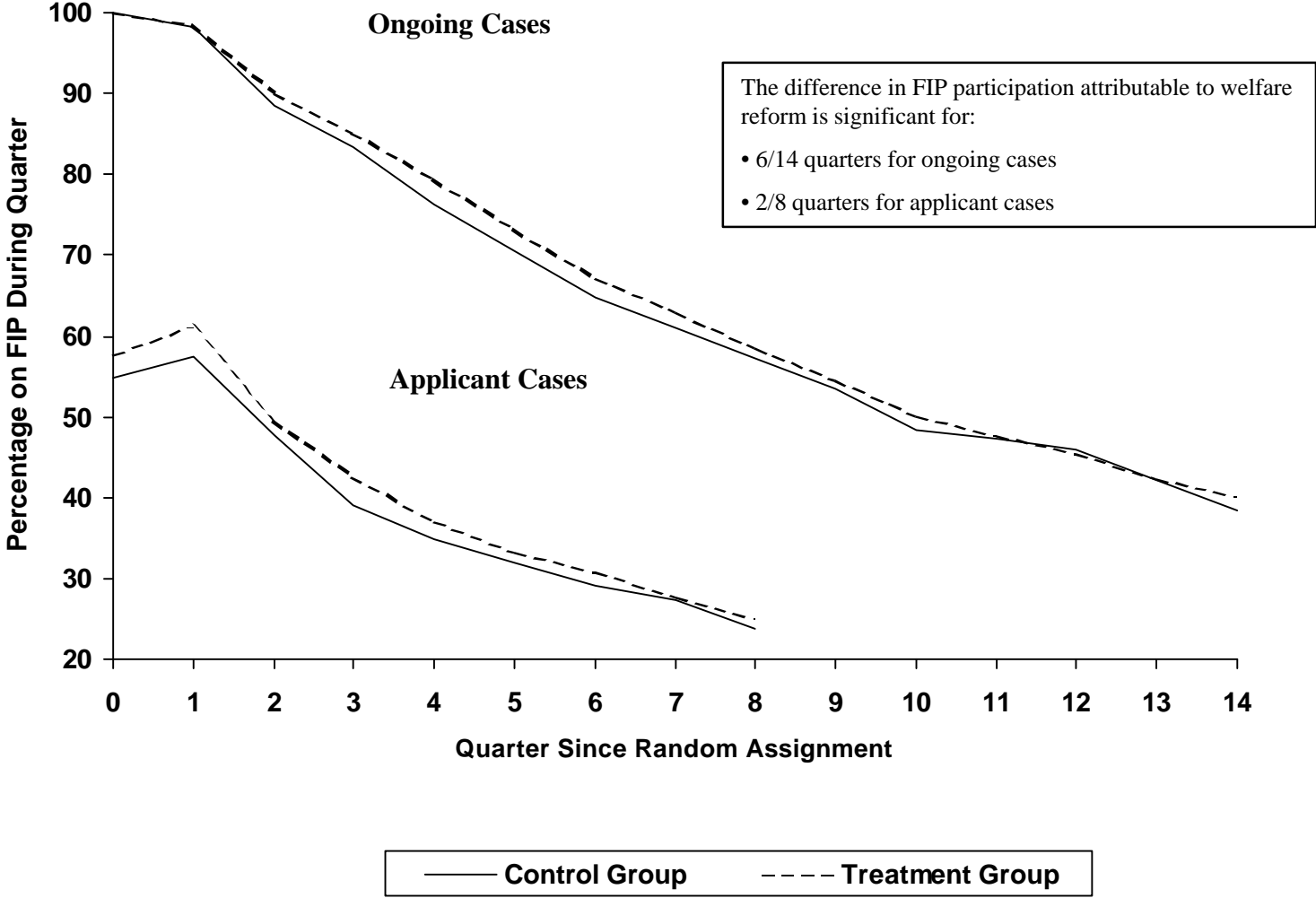


FIGURE 4 FIP BENEFIT

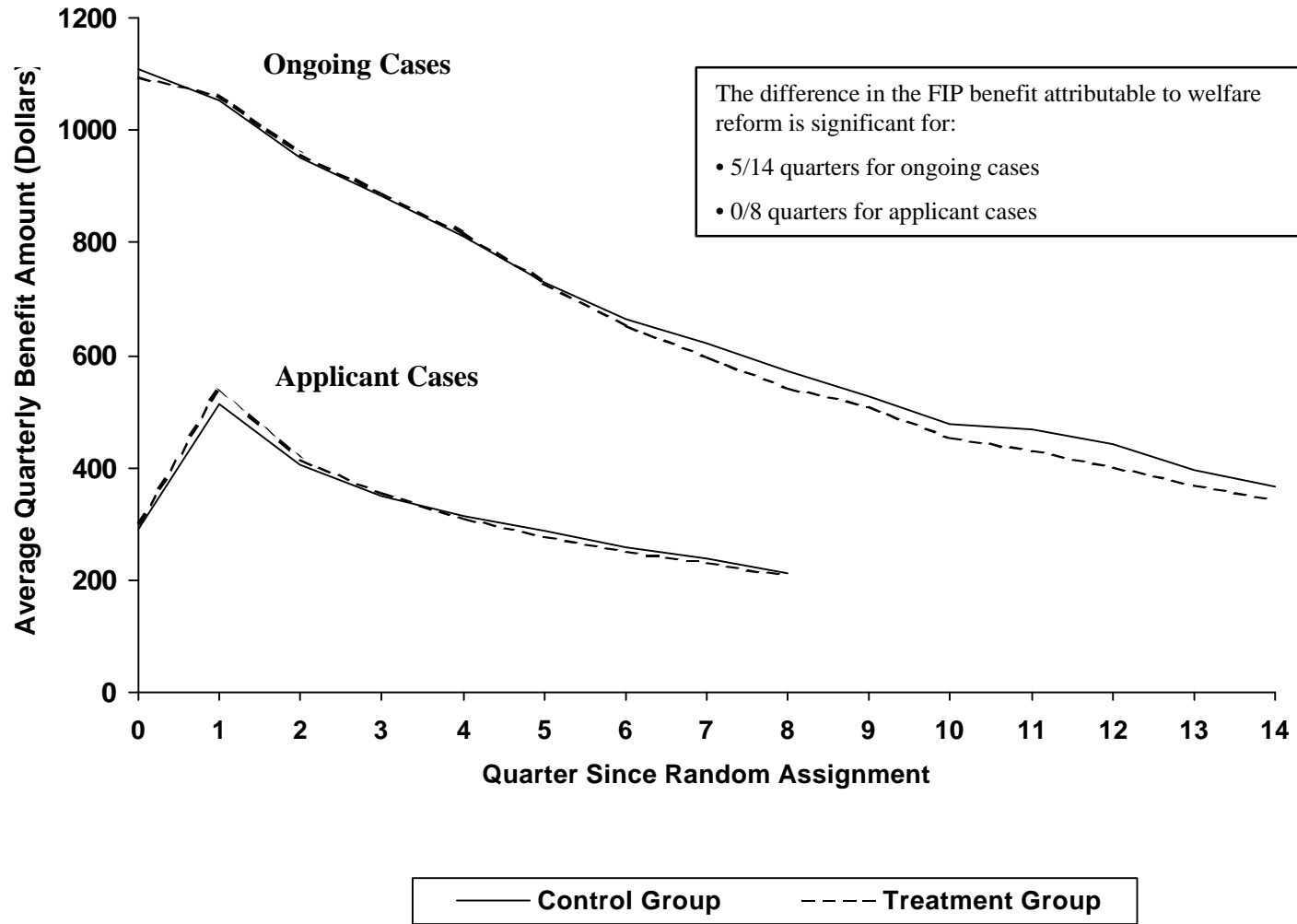


FIGURE 5 EMPLOYED AND NOT ON FIP

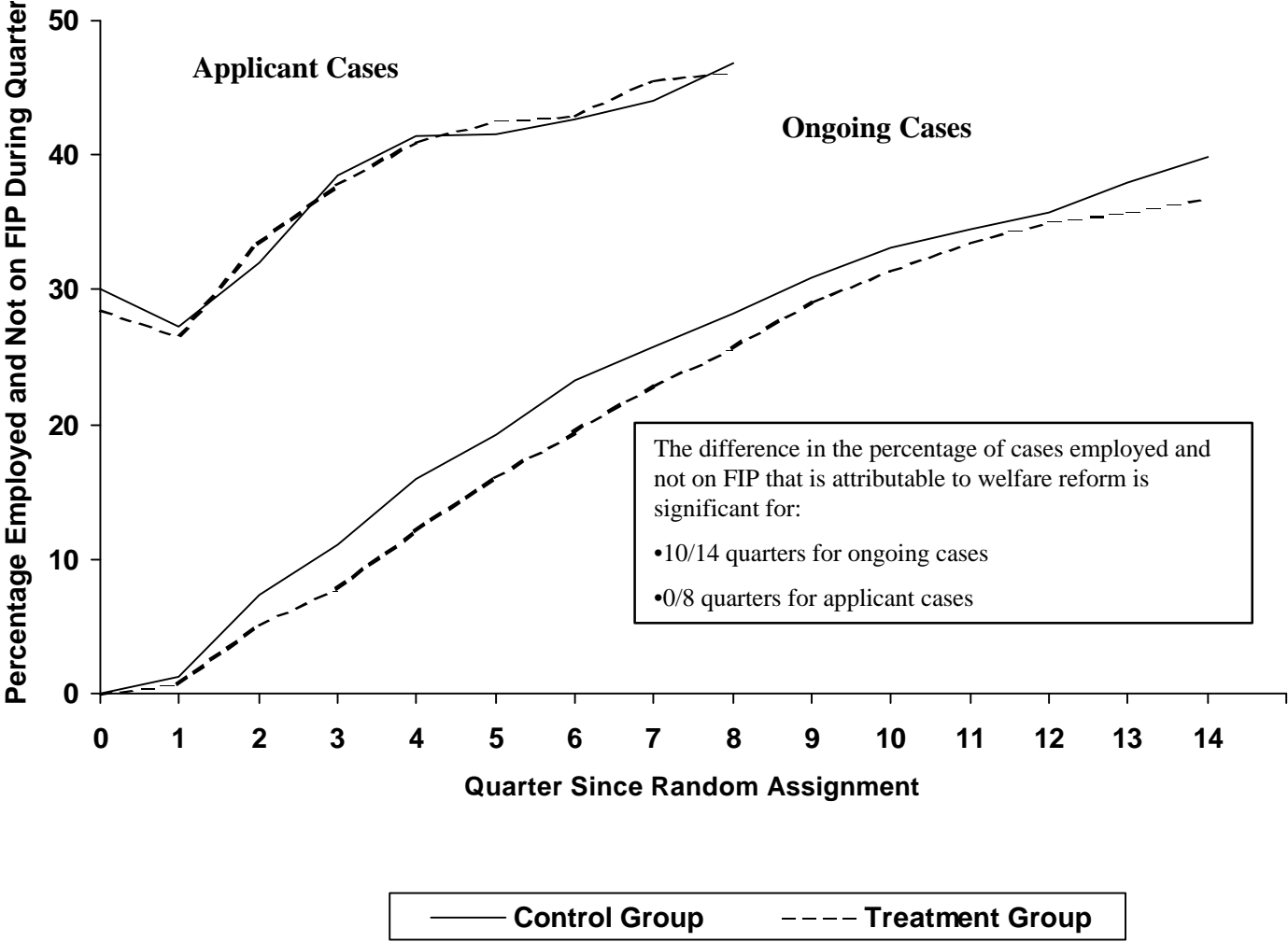
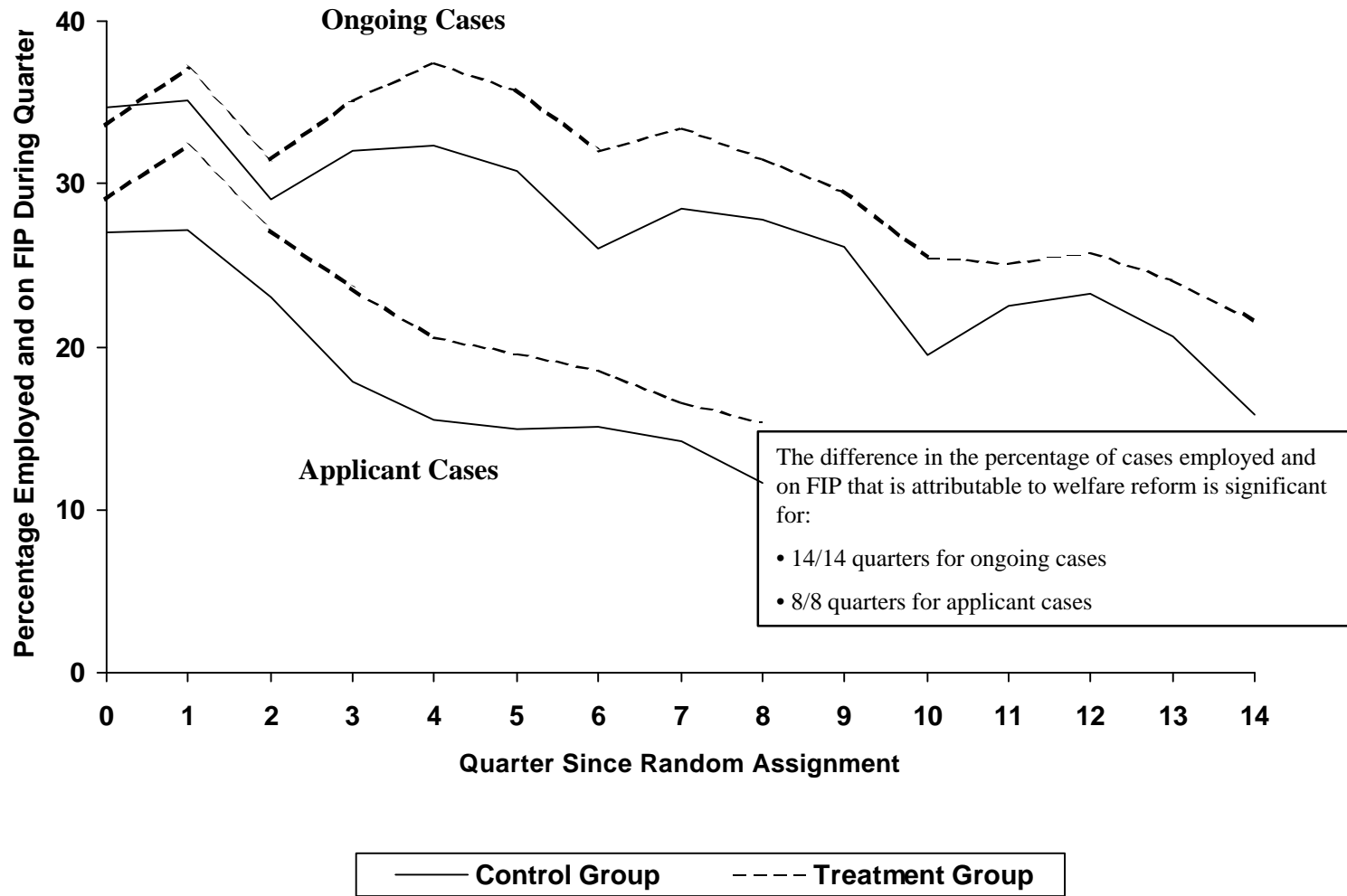


FIGURE 6 EMPLOYED AND ON FIP



APPENDIX

TABULAR PRESENTATION OF IMPACT ESTIMATES

TABLE A.1
EMPLOYMENT
(Percentage Employed During Quarter)

| Research Sample/ Quarter Since Random Assignment | Treatment Group | Control Group | Difference (T-C) | |
|---|--------------------|-------------------|-------------------|-----------|
| | | | Absolute | Relative |
| Applicant FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 57.5 | 57.1 | +0.4 | +0.7 |
| Quarter 1 | 59.0 | 54.4 | +4.6*** | +8.5 |
| Quarter 2 | 60.5 | 55.0 | +5.5*** | +10.0 |
| Quarter 3 | 61.4 | 56.3 | +5.1*** | +9.1 |
| Quarter 4 | 61.6 | 56.8 | +4.8*** | +8.5 |
| Quarter 5 | 62.1 | 56.6 | +5.5*** | +9.7 |
| Quarter 6 | 61.6 | 57.7 | +3.9** | +6.8 |
| Quarter 7 | 62.2 | 58.3 | +3.9** | +6.7 |
| Quarter 8 | 61.5 | 58.4 | +3.1* | +5.3 |
| Sample Size | 3,795 | 1,974 | | |
| Ongoing FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 33.6 | 34.8 | -1.2 | -3.4 |
| Quarter 1 | 37.9 | 36.4 | +1.5 | +4.1 |
| Quarter 2 | 36.6 | 36.4 | +0.2 | +0.5 |
| Quarter 3 | 42.8 | 43.0 | -0.2 | -0.5 |
| Quarter 4 | 49.5 | 48.2 | +1.3 | +2.7 |
| Quarter 5 | 51.8 | 50.0 | +1.8 | +3.6 |
| Quarter 6 | 51.4 | 49.3 | +2.1 | +4.3 |
| Quarter 7 | 56.3 | 54.2 | +2.1 | +3.9 |
| Quarter 8 | 57.3 | 56.1 | +1.2 | +2.1 |
| Quarter 9 | 58.8 | 57.0 | +1.8 | +3.2 |
| Quarter 10 | 57.1 | 52.6 | +4.5*** | +8.6 |
| Quarter 11 | 58.7 | 57.0 | +1.7 | +3.0 |
| Quarter 12 | 60.8 | 59.0 | +1.8 | +3.1 |
| Quarter 13 | 60.0 | 58.6 | +1.4 | +2.4 |
| Quarter 14 | 58.4 | 55.8 | +2.6* | +4.7 |
| Sample Size | 4,343 | 2,149 | | |

SOURCE: The outcome measure (employment by any case member age 14+ at any time during a quarter) is based on UI data from IWD for 7/93 - 3/97. UI data were not available for 3.4 percent of cases due to missing linking information (SSN) in the IABC system.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods.

* Significant at the .10 level, two-tailed test.

** Significant at the .05 level, two-tailed test.

*** Significant at the .01 level, two-tailed test.

TABLE A.2
EARNINGS
(Average Quarterly Earnings)

| Research Sample/ Quarter Since Random Assignment | Treatment Group | Control Group | Difference (T-C) | |
|---|--------------------|------------------|------------------|-----------|
| | | | Absolute | Relative |
| Applicant FIP Cases | (dollars) | (dollars) | (dollars) | (percent) |
| Quarter 0 | 1,241 | 1,204 | +37 | +3.1 |
| Quarter 1 | 1,452 | 1,314 | +138** | +10.5 |
| Quarter 2 | 1,676 | 1,531 | +145** | +9.5 |
| Quarter 3 | 1,896 | 1,690 | +206*** | +12.2 |
| Quarter 4 | 1,909 | 1,757 | +152** | +8.7 |
| Quarter 5 | 1,931 | 1,783 | +148** | +8.3 |
| Quarter 6 | 2,052 | 1,948 | +104 | +5.3 |
| Quarter 7 | 2,107 | 2,021 | +85 | +4.2 |
| Quarter 8 | 2,218 | 2,097 | +121 | +5.8 |
| Sample Size | 3,795 | 1,974 | | |
| Ongoing FIP Cases | (dollars) | (dollars) | (dollars) | (percent) |
| Quarter 0 | 388 | 397 | -9 | -2.2 |
| Quarter 1 | 568 | 564 | +4 | +0.8 |
| Quarter 2 | 577 | 531 | +46* | +8.7 |
| Quarter 3 | 780 | 727 | +53 | +7.2 |
| Quarter 4 | 1,009 | 916 | +94** | +10.2 |
| Quarter 5 | 1,130 | 1,061 | +68 | +6.4 |
| Quarter 6 | 1,124 | 1,005 | +119*** | +11.8 |
| Quarter 7 | 1,300 | 1,212 | +88* | +7.3 |
| Quarter 8 | 1,391 | 1,334 | +57 | +4.3 |
| Quarter 9 | 1,562 | 1,496 | +66 | +4.4 |
| Quarter 10 | 1,470 | 1,378 | +93* | +6.7 |
| Quarter 11 | 1,576 | 1,468 | +108** | +7.4 |
| Quarter 12 | 1,661 | 1,619 | +42 | +2.6 |
| Quarter 13 | 1,752 | 1,763 | -11 | -0.6 |
| Quarter 14 | 1,642 | 1,634 | +8 | +0.5 |
| Sample Size | 4,343 | 2,149 | | |

SOURCE: The outcome measure (quarterly earnings aggregated over case members age 14+) is based on UI data from IWD for 7/93 - 3/97. UI data were not available for 3.4 percent of cases due to missing linking information (SSN) in the IABC system.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods.

- * Significant at the .10 level, two-tailed test.
- ** Significant at the .05 level, two-tailed test.
- *** Significant at the .01 level, two-tailed test.

TABLE A.3

FIP PARTICIPATION
(Percentage on FIP During Quarter)

| Research Sample/ Quarter Since Random Assignment | Treatment Group | Control Group | Difference (T-C) | |
|---|--------------------|-------------------|-------------------|-----------|
| | | | Absolute | Relative |
| Applicant FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 57.7 | 54.7 | +3.0* | +5.5 |
| Quarter 1 | 61.2 | 57.5 | +3.7** | +6.4 |
| Quarter 2 | 49.5 | 47.7 | +1.8 | +3.8 |
| Quarter 3 | 42.6 | 39.1 | +3.5** | +9.0 |
| Quarter 4 | 37.0 | 34.8 | +2.2 | +6.3 |
| Quarter 5 | 33.3 | 31.9 | +1.4 | +4.4 |
| Quarter 6 | 30.9 | 29.0 | +1.9 | +6.6 |
| Quarter 7 | 27.8 | 27.4 | +0.4 | +1.5 |
| Quarter 8 | 25.0 | 23.8 | +1.2 | +5.0 |
| Sample Size | 3,973 | 2,036 | | |
| Ongoing FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 100.0 | 99.9 | +0.1 | +0.1 |
| Quarter 1 | 98.5 | 98.2 | +0.3 | +0.3 |
| Quarter 2 | 90.0 | 88.4 | +1.6* | +1.8 |
| Quarter 3 | 85.1 | 83.3 | +1.8* | +2.2 |
| Quarter 4 | 79.5 | 76.2 | +3.3*** | +4.3 |
| Quarter 5 | 73.1 | 70.5 | +2.6** | +3.7 |
| Quarter 6 | 67.2 | 64.7 | +2.5* | +3.9 |
| Quarter 7 | 63.0 | 60.9 | +2.1* | +3.4 |
| Quarter 8 | 58.6 | 57.3 | +1.3 | +2.3 |
| Quarter 9 | 54.5 | 53.5 | +1.0 | +1.9 |
| Quarter 10 | 50.2 | 48.4 | +1.8 | +3.7 |
| Quarter 11 | 47.8 | 47.3 | +0.5 | +1.1 |
| Quarter 12 | 45.5 | 45.9 | -0.4 | -0.9 |
| Quarter 13 | 42.3 | 42.1 | +0.2 | +0.5 |
| Quarter 14 | 40.1 | 38.3 | +1.8 | +4.7 |
| Sample Size | 4,461 | 2,223 | | |

SOURCE: The outcome measure (FIP participation any time during a quarter) is based on IABC data for 7/93 - 3/97.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods.

* Significant at the .10 level, two-tailed test.

** Significant at the .05 level, two-tailed test.

*** Significant at the .01 level, two-tailed test.

TABLE A.4
FIP BENEFIT
(Average Quarterly Benefit Amount)

| Research Sample/ Quarter Since Random Assignment | Treatment Group | Control Group | Difference (T-C) | |
|---|--------------------|------------------|------------------|-----------|
| | | | Absolute | Relative |
| Applicant FIP Cases | (dollars) | (dollars) | (dollars) | (percent) |
| Quarter 0 | 301 | 292 | +9 | +2.9 |
| Quarter 1 | 540 | 512 | +28 | +5.4 |
| Quarter 2 | 414 | 405 | +9 | +2.2 |
| Quarter 3 | 357 | 350 | +7 | +1.9 |
| Quarter 4 | 311 | 313 | -1 | -0.4 |
| Quarter 5 | 279 | 288 | -9 | -3.2 |
| Quarter 6 | 252 | 258 | -6 | -2.4 |
| Quarter 7 | 232 | 239 | -7 | -2.9 |
| Quarter 8 | 208 | 211 | -3 | -1.4 |
| Sample Size | 3,973 | 2,036 | | |
| Ongoing FIP Cases | (dollars) | (dollars) | (dollars) | (percent) |
| Quarter 0 | 1094 | 1107 | -13* | -1.2 |
| Quarter 1 | 1064 | 1053 | +12 | +1.1 |
| Quarter 2 | 959 | 953 | +6 | +0.6 |
| Quarter 3 | 889 | 883 | +5 | +0.6 |
| Quarter 4 | 818 | 810 | +8 | +1.0 |
| Quarter 5 | 728 | 729 | -0 | -0.0 |
| Quarter 6 | 654 | 664 | -10 | -1.4 |
| Quarter 7 | 597 | 620 | -24 | -3.8 |
| Quarter 8 | 541 | 574 | -33** | -5.7 |
| Quarter 9 | 509 | 527 | -18 | -3.3 |
| Quarter 10 | 454 | 477 | -23 | -4.8 |
| Quarter 11 | 430 | 468 | -38*** | -8.1 |
| Quarter 12 | 404 | 440 | -37*** | -8.3 |
| Quarter 13 | 340 | 396 | -26* | -6.5 |
| Quarter 14 | 342 | 365 | -24* | -6.4 |
| Sample Size | 4,461 | 2,223 | | |

SOURCE: The outcome measure (FIP benefits aggregated over a quarter) is based on IABC data for 7/93 - 3/97.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods. The FIP benefit amount was set to \$0 for cases not on assistance.

- * Significant at the .10 level, two-tailed test.
- ** Significant at the .05 level, two-tailed test.
- *** Significant at the .01 level, two-tailed test.

TABLE A.5
EMPLOYED AND NOT ON FIP
(Percentage Employed and Not on FIP During Quarter)

| Research Sample/ Quarter Since Random Assignment | Treatment Group | Control Group | Difference (T-C) | |
|---|--------------------|-------------------|-------------------|-----------|
| | | | Absolute | Relative |
| Applicant FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 28.5 | 30.1 | -1.6 | -5.3 |
| Quarter 1 | 26.6 | 27.3 | -0.7 | -2.6 |
| Quarter 2 | 33.4 | 32.0 | +1.4 | +4.4 |
| Quarter 3 | 37.8 | 38.5 | -0.7 | -1.8 |
| Quarter 4 | 41.0 | 41.4 | -0.4 | -1.0 |
| Quarter 5 | 42.5 | 41.6 | +0.9 | +2.2 |
| Quarter 6 | 43.0 | 42.6 | +0.4 | +0.9 |
| Quarter 7 | 45.6 | 44.1 | +1.5 | +3.4 |
| Quarter 8 | 46.1 | 46.8 | -0.7 | -1.5 |
| Sample Size | 3,795 | 1,974 | | |
| Ongoing FIP Cases | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| Quarter 0 | 0.0 | 0.0 | -0.0 | -33.3 |
| Quarter 1 | 0.7 | 1.3 | -0.6** | -46.2 |
| Quarter 2 | 5.1 | 7.4 | -2.3*** | -31.1 |
| Quarter 3 | 7.8 | 11.1 | -3.3*** | -29.7 |
| Quarter 4 | 12.0 | 15.9 | -3.9*** | -24.5 |
| Quarter 5 | 16.0 | 19.2 | -3.2*** | -16.7 |
| Quarter 6 | 19.4 | 23.3 | -3.9*** | -16.7 |
| Quarter 7 | 22.8 | 25.7 | -2.9** | -11.3 |
| Quarter 8 | 25.6 | 28.3 | -2.7** | -9.5 |
| Quarter 9 | 29.1 | 30.9 | -1.8 | -5.8 |
| Quarter 10 | 31.5 | 33.1 | -1.6 | -4.8 |
| Quarter 11 | 33.5 | 34.5 | -1.0 | -2.9 |
| Quarter 12 | 35.0 | 35.8 | -0.8 | -2.2 |
| Quarter 13 | 35.8 | 38.0 | -2.2* | -5.8 |
| Quarter 14 | 36.8 | 39.9 | -3.1** | -7.8 |
| Sample Size | 4,343 | 2,149 | | |

SOURCE: The outcome measures (employment by any case member age 14+ at any time during a quarter and no FIP participation any time during a quarter) are based on UI data from IWD and IABC data for 7/93 - 3/97. UI data were not available for 3.4 percent of cases due to missing linking information (SSN) in the IABC data.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods.

- * Significant at the .10 level, two-tailed test.
- ** Significant at the .05 level, two-tailed test.
- *** Significant at the .01 level, two-tailed test.

TABLE A.6
EMPLOYED AND ON FIP
(Percentage Employed and on FIP During Quarter)

| Research Sample/ Since Random Assignment | Quarter | Treatment Group | Control Group | Difference (T-C) | |
|---|-------------|--------------------|-------------------|-------------------|-----------|
| | | | | Absolute | Relative |
| Applicant FIP Cases | | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| | Quarter 0 | 29.0 | 27.0 | +2.0 | +7.4 |
| | Quarter 1 | 32.4 | 27.1 | +5.3*** | +19.6 |
| | Quarter 2 | 27.1 | 23.0 | +4.1*** | +17.8 |
| | Quarter 3 | 23.6 | 17.8 | +5.8*** | +32.6 |
| | Quarter 4 | 20.6 | 15.5 | +5.1*** | +32.9 |
| | Quarter 5 | 19.6 | 15.0 | +4.6*** | +30.7 |
| | Quarter 6 | 18.6 | 15.1 | +3.5*** | +23.2 |
| | Quarter 7 | 16.6 | 14.2 | +2.4* | +16.9 |
| | Quarter 8 | 15.4 | 11.6 | +3.8*** | +32.8 |
| | Sample Size | 3,795 | 1,974 | | |
| Ongoing FIP Cases | | (percentage pts.) | (percentage pts.) | (percentage pts.) | (percent) |
| | Quarter 0 | 33.6 | 34.7 | -1.1 | -3.2 |
| | Quarter 1 | 37.1 | 35.1 | +2.0* | +5.7 |
| | Quarter 2 | 31.5 | 29.0 | +2.5** | +8.6 |
| | Quarter 3 | 35.1 | 32.0 | +3.1** | +9.7 |
| | Quarter 4 | 37.5 | 32.3 | +5.2*** | +16.1 |
| | Quarter 5 | 35.8 | 30.8 | +5.0*** | +16.2 |
| | Quarter 6 | 32.0 | 26.0 | +6.0*** | +23.1 |
| | Quarter 7 | 33.5 | 28.5 | +5.0*** | +17.5 |
| | Quarter 8 | 31.6 | 27.8 | +3.8*** | +13.7 |
| | Quarter 9 | 29.6 | 26.1 | +3.5*** | +13.4 |
| | Quarter 10 | 25.5 | 19.5 | +6.0*** | +30.8 |
| | Quarter 11 | 25.2 | 22.5 | +2.7** | +12.0 |
| | Quarter 12 | 25.8 | 23.3 | +2.5** | +10.7 |
| | Quarter 13 | 24.2 | 20.6 | +3.6*** | +17.5 |
| | Quarter 14 | 21.6 | 15.9 | +5.7*** | +35.8 |
| | Sample Size | 4,343 | 2,149 | | |

SOURCE: The outcome measures (employment by any case member age 14+ at any time during a quarter and FIP participation any time during a quarter) are based on UI data from IWD and IABC data for 7/93 - 3/97. UI data were not available for 3.4 percent of cases due to missing linking information (SSN) in the IABC data.

NOTES: *Applicant FIP cases* submitted their applications during 10/1/93 - 3/31/95 and they were either accepted or denied. *Ongoing FIP cases* were active FIP cases on 9/30/93. The data were weighted to be representative of all applicant cases and ongoing cases in the nine research counties. Quarter 0 is 7/1/93 - 9/30/93 for ongoing cases and the quarter of random assignment for applicant cases. The values in this table were adjusted using multivariate regression methods.

- * Significant at the .10 level, two-tailed test.
- ** Significant at the .05 level, two-tailed test.
- *** Significant at the .01 level, two-tailed test.