
***A Report Series of the
Work First New Jersey
Evaluation***

Work First New Jersey Evaluation

**How WFNJ Clients Are
Faring Under Welfare
Reform: An Early Look**

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CONTENTS

	Executive Summary	xiii
I	Introduction	1
	A. Overview of the Report	1
	B. Welfare Reform in New Jersey	3
	C. The Sample for This Report	4
	D. Data Sources for This Report	5
	E. Methodological Approach	5
	F. The WFNJ Evaluation and Related Research	6
II	WFNJ Clients' Early TANF and Employment Experiences	7
	A. What Are Clients' Initial Characteristics?	7
	B. What Are WFNJ Clients' Initial Patterns of Welfare Receipt?	9
	C. What Are WFNJ Clients' Initial Employment Experiences?	13
	D. How Many WFNJ Clients Have Left Welfare for Work?	15
III	The Quality of Life of WFNJ Clients	21
	A. What Are the Income and Poverty Levels of WFNJ Clients?	21
	B. What Is the Health Status of WFNJ Clients and Their Families?	28
	C. What Are the Housing Situations of WFNJ Clients?	31
	D. How Are WFNJ Clients Doing on Other Measures of Life Quality?	33
	E. How Common Are Serious Hardships Among WFNJ Clients?	35
IV	Clients' Knowledge of and Experiences with WFNJ	39
	A. How Well Do Clients Understand WFNJ Provisions?	39
	B. What Services Do Clients Receive, and How Do They View Them?	43
	C. How Satisfied Are Clients with the Welfare Office and Staff?	44
V	Challenges to Sustained Employment	47
	A. Why Are Some WFNJ Clients Not Working?	47
	B. What Challenges Do Employed WFNJ Clients Face?	49
	C. What Child Care Challenges Do WFNJ Clients Face?	53
	D. What Transportation Challenges Do WFNJ Clients Face?	58
VI	Conclusions	61
	A. Policy Recommendations Suggested by These Early Findings	61
	B. Next Steps in the WFNJ Client Study	63
	References	65
	Appendix A: Supplemental Tables	67

LIST OF TABLES

I.1	MAXIMUM TANF AND FOOD STAMP BENEFITS, BY FAMILY SIZE	3
II.1	CHARACTERISTICS OF WFNJ CLIENTS AT TIME OF PROGRAM ENTRY	8
II.2	WAGES AND HOURS WORKED AMONG EMPLOYED WFNJ CLIENTS	15
III.1	AVERAGE MONTHLY INCOME AND INCOME SOURCES AMONG WFNJ CLIENTS	22
V.1	CHARACTERISTICS OF JOBS HELD BY WFNJ CLIENTS, BY EMPLOYMENT STATUS AT TIME OF THE SURVEY	51

LIST OF FIGURES

II.1	PERCENTAGE RECEIVING TANF, BY MONTH AFTER WFNJ ENTRY	9
II.2	NUMBER OF MONTHS OF TANF RECEIPT DURING FIRST YEAR AFTER WFNJ ENTRY	10
II.3	PERCENTAGE RECEIVING FOOD STAMPS, BY MONTH AFTER WFNJ ENTRY	11
II.4	TANF AND FOOD STAMP PARTICIPATION STATUS AMONG WFNJ CASES	12
II.5	MONTHLY EMPLOYMENT RATES DURING THE FIRST YEAR AFTER WFNJ ENTRY	14
II.6	PERCENTAGE OF TIME EMPLOYED DURING THE FIRST YEAR AFTER WFNJ ENTRY	14
II.7	EMPLOYMENT AND TANF RECEIPT AMONG WFNJ CASES, BY MONTH AFTER WFNJ ENTRY	17
II.8	EDUCATION AND EMPLOYMENT HISTORY OF WFNJ CLIENTS, BY EMPLOYMENT AND TANF STATUS	18
II.9	LIVING SITUATIONS AND EMPLOYMENT STATUS OF CLIENTS WHO WERE OFF TANF AND NOT EMPLOYED AT THE TIME OF THE SURVEY	19
III.1	ANNUAL FAMILY INCOME AMONG WFNJ CLIENTS	23
III.2	FAMILY INCOME RELATIVE TO THE FEDERAL POVERTY LEVEL	23
III.3	MONTHLY INCOME FROM EARNINGS, FOOD STAMPS, AND TANF, BY MONTH AFTER WFNJ ENTRY	25
III.4	TOTAL MONTHLY INCOME, BY TANF AND EMPLOYMENT STATUS	26
III.5	POVERTY LEVELS, BY TANF AND EMPLOYMENT STATUS	26

LIST OF FIGURES *(continued)*

III.6	INCOME OF WFNJ CLIENTS WHO WERE OFF TANF AND NOT EMPLOYED, BY LIVING SITUATIONS AND EMPLOYMENT STATUS	27
III.7	HEALTH PROBLEMS AMONG WFNJ CLIENTS	29
III.8	HEALTH INSURANCE COVERAGE AMONG WFNJ CLIENTS	30
III.9	HOUSING PROBLEMS AMONG WFNJ CLIENTS	32
III.10	SCHOOL PERFORMANCE PROBLEMS AMONG THE CHILDREN OF WFNJ CLIENTS	34
III.11	OTHER PROBLEMS FACING WFNJ CLIENTS	35
III.12	SERIOUS HARDSHIPS DURING THE PAST YEAR AMONG WFNJ CLIENTS	36
III.13	SERIOUS HARDSHIPS DURING THE PAST YEAR, BY EMPLOYMENT AND TANF STATUS	38
IV.1	KNOWLEDGE OF BASIC WFNJ PROVISIONS	40
IV.2	KNOWLEDGE OF FIVE-YEAR TANF TIME LIMIT AMONG WFNJ CLIENTS	41
IV.3	KNOWLEDGE OF TWO-YEAR WORK REQUIREMENT AMONG WFNJ CLIENTS	42
IV.4	PERCEIVED EFFECTS OF TANF TIME LIMITS AND WORK REQUIREMENTS AMONG WFNJ CLIENTS	42
IV.5	SERVICES RECEIVED BY WFNJ CLIENTS	43
IV.6	PERCEIVED USEFULNESS OF WORK-RELATED WFNJ SERVICES AMONG WFNJ CLIENTS	44
IV.7	SATISFACTION WITH THE WELFARE OFFICE AND STAFF AMONG WFNJ CLIENTS	45

LIST OF FIGURES *(continued)*

V.1	MAIN REASON FOR NOT WORKING AMONG NONEMPLOYED WFNJ CLIENTS	48
V.2	EMPLOYMENT EXPERIENCES OF WFNJ CLIENTS WHO HAVE HELD JOBS SINCE PROGRAM ENTRY	49
V.3	SHIFT WORKED BY WFNJ CLIENTS IN THEIR CURRENT OR MOST RECENT JOB	52
V.4	WORK PROBLEMS AMONG EMPLOYED WFNJ CLIENTS	54
V.5	CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER AGE 6 AMONG EMPLOYED WFNJ CLIENTS	55
V.6	WEEKLY OUT-OF-POCKET CHILD CARE COSTS AMONG EMPLOYED WFNJ CLIENTS	56
V.7	RECEIPT OF GOVERNMENT CHILD CARE SUBSIDIES AMONG EMPLOYED WFNJ CLIENTS	57
V.8	COMMUTING METHODS USED BY EMPLOYED WFNJ CLIENTS ...	58

EXECUTIVE SUMMARY

In 1997, New Jersey implemented its new welfare initiative, Work First New Jersey (WFNJ), which includes five-year time limits on cash assistance, immediate work requirements for most clients, and expanded support services. To learn how clients are faring under the new reforms, the New Jersey Department of Human Services (NJ DHS) has contracted with Mathematica Policy Research, Inc. (MPR) to conduct a comprehensive five-year evaluation of the initiative. This is the first in a series of six reports that will track the progress of current and former WFNJ clients over time. It focuses on four key issues: (1) clients' welfare and employment experiences after they enter WFNJ; (2) their quality of life as measured by income, health, housing arrangements, and other outcomes; (3) their understanding of basic WFNJ provisions, and (4) the potential challenges they face to obtaining and sustaining employment.

KEY QUESTIONS AND FINDINGS: IN BRIEF

What are clients' welfare and employment experiences?

Welfare receipt fell steadily over time among WFNJ clients, and employment increased steadily. Approximately a year and a half after entering WFNJ, more than one in three clients were off welfare and working, just under one in three remained on TANF and were not working, and about one in four were neither receiving TANF nor working.

What is the overall life quality of clients and their families?

About a year and a half after WFNJ entry, a third were no longer in poverty.

Clients who were off TANF and working were considerably better off financially than those who remained on TANF and were less likely to have experienced recent hardships, such as a serious illness or a severe housing crisis. However, many did not receive available post-TANF supports, such as food stamps and Transitional Child Care benefits.

About half of clients who left TANF and were not working had either recent earnings of their own or a household member with current earnings. The rest (about 12 percent of all WFNJ clients) had neither source of support and were at high risk of extreme poverty.

Do clients understand the basic provisions of WFNJ?

Most clients know that benefits are time limited and that recipients must eventually work to continue to receive them. They are less clear, however, on specifics, such as how long people can receive cash benefits and when the work requirement starts.

What are clients' biggest challenges to finding and keeping jobs?

Unemployed clients who remain on TANF face a variety of barriers to employment. In general, they have low skills and less prior work experience than other clients. Many report serious health problems--4 in 10 indicated they had been seriously ill in the past year, and 1 in 4 said they could not work at all because of their health.

WELFARE REFORM IN NEW JERSEY

In August 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which abolished the Aid to Families with Dependent Children (AFDC) entitlement program. The Temporary Assistance for Needy Families (TANF) program was established, which imposes a five-year lifetime limit on cash assistance and requires welfare recipients to participate in work-related activities within two years. New Jersey has implemented the federal welfare legislation as part of WFNJ. WFNJ includes the five-year time limit on cash benefits established under PRWORA and requires most clients to participate in a work activity as soon as they enroll in the program. Under WFNJ, the state also has expanded child care assistance and other services designed to ease welfare recipients' transition to the workforce.

During the first two years under these reforms and in the context of a strong economy, New Jersey has experienced an unprecedented reduction in its welfare caseload. Between July 1997 (when WFNJ was fully implemented) and August 1999, the size of the welfare caseload declined by almost 40 percent. These changes have led to a great deal of interest in learning how families receiving cash assistance in New Jersey are faring and what has happened to those who have left cash assistance. In response to this interest, and to help the state and counties improve program operations, NJDHS has contracted with MPR and its subcontractors, the Roper Group and Mathtech, Inc., to conduct an evaluation of WFNJ designed to provide frequent feedback both to state policymakers and to program operators. The evaluation includes three components: (1) a longitudinal Client Study to track the progress of TANF families over five years, (2) a Program Study to examine implementation issues, and (3) a Community Study to understand how WFNJ is affecting the broader community and unfolding at the local level.

RESEARCH METHODS

To establish what happens to WFNJ clients before and after they leave welfare, the Client Study is tracking, over a five-year period, a sample of WFNJ families who participated in the program during its first 18 months of operations. Six rounds of longitudinal surveys will be conducted with a statewide sample of up to 2,000 WFNJ clients at 9- to 12-month intervals. Findings from the client surveys will be enhanced by information from state administrative data for a sample of 10,000 clients and qualitative data from three rounds of in-depth, in-person interviews with 60 WFNJ clients. This current report relies primarily on data from the first of the six client surveys.

The Client Study examines clients who have remained on cash assistance, as well as those who have left TANF. Therefore, it is broader than the recent "TANF leaver" studies conducted in several states, which focus only on those who have left cash assistance. In addition, because the Client Study tracks clients over a longer period and uses data from a variety of sources, it should provide a more complete picture of the status of current and former welfare recipients.

The first round of client surveys began in March 1999; by September 1999, MPR completed interviews with 1,621 of these clients (an 81 percent response rate). This report is based on data from the 1,423 survey respondents who were enrolled in WFNJ from July

MATHEMATICA'S EVALUATION: THREE INTERRELATED STUDIES

- The *Client Study* is tracking a statewide sample of WFNJ families over a five-year period to establish what happens to them before and after they leave welfare. Focusing on clients who participated in WFNJ during its first 18 months of operation, this study is documenting the welfare receipt, employment levels, income, health, housing arrangements, and other indicators of WFNJ clients' general well-being and quality of life. It also will identify factors affecting individuals' success in moving from welfare to work and document changes in the welfare caseload over time. The study uses three main types of data: (1) six rounds of longitudinal surveys with a statewide sample of up to 2,000 WFNJ clients, conducted at 9- to 12-month intervals; (2) information from state administrative data systems on a larger sample of 10,000 WFNJ clients, documenting such outcomes as their welfare receipt, employment levels, and earnings; and (3) three rounds of in-depth, in-person interviews with a subset of 60 WFNJ clients, designed to gather more detailed, qualitative information about their lives.
- The *Program Study* is examining operational challenges and promising strategies for overcoming them, to help state and county staff identify and address key implementation issues. It also will help the state develop performance indicators to guide program improvement efforts. The analysis draws on state administrative data and three rounds of site visits to 11 of the state's 21 counties. Site visitors will interview a variety of county staff members, conduct case file reviews, and observe key program activities.
- The *Community Study* is conducting case studies in three urban areas--Newark, Camden, and the population centers of Cumberland County--to understand how WFNJ is affecting the broader community and unfolding at the local level. The case studies will focus on the extent to which public and private institutions are collaborating to address low-income parents' employment barriers and employers' labor force needs. The study's primary goal is to identify promising strategies to enable local institutions to better respond to welfare reform and the needs of low-income families. The analysis will draw on a survey of low-income residents, an employer survey, state administrative data, and interviews with local service providers and other stakeholders.

1997 through June 1998, the first year of program operations.¹ Interviews were conducted an average of 21 months after clients entered the program. The survey asked about clients' backgrounds, employment histories, income sources, potential employment barriers, and experiences and perceptions of WFNJ. We also use state administrative data on monthly TANF and food stamp benefits.

¹Because clients in our research sample who entered WFNJ between July and December 1998 had a short follow-up period at the time of the first survey (about eight months, on average), we excluded these 198 clients (1,621 - 1,423) from this first report. This later cohort of WFNJ clients will be included in future Client Study reports.

KEY FINDINGS

Several key findings have emerged from our early look at clients' experiences since entering the program.

- ***WFNJ clients are diverse. At the time they entered the program, some faced significant barriers to self-sufficiency; others were less disadvantaged and faced fewer obstacles.***

Although more than half of WFNJ clients had a high school diploma or a general equivalency diploma (GED) when they entered the program, a significant fraction (44 percent) did not. Many (55 percent) had worked in the two years before they entered WFNJ; however, almost half had no labor market experience during this period (Table 1). More than 1 in 10 spoke a language other than English at home. When they entered the program, clients had two children under age 18, on average, and 40 percent had a child under age 3. The average age of their youngest child was just under five years. Most (78 percent) lived in single-parent households with no other adult present.

- ***TANF receipt fell steadily over time among WFNJ clients, and employment increased steadily. About a year and a half after program entry, average monthly income of clients was about \$1,100; a third were no longer in poverty.***

At the time of the first client survey (approximately a year and a half after program entry), 6 of 10 clients had exited TANF and just under half (44 percent) were working. As a group, WFNJ clients had monthly incomes of about \$1,100, on average. Those who left

TABLE 1
CHARACTERISTICS OF WFNJ CLIENTS AT TIME OF PROGRAM ENTRY

	Percentage
Female	96
Average Age (in Years)	30.4
Has High School Diploma or GED	56
Employed in Two-Year Period Prior to WFNJ Entry	55
Race/Ethnicity	
African American	53
Hispanic	26
White	20
Other	1
Does Not Speak English at Home	13
Average Number of Children Under Age 18 in Household	2.0
Age of Youngest Child	
Younger than 3 years	40
3 to 5 years	26
6 years or older	34
Sample Size	1,423

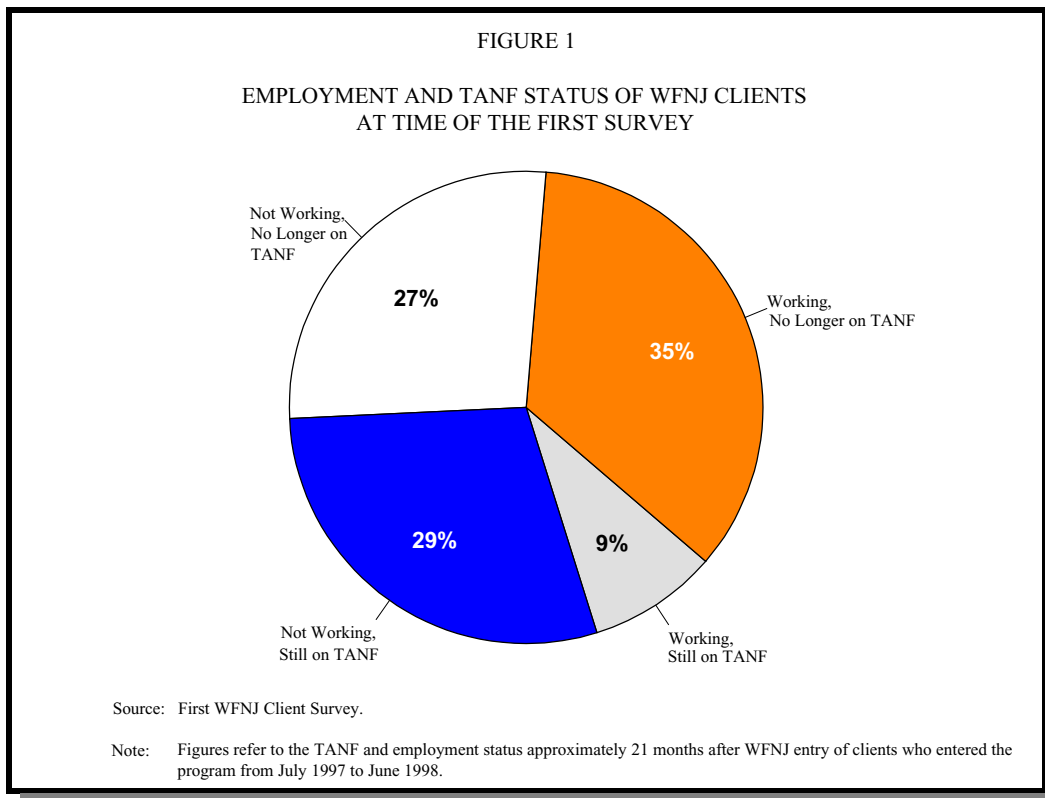
SOURCE: WFNJ administrative records data and first WFNJ Client Survey.

welfare for work had considerably higher incomes; their income was about twice as high as the income of those on TANF and not working. Among all clients, just over one-third had current incomes higher than the federal poverty level (computed on a monthly basis), while almost two-thirds remained in poverty.

Some clients, especially those remaining on TANF and those not working, faced health and housing problems and other hardships. Among all clients, one in four had been seriously ill in the previous year. One in 10 reported that they could not work at all because of their health. About half reported having a housing problem in the previous year, most often living in overcrowded conditions or doubling up with friends or relatives to save on rent. Fourteen percent had experienced a serious housing crisis, such as being evicted, living in a shelter, or being homeless.

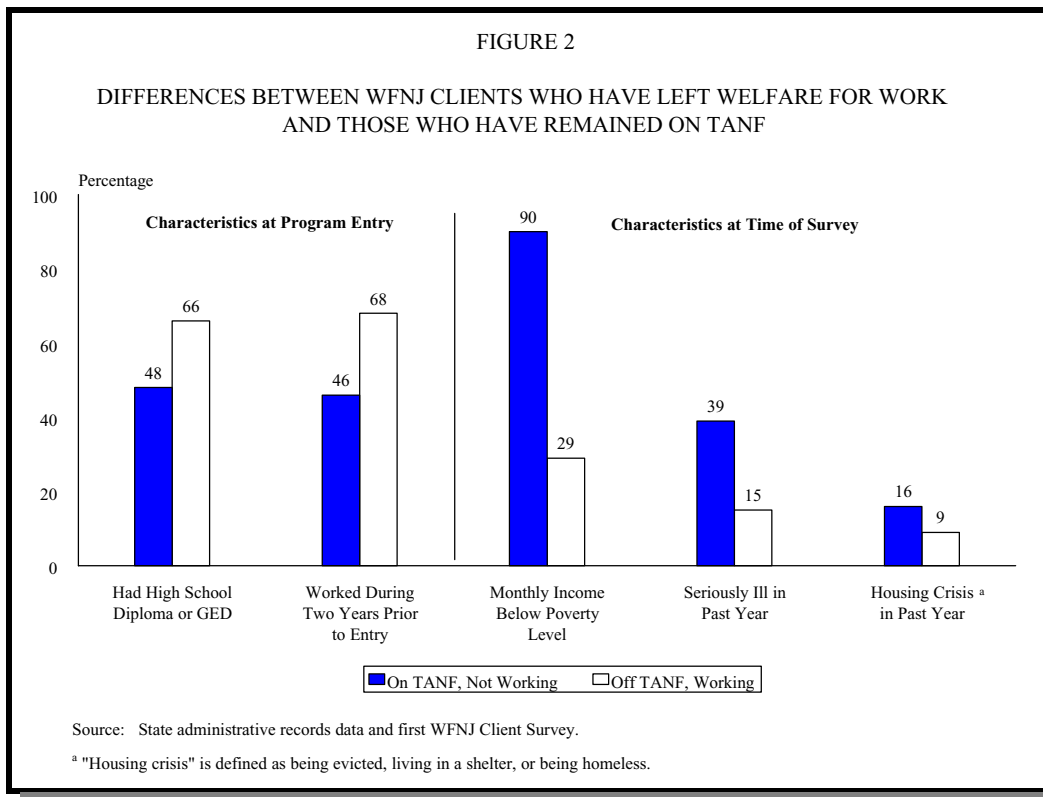
- **Many WFNJ clients have left welfare for work. More than one in three were off TANF and working about a year and a half after entering WFNJ. These clients are making a good start and are considerably better off financially than those who remained on TANF. Many, however, do not receive available supports, such as food stamps, Transitional Child Care, or Medicaid benefits.**

At the time of the first client survey, 35 percent of clients who participated in WFNJ during its first year were working and no longer receiving TANF (Figure 1). These clients are faring better financially than those who remained on TANF. Their average incomes were almost \$1,600 a month, and most of them (71 percent) had current monthly incomes above



the federal poverty level.² In contrast, clients who were on TANF and not employed had monthly incomes of about \$800 a month, and only 10 percent had current monthly incomes above the federal poverty level (Figure 2). Furthermore, clients who had left TANF for work also were less likely than those who remained on TANF to have experienced serious hardships in the past year, such as a serious illness, a severe housing crisis, or being the victim of a violent crime.

Although they are faring relatively well financially, many of these clients do not take advantage of the supports available to them when they leave cash assistance. For example, only one of three clients who had left TANF was receiving food stamps. Similarly, among employed clients who were off TANF and had young children, fewer than one in four were receiving Transitional Child Care benefits. WFNJ clients who were working and had left TANF were also less likely to have health insurance than were those who remained on TANF (77 versus 98 percent), indicating that some clients leaving welfare for work are not taking advantage of transitional Medicaid benefits. It is important to understand why many clients who are leaving TANF are not using these benefits. On follow-up surveys, nearly three in four former WFNJ clients who were not receiving these benefits said that they were aware of the availability of such benefits. Therefore, lack of knowledge only partially explains



²Converting their monthly incomes to an annual figure by multiplying by 12 yields an annual income of about \$19,000 for this group, which is 43 percent of the median family income in New Jersey. The \$19,000 figure may somewhat overstate the actual incomes these clients will receive over the next year, however, because some clients may not work the full 12 months. We will examine how long clients stay employed in our next report.

these low participation rates. Future rounds of the WFNJ client survey (conducted as part of this five-year evaluation) will further explore why many WFNJ clients who are leaving TANF do not use these benefits.

- ***Some clients have not yet made a successful welfare-to-work transition. Three in 10 remained on TANF and were not working about a year and a half after entering WFNJ. These clients face a variety of barriers to employment, including low education levels, little labor market experience, and poor health.***

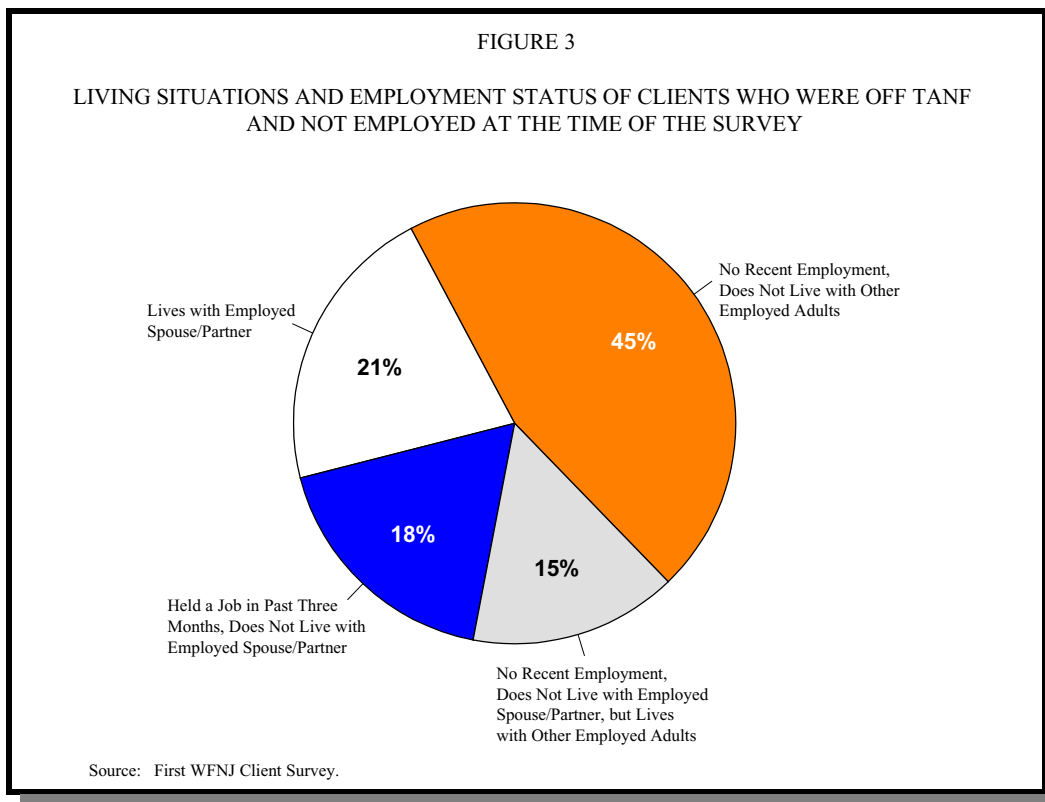
Clients who remained on TANF and were not working had low average incomes, and most had incomes below the federal poverty level (Figure 2). As a group, these clients are considerably less prepared for employment than those who left welfare for work. For example, only about half of those remaining on TANF and not working had graduated from high school or earned a GED; fewer than half had worked during the two years before they entered WFNJ. In contrast, two-thirds of those who were working and no longer receiving TANF had high school diplomas or GEDs; a similar fraction had recent work experience when they entered the program. In addition, many WFNJ clients who were not working and remained on TANF reported serious health problems. Four in 10 indicated they had been seriously ill in the past year (compared with only 15 percent of those working and off TANF). One in four said they could not work at all because of their health.

- ***About one in four clients was neither working nor receiving TANF at the time of the survey. Some of these clients had other sources of financial support, such as earnings from a spouse or partner. Others did not and were at high risk of poverty.***

Clients who have exited TANF and are not working are of particular concern for policymakers, because they may be at high risk of extreme poverty. Previous “TANF leaver” studies of clients who have left cash assistance in other states have focused primarily on their employment levels and rates of welfare recidivism. These prior studies shed little light on how clients who leave welfare and are not employed support themselves.

As part of this report, we examine the 27 percent of our sample who fall into this group (off TANF and not working) in more detail. We find that about one in five of them lives with an employed spouse or partner (Figure 3). This fraction is faring relatively well financially, with average monthly incomes of more than \$1,500 (similar to the incomes of clients who have left welfare for work). Another 18 percent were employed within the past three months but had recently lost their job. This group was faring less well, with average monthly incomes of about \$650. Some of these clients may find other employment fairly soon; others may return to TANF. An additional 15 percent of those off TANF and not employed were living in households with employed adults other than spouses or partners. These clients, who were relying on the financial help of friends and relatives to support themselves, had little income of their own (averaging just over \$200 in the prior month).

The remaining individuals--nearly half of those off TANF and not employed (about 12 percent of all clients who participated in WFNJ during its first year)--had no recent employment history, nor did they live with other employed adults (Figure 3). These clients relied largely on food stamps, child support payments, and supplemental security income



(SSI) to support themselves.³ As a group, they had very low current income (about \$400 during the prior month, on average), and almost all (96 percent) were living in poverty. Although these individuals may be some of the most disadvantaged WFNJ clients, many have no contact with the welfare system. To ensure that these clients receive appropriate support services, it is important to understand why they exited TANF and how they are managing to make ends meet. Future reports as part of the WFNJ Client Study will focus on these issues in more detail.

- ***Most clients are aware of the basic WFNJ provisions, such as time limits, work requirements, and the availability of transitional benefits. They are less clear, however, on the specifics.***

More than 80 percent of clients know that TANF benefits are time limited and that recipients must eventually work to continue to receive benefits. Some confusion remains about the specifics of these provisions, however. For example, only about half of all clients are aware that TANF recipients can receive cash benefits for five years. About one in four thinks the limit is less than five years. Similarly, although most clients (86 percent) know about the TANF work requirements, few know when it takes effect. Nonetheless, in spite of some confusion over specific rules, program staff appear to have succeeded in conveying

³One in five of these clients was receiving SSI at the time of the survey. Moving from time-limited TANF to SSI (which has no time limit on benefits) is most likely a good outcome for clients with serious health problems.

the basic message to clients that cash benefits are time limited and that clients will have to participate in some work-related activity to continue to receive cash benefits.

IMPLICATIONS FOR POLICY AND FUTURE RESEARCH

This report provides an early look at how current and former WFNJ clients and their families are faring under the new welfare policies, focusing on clients' welfare and employment experiences and general life quality. Because our findings are based on the first of a series of six client surveys, they should be viewed as a benchmark by which to track client progress over time. Subsequent rounds of the survey will give a clearer picture of clients' progress in moving off welfare and provide more in-depth guidance for programs and policy. However, to provide early feedback to state and county staff, we make the following suggestions:

- ***Consider spending additional time and resources to promote greater use of transitional benefits for those exiting TANF for work, as well as greater participation in the Food Stamp Program for all TANF leavers.***

As discussed earlier, a large number of clients have left welfare for work but are not using all the supports available to them. Why not? Some report not knowing about transitional benefits. Others may be aware of these benefits but think (incorrectly) that they do not qualify for them. To improve client awareness of transitional benefits, program staff may want to inform clients about these benefits at regular intervals as clients enter various work-related activities. Staff also may want to inform clients about these benefits soon after they exit TANF (when clients first need these benefits and will, therefore, be more likely to focus on their importance). In addition, program staff can create simple budget tables showing the amount of Transitional Child Care benefits for which clients are eligible. They also can make sure that use of transitional benefits is an important focus of any postemployment programs offered. To the extent that the eligibility and paperwork processes may be complicated for those who have exited TANF to report their employment to the welfare office, it will be important to try to simplify these processes.

Some clients may know about the transitional benefits but not use them. They may feel that the procedure for applying for and using these benefits is too complicated, or they may have other reasons for not using them. It is necessary to understand why many people are not using these supports. In our next round of surveys, we will focus on determining how many clients who are not using these benefits are eligible for them and why these clients are not using these benefits.

- ***Consider providing additional postemployment services to clients who have found jobs.***

Many WFNJ clients find low-paying, entry-level jobs. The low wages that these jobs pay, combined with the high cost of work, can make it difficult for welfare recipients to maintain employment. In addition, welfare recipients who find work must adjust to the demands of the workplace and make reliable child care and transportation arrangements. Some must also deal with health and housing problems and contend with lack of support from family members. These concerns can all compound to make the transition from welfare

to work difficult. Stronger postemployment supports (such as case management for high-risk clients and financial incentives for low earners) may help clients cope with these issues. Moreover, because many clients have little prior experience dealing with workplace issues, programs designed to help support newly employed welfare recipients may also need to place greater emphasis on dealing with workplace stress and getting along with others on the job.

- ***Consider conducting comprehensive assessments for long-term TANF recipients to understand their needs and identify the best package of services.***

Clients who remained on TANF and were not employed at the time of the first survey were more disadvantaged than other clients. These clients face a variety of potential barriers to employment (such as low skills, poor health, and child care issues). Given the variety of challenges facing WFNJ clients who have not yet found jobs, program staff may need to focus additional resources on assessing their needs. Some clients who lack job skills may require additional training or more intensive job search assistance. Those with serious health problems may be better served by the SSI program. Those with less serious health conditions may be able to do some kinds of work but may require additional support to maintain employment, such as specialized case management services designed to address their health care needs. Individualized and holistic assessments may best enable WFNJ staff to help clients who face TANF work requirements and have not yet found employment.

Health problems emerged as an important issue for this group. Therefore, in the next round of the client survey and in the next Client Study report, we will focus on the nature and severity of the health problems of WFNJ clients and their family members and on how these health problems affect their ability to obtain and maintain employment.

- ***Consider trying to reach all clients who exit TANF and determine why they are leaving and whether they have the necessary supports. Provide clients leaving TANF with information on other supports available in the community.***

Some clients who leave welfare and are not employed are living with other employed adults or have recent employment experience. However, many do not have such supports and may experience severe hardships, including living in extreme poverty. To provide the necessary post-TANF support services to these clients, it is important that welfare staff understand why these clients are exiting TANF and how they plan to support themselves. Welfare staff can gather this information as part of exit interviews if clients inform staff that they are leaving TANF. Based on this information, staff can inform clients of post-TANF support services (such as food stamps, Transitional Child Care, and Medicaid benefits) available to them through the welfare office, as well as other support services available in the community.

Some clients may leave TANF without informing welfare staff. Staff may need to make a special effort to reach these clients to determine why they left TANF and whether they are receiving the support services they need. Welfare staff also may want to learn more about local support services available outside the welfare system and provide clients leaving welfare with information on these other supports. In the next round of client surveys, we will focus on understanding why former WFNJ clients who are not working left welfare. We also

will gather additional information on the financial help and other support they may be receiving from friends, family, or community agencies.

NEXT STEPS IN THE WFNJ CLIENT STUDY

This report provides an early descriptive look at how current and former WFNJ clients and their families are faring under the new welfare policies and provides a benchmark by which to judge WFNJ clients' economic progress. Subsequent reports will provide more detailed analyses of the welfare dynamics of WFNJ clients, their rates of employment retention, and the factors associated with a successful transition from welfare to work.

The next round of surveys with our sample of WFNJ clients is scheduled to begin in December 1999. In addition to clients' earnings, income, and household composition, this round of the survey will focus on three special topics: (1) why many clients do not use transitional benefits, (2) the nature and severity of health problems among certain WFNJ clients, and (3) why those off TANF and not working left welfare and how they are supporting themselves.⁴ During early 2000, we will conduct in-depth, in-person interviews with about 60 clients, which also will focus on these three special topics. These semistructured interviews will allow us to gain a more detailed qualitative understanding of clients' lives, their experiences with the program, and the challenges they face as they make the transition off welfare. The findings from the next survey and insights from the in-depth interviews will be presented in the second Client Study report, scheduled for summer 2000.

⁴Topics for future surveys and reports will include substance abuse and mental health issues, food security, and child care and child well-being.

I

INTRODUCTION

New Jersey's welfare system changed dramatically following the passage by Congress of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. As part of its new welfare initiative, Work First New Jersey (WFNJ), the state has implemented the new federal work requirements and time limits imposed under PRWORA. It also has expanded child care assistance and other services designed to ease welfare recipients' transition to the workforce. During the first two years under these reforms and in the context of a strong economy, New Jersey has experienced an unprecedented reduction in its welfare caseload. The size of the caseload has declined by almost 40 percent from July 1997 (the time the state fully implemented WFNJ) through August 1999.

The dramatic changes in welfare policy and the sharp decline in the caseload have led to a great deal of interest in how families receiving cash assistance in New Jersey are faring and what has happened to those who have left cash assistance. In response to this interest, and to help the state and counties improve program operations, the New Jersey Department of Human Services (NJ DHS) has contracted with Mathematica Policy Research, Inc. (MPR) and its subcontractors, the Roper Group and Mathtech, Inc., to conduct a comprehensive five-year evaluation designed to provide frequent feedback to state policymakers and program operators. The evaluation has three major components: (1) a longitudinal Client Study to track the progress of WFNJ families over a five-year period, (2) a Program Study to examine implementation issues, and (3) a Community Study to learn how WFNJ is unfolding at the community level. The text box on page 2 provides more detail on these three components of the evaluation.

A. OVERVIEW OF THE REPORT

This report is the first in a series of six Client Study reports tracking how current and former WFNJ clients are faring over time under the new reforms. In particular, the report addresses the following broad research questions:

- *What are WFNJ clients' welfare and employment experiences during the first one to two years after they enter the program?*
- *What is the life quality of clients and their families, as measured by their incomes, health status, housing arrangements, and other key outcomes?*
- *How well do clients understand basic WFNJ provisions, such as time limits and work requirements?*
- *What are clients' challenges to obtaining and sustaining employment?*

Each of the next four chapters of the report focuses on one of these main questions.

MATHEMATICA'S EVALUATION: THREE INTERRELATED STUDIES

- The *Client Study* is tracking a statewide sample of WFNJ families over a five-year period to establish what happens to them before and after they leave welfare. Focusing on clients who participated in WFNJ during its first 18 months of operation, this study is documenting the welfare receipt, employment levels, income, health, housing arrangements, and other indicators of WFNJ clients' general well-being and quality of life. It also will identify factors affecting individuals' success in moving from welfare to work and document changes in the welfare caseload over time. The study uses three main types of data: (1) six rounds of longitudinal surveys with a statewide sample of up to 2,000 WFNJ clients, conducted at 9- to 12-month intervals; (2) information from state administrative data systems on a larger sample of 10,000 WFNJ clients, documenting such outcomes as their welfare receipt, employment levels, and earnings; and (3) three rounds of in-depth, in-person interviews with a subset of 60 WFNJ clients, designed to gather more detailed, qualitative information about their lives.
- The *Program Study* is examining operational challenges and promising strategies for overcoming them, to help state and county staff identify and address key implementation issues. It also will help the state develop performance indicators to guide program improvement efforts. The analysis will draw on state administrative data and three rounds of site visits to 11 of the state's 21 counties. Site visitors will interview a variety of county staff members, conduct case file reviews, and observe key program activities.
- The *Community Study* is conducting case studies in three urban areas--Newark, Camden, and the population centers of Cumberland County--to understand how WFNJ is affecting the broader community and unfolding at the local level. The case studies will focus on the extent to which public and private institutions are collaborating to address low-income parents' employment barriers and employers' labor force needs. The study's primary goal is to identify promising strategies to enable local institutions to better respond to welfare reform and the needs of low-income families. The analysis will draw on a survey of low-income residents, an employer survey, state administrative data, and interviews with local service providers and other stakeholders.

Based on our analysis, we find that WFNJ clients are steadily exiting welfare. Approximately 21 months after entering the program, only 38 percent of clients were still receiving cash assistance. Among those who had left welfare, a little over half were employed. Clients who had left welfare for work had made a good start; they had higher incomes and were less likely to be in poverty than those staying on welfare. However, many of them were not using available post-TANF supports, such as Transitional Child Care benefits and food stamps. More than 4 in 10 clients who left welfare were not employed. Some of these individuals had other sources of financial support (such as earnings from a spouse, partner, or other adult); others did not and were at high risk of poverty. Clients who remain on welfare face a variety of challenges to finding and maintaining jobs, with their own health problems and the health problems of other family members being a key barrier.

Finally, most clients were aware of the basic WFNJ provisions, such as time limits and work requirements, but were less clear on the specifics of the provisions.

B. WELFARE REFORM IN NEW JERSEY

In August 1996, Congress abolished the AFDC program (established in 1935 to support needy children without fathers) and replaced it with TANF, which imposes a five-year lifetime limit on cash assistance and requires most clients to work after two years of benefit receipt. Under TANF, states have greater discretion in establishing program policies than they did under AFDC. In addition, they are allowed to impose stricter time limits and work requirements than those specified in the federal legislation. In April 1997, New Jersey began implementing the federal reforms as part of its WFNJ initiative. The new policies were fully implemented statewide by July 1997.

Under WFNJ, New Jersey has maintained some basic features of its former AFDC program. For example, the state has maintained its pre-TANF cash benefit levels, under which a family of three with no other income receives \$424 per month (Table I.1).¹ In addition, as part of its earlier welfare reform initiative, the Family Development Program (FDP), the state had introduced (1) a “family cap” provision, which prevented clients from receiving additional cash benefits for children born while the clients were on welfare; and (2) expanded transitional Medicaid benefits, which allowed clients who left welfare for work to retain Medicaid eligibility for up to two years. WFNJ maintains these two key features of FDP.

TABLE I.1
MAXIMUM TANF AND FOOD STAMP BENEFITS,
BY FAMILY SIZE

Family Size	Maximum AFDC/TANF Grant (in Dollars)	Food Stamp Benefits ^a (in Dollars)	Combined Benefits (in Dollars)	Federal Poverty Levels ^b (in Dollars)	Combined Benefits as a Percent of Poverty Level
2	322	224	546	904	60
3	424	309	733	1,138	64
4	488	377	865	1,371	63
5	522	444	966	1,604	60
6	616	512	1,128	1,838	61

SOURCE: Adapted from the Committee on Ways and Means, U.S. House of Representatives 1998.

^aFood stamp benefits are based on maximum AFDC/TANF benefits shown and assume monthly deductions of \$384 (\$134 standard household deduction and \$250 maximum allowable deduction for excess shelter cost).

^bFederal poverty levels are for 1998 and are divided by 12 to obtain monthly levels.

¹If this family also receives food stamps, its combined TANF and food stamp benefits would be \$733. Income from these two sources would put the family at 64 percent of the federal poverty level (Table I.1).

Under WFNJ, the state also has introduced some substantial changes to its welfare program. Important new policies under WFNJ include:

- ***Work Requirements for TANF Recipients.*** WFNJ emphasizes work and imposes an immediate work requirement, rather than the two-year minimum time limit that the federal law dictates. All WFNJ applicants must register for work with the state employment service and participate in a four-week job search class. Those who do not find jobs must participate in training, basic education, or work experience activities. Recipients who refuse to cooperate with these requirements are subject to grant reductions and, after extended noncompliance, case closure.
- ***Time Limits on TANF Benefits.*** In accordance with federal requirements, New Jersey has imposed a five-year time limit on TANF benefits. However, certain WFNJ cases (such as the elderly, disabled, and victims of domestic violence) are exempt. Under some circumstances, other hardship cases may receive extended cash benefits for up to 12 months beyond the five-year limit.
- ***Expanded Child Care Benefits.*** Under WFNJ, clients who exit TANF for employment can receive Transitional Child Care subsidies for up to two years after they leave cash assistance.

C. THE SAMPLE FOR THIS REPORT

This report examines the experiences of WFNJ clients who entered the program during the first year of its implementation, July 1997 to June 1998. This early cohort of WFNJ clients consists of two key subgroups:

1. ***The July 1997 Caseload.*** This subgroup represents those who entered WFNJ from the ongoing AFDC caseload when WFNJ was fully implemented in July 1997. It consists of those who were receiving AFDC as case heads in June 1997 and continued to receive cash assistance (now called “TANF”) as case heads in July 1997. This subgroup represents 72 percent of clients who participated in WFNJ during its first year.
2. ***New WFNJ Entrants.*** This subgroup represents those who were not part of the AFDC caseload when WFNJ was implemented but entered the program sometime during its first year. It consists of those who were not receiving AFDC as case heads in June 1997 but who became TANF case heads at some point from July 1997 to June 1998. This subgroup represents 28 percent of clients who participated in WFNJ during its first year.

To ensure adequate sample sizes for key subgroup analyses, WFNJ clients from the new entrant group, as well as those from rural counties, were oversampled. However, all analyses presented in this report are weighted, so that the figures represent the full statewide population of WFNJ clients who entered the program during its first year.

D. DATA SOURCES FOR THIS REPORT

The primary data source for this report is the first WFNJ client survey. MPR began conducting client surveys in March 1999 and, by early September 1999, had completed interviews with 1,621 clients (out of a survey sample of 2,000 clients) who were enrolled in the program from July 1997 to December 1998 (an 81 percent response rate). This report is based on data from 1,423 of those survey respondents who were enrolled in WFNJ from July 1997 through June 1998, the first year of program operations.² The average length of followup from WFNJ entry to the survey date was 21 months. The first round of the client survey included questions about clients' backgrounds, employment histories, income sources, potential employment barriers, and experiences and perceptions of WFNJ.

For some analyses, we also use data from state administrative data systems for the 1,423 survey respondents. Monthly TANF and food stamp benefit data, as well as some basic demographic data, are from the Family Assistance Management Information System (FAMIS) maintained by the Division of Family Development of NJDHS. In addition, we use employment and earnings data for the two-year period prior to WFNJ entry from state wage records maintained by the New Jersey Department of Labor's Unemployment Insurance system.

E. METHODOLOGICAL APPROACH

In this report, some analyses examine changes in client outcomes over time (beginning with program entry), while others focus on client outcomes at the time of the first client survey (conducted 21 months after program entry, on average). In Chapter II, we examine clients' welfare and employment patterns over the first 12 months after they entered WFNJ. Most other analyses in the report examine client outcomes at the time of the first survey or during the month or year prior to the survey. For example, the income measures examined in Chapter III pertain to income during the month prior to the survey. Most hardship measures presented in Chapter III, such as incidents of serious illness or severe housing crises, pertain to the one-year period prior to the survey.

Because the WFNJ experiences and the socioeconomic characteristics of new WFNJ entrants may differ from those of clients who were part of the existing welfare caseload when the program was first implemented, we conduct the analysis of welfare and employment patterns in Chapter II separately for these two subgroups. However, for clarity, all subsequent analyses presented in this report combine these two subgroups. We found that results from these later analyses were broadly similar when done separately for these two groups of clients.

The findings presented in this first report are primarily descriptive. They will provide a benchmark by which we can judge WFNJ clients' economic progress as part of later Client Study reports. Subsequent reports will follow the progress of clients over time and will provide more detailed analyses of the welfare dynamics of WFNJ clients, their rates of employment retention, and the factors associated with a successful transition from welfare

²This report excludes clients who entered WFNJ from July through December 1998 because of their short follow-up period (about eight months, on average) at the time of the first client survey. This later cohort of WFNJ clients will be included in later Client Study reports.

to work. In addition, later reports will examine other important policy areas in more detail, based on data from later survey rounds.

F. THE WFNJ EVALUATION AND RELATED RESEARCH

Because of major changes in welfare policies and large declines in welfare caseloads, many states have started examining what happens to clients after they leave welfare. In particular, these “TANF leaver” studies focus on former clients’ employment status over time or at the time of followup, as well as on how many of these families return to the welfare rolls. These studies typically have found that most of the adult families remaining off TANF were employed at some time after leaving cash assistance and that a significant number eventually return to welfare (U.S. General Accounting Office 1999; and Brauner and Loprest 1999).

The WFNJ Client Study is richer than most leaver studies on several dimensions. First, because it examines the circumstances of those who have remained on cash assistance, as well as of those who left welfare, it is broader in scope. Including clients in the study who have remained on TANF will allow us to examine the differences between these clients and those who leave welfare for work and, therefore, identify factors associated with successful welfare-to-work transitions. Second, the WFNJ study includes a series of six interviews with the same clients over a five-year period. The longitudinal nature of the study will allow us to develop a more detailed picture of clients’ lives and will provide us with many opportunities to probe further on important issues and key topics as they emerge. Finally, the survey data will be enhanced by administrative records data for 10,000 WFNJ clients, as well as by repeated in-depth, in-person interviews with about 60 clients. These interviews will provide a more detailed qualitative understanding of the lives and experiences of clients as they make the transition off welfare.

Two other studies of WFNJ clients have been conducted recently. Legal Services of New Jersey has written a report on the status of WFNJ clients, based on surveys of approximately 900 current and former WFNJ clients in 6 of New Jersey’s 21 counties (Liu et al. 1999). In addition, NJDHS sponsored a telephone survey of 453 WFNJ clients whose cases had closed because of failure to comply with program rules (N.J. Department of Human Services 1998). The WFNJ Client Study (which is based on a larger, statewide sample) will expand on what these earlier analyses found and provide a more detailed picture of clients’ lives.

II

WFNJ CLIENTS' EARLY TANF AND EMPLOYMENT EXPERIENCES

Welfare reform in New Jersey and the associated time limits and work requirements have made it particularly important for state policymakers and program staff to understand the patterns of TANF receipt and employment among WFNJ clients. For instance, how quickly are WFNJ clients leaving the TANF rolls? Are they finding jobs? Are there differences in the characteristics of those who leave welfare and those who remain on cash assistance? Are there differences between those who find jobs and those who do not? Answers to these questions can indicate clients' level of job readiness as they enter the labor force and the extent to which clients remaining on TANF may need additional assistance in their transition from welfare to work.

A. WHAT ARE CLIENTS' INITIAL CHARACTERISTICS?

Before examining WFNJ clients' patterns of employment and welfare receipt, it is important to understand what their characteristics were when they entered the program. How many had a high school education? How many had worked recently? How many children did clients have, on average? Clients' initial characteristics provide an important context for understanding their levels of employment and welfare receipt after WFNJ entry.

- *WFNJ clients are diverse. Some face significant barriers to self-sufficiency, while others are less disadvantaged and face fewer obstacles.*

WFNJ clients, as a group, have fairly diverse characteristics. For example, although many (56 percent) have high school diplomas, a significant fraction (44 percent) do not (Table II.1). Many had worked recently at program entry; however, almost half (45 percent) had no labor market experience in the two years before they entered WFNJ. More than 1 in 10 spoke a language other than English at home, and eight percent were not U.S. citizens. Nearly 1 in 10 had a household member receiving SSI. When they entered the program, clients had two children, on average. The average age of their youngest child was just under five years old, and nearly 40 percent had a child under three years old. Most (78 percent) were in single-parent households with no other adult present. Only seven percent were married and living with their spouse.

- *New WFNJ entrants are less disadvantaged than are those who were already receiving cash assistance when the reforms were implemented.*

In general, new WFNJ entrants are less disadvantaged than are WFNJ clients from the July 1997 caseload. For example, 71 percent of new entrants had some labor market experience in the two years prior to WFNJ entry, compared with only 49 percent of clients

TABLE II.1

CHARACTERISTICS OF WFNJ CLIENTS AT TIME OF PROGRAM ENTRY

	Percentage with Characteristic		
	Existing Caseload July 1997	New WFNJ Entrants July 1997 to June 1998	All WFNJ Clients July 1997 to June 1998
Female	96	96	96
Average Age (in Years)	31.1	28.8	30.4
Educational Attainment			
Less than high school diploma or GED	45	40	44
High school diploma or GED	42	49	44
More than high school diploma or GED	13	11	12
Employed in Two-Year Period Prior to WFNJ Entry	49	71	55
Race/Ethnicity			
African American	53	54	53
Hispanic	27	21	26
White	19	24	20
Other	1	1	1
Does Not Speak English at Home	14	12	13
Is a U.S. Citizen	92	92	92
Average Number of Children Under 18 in Household	2.0	1.8	2.0
Age of Youngest Child			
Less than 3 years	36	50	40
3 to 5 years	28	23	26
6 years and older	36	27	34
Household Type			
Single parent	78	78	78
Two parent	7	13	9
Other multiple adult	10	5	9
Other single adult	4	4	4
Marital Status			
Never married	71	68	70
Married	6	9	7
Separated/widowed/divorced	24	23	24
Household Member Receiving SSI	10	7	9
Lived in Two-Parent Household as a Child	52	52	52
Family Received Welfare When Growing Up	36	38	36
Sample Size	813	610	1,423

SOURCE: WFNJ administrative records data and First WFNJ Client Survey.

from the July 1997 caseload (Table II.1). Similarly, new entrants were more likely to have high school diplomas and to be married at program entry and less likely to have a disabled household member than were those from the July 1997 caseload.¹ Because of these

¹New WFNJ entrants are also younger than WFNJ clients from the July 1997 caseload and have younger children. These differences are probably due to the more recent entry into welfare of the new entrants.

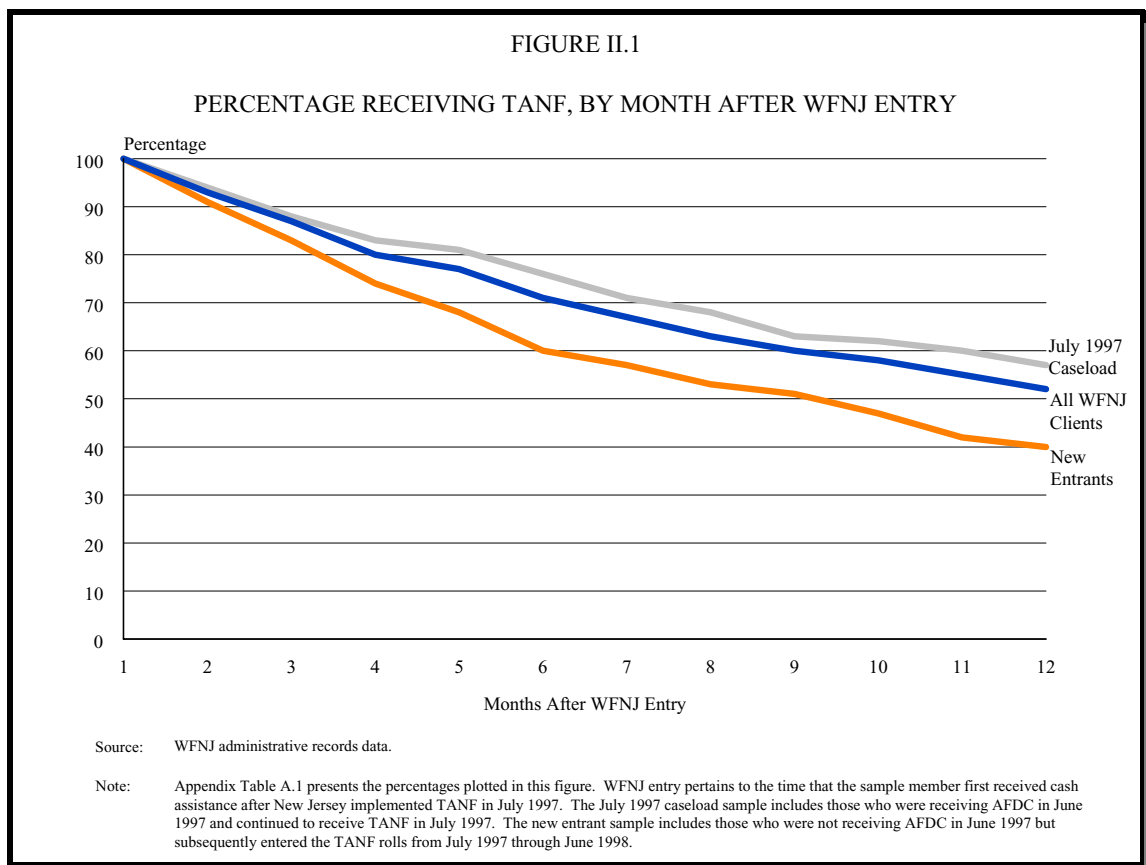
differences, in this chapter, we conduct some analyses of welfare receipt and employment patterns separately for these two subgroups of WFNJ clients.

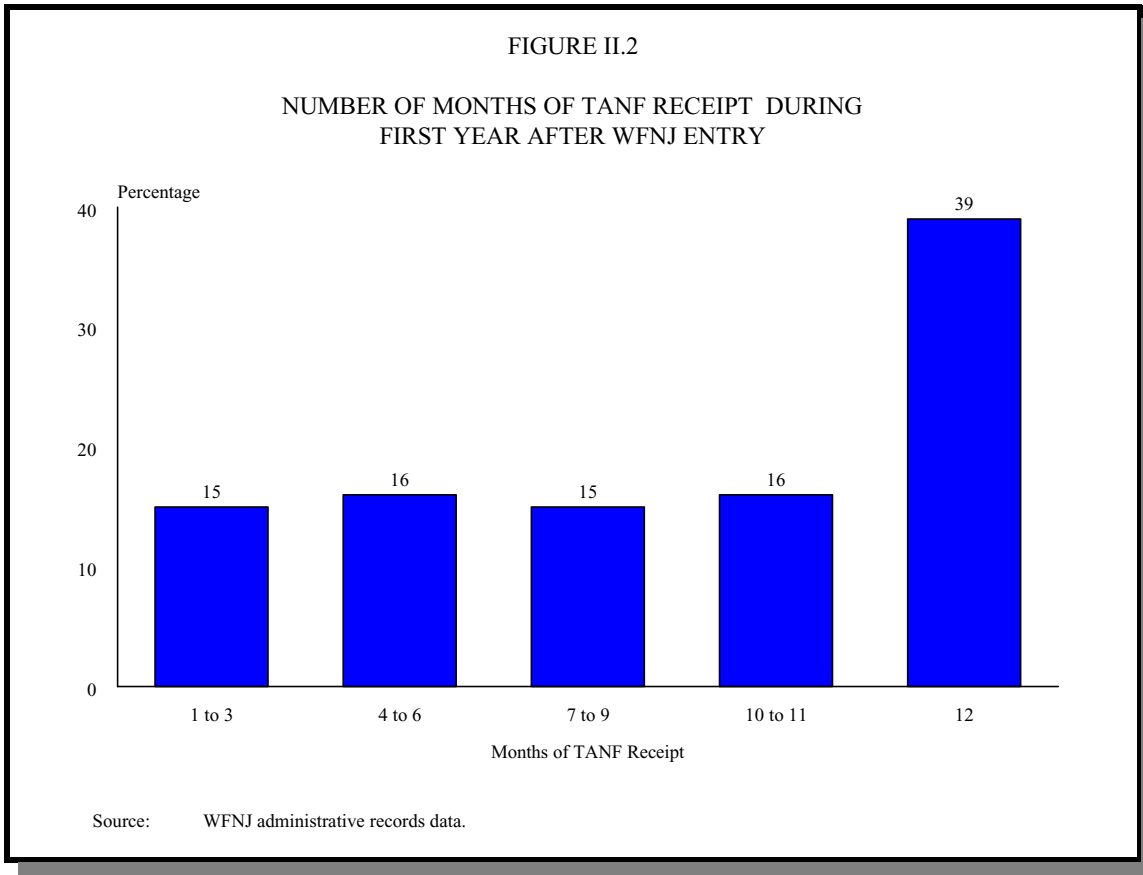
B. WHAT ARE WFNJ CLIENTS' INITIAL PATTERNS OF WELFARE RECEIPT?

The long-term goal of the WFNJ program is to promote economic self-sufficiency and reduce welfare dependency among WFNJ clients. This first look at an early cohort of clients who entered WFNJ during the program's first year will provide a profile of clients' patterns of TANF and food stamp receipt during their early months in the program.

- *Consistent with the large decline in the state's welfare caseload, TANF receipt among WFNJ clients fell rapidly during their first year after entering the program.*

A year after entering WFNJ, about half of the clients were no longer receiving TANF (Figure II.1). Some clients exited TANF soon after program entry and stayed off, while others continued to receive assistance for longer periods of time. For instance, 39 percent of clients received TANF continuously during the first year after WFNJ entry, while 31 percent received TANF for six months or less during the first year (Figure II.2). On average, clients received TANF for about nine months during the year (not shown). During months





they were on TANF, clients received monthly TANF benefits of approximately \$340, on average.²

The steady declines in TANF receipt occurred both for those who were already receiving cash assistance in July 1997 when WFNJ was implemented (the July 1997 caseload sample) and for TANF recipients who entered WFNJ during the program’s first year (new entrants).³ The declines were larger for the new entrant sample, however, a group that was somewhat more job ready on average when they entered WFNJ. By the end of the first year after WFNJ entry, 60 percent of the new entrants were no longer receiving TANF, compared to just over 40 percent of the July 1997 caseload sample (Figure II.1).⁴

New Jersey welfare recipients are leaving cash assistance faster under WFNJ than they did several years ago under WFNJ’s predecessor program, FDP. For example, as part of

²The short follow-up period makes it too soon for a thorough examination of the important issue of welfare recidivism. We will examine rates of welfare recidivism in the next Client Study report, when additional follow-up data will be available.

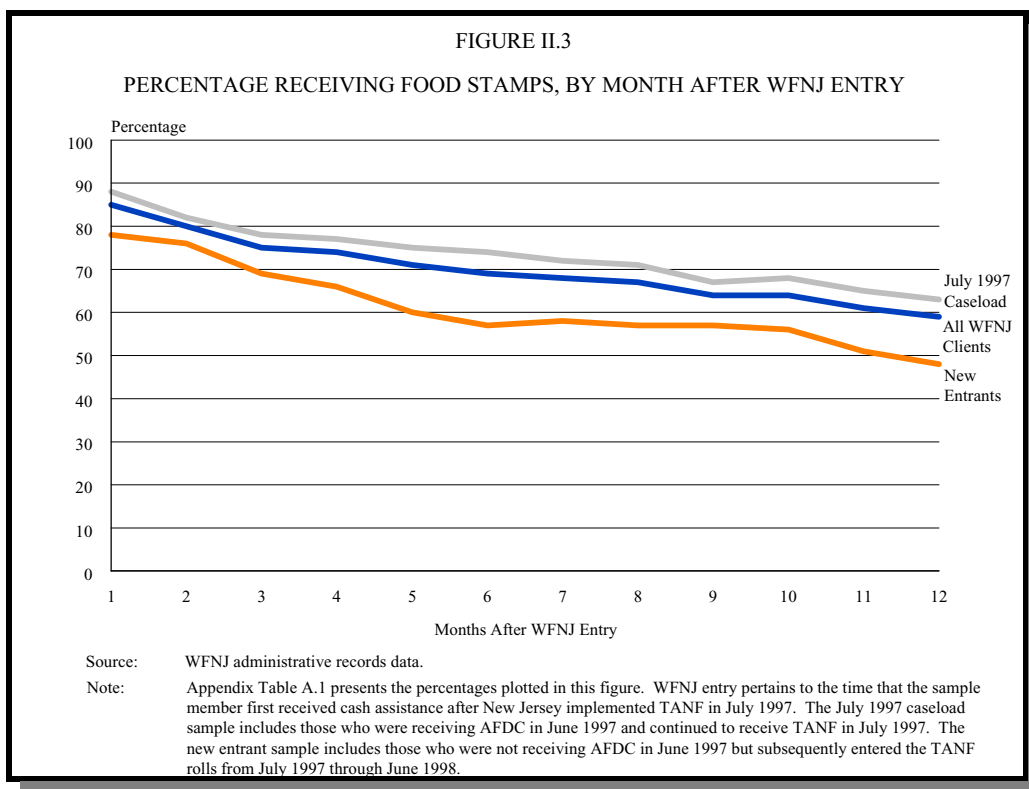
³For the July 1997 caseload sample, the decline reflects TANF receipt since the time of WFNJ entry in July 1997. These clients were, by definition, receiving cash assistance in June 1997 and potentially could have received welfare for several months (or even years) prior to that time under the old AFDC program.

⁴These declines in TANF receipt continue over time. At the time of the first client survey (conducted, on average, 21 months after WFNJ entry), 61 percent of the July 1997 caseload sample and 64 percent of the new entrant sample were no longer receiving TANF.

their evaluation of FDP, Camasso and his colleagues found that 21 percent of clients who were on the AFDC caseload when FDP was implemented in October 1992 were no longer receiving AFDC one year later (Camasso et al. 1998).⁵ In contrast, among WFNJ clients who were on the cash assistance caseload when WFNJ was fully implemented in July 1997, 42 percent were no longer receiving TANF one year later. Although exit rates are considerably higher under the WFNJ program, we cannot attribute these increases entirely to the changes in welfare policy imposed under WFNJ. The state's economy was considerably stronger during 1997 and 1998 than it was earlier in the decade, making it easier for welfare recipients to find employment. Therefore, better economic conditions may have also played an important role in encouraging some WFNJ clients to exit cash assistance.⁶

■ *Food stamp receipt also declined for this early cohort of WFNJ clients, although not as rapidly as TANF receipt.*

The proportion of clients receiving food stamps also declined over time (Figure II.3). About 85 percent of WFNJ clients were receiving food stamps at the time they entered the



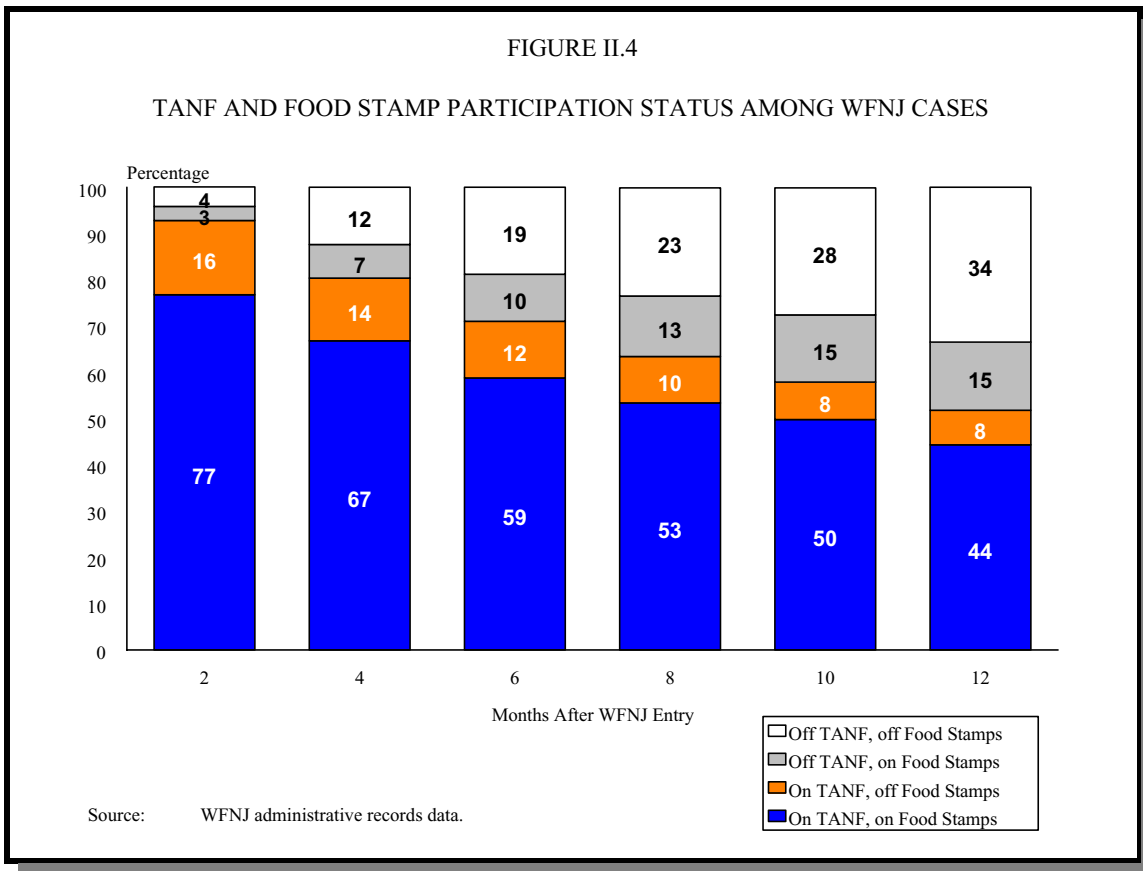
⁵This figure does not refer to the statewide AFDC caseload but instead to the combined caseloads of the 10 counties included in the FDP evaluation. During the time covered by this evaluation, these 10 counties represented 86 percent of the statewide welfare caseload.

⁶Caseload composition changes, as well as changing attitudes toward welfare, may also have played an important role in the higher exit rates under WFNJ.

WFNJ program; this fraction fell to 59 percent a year after WFNJ entry.⁷ Consistent with the patterns of TANF receipt, new entrants were less likely to be receiving food stamps than were those in the caseload sample. For instance, a year after entering WFNJ, just under half of the new entrants were receiving food stamps, compared with almost two-thirds of those in the July 1997 caseload sample (Figure II.3).

■ ***A large fraction of WFNJ clients were receiving neither food stamps nor TANF a year after they entered the program.***

Many clients who left TANF during the first year after they entered WFNJ also left the Food Stamp Program (FSP) at the same time or soon after they exited cash assistance. For instance, among the 48 percent of WFNJ clients who had exited the TANF program within a year of entering WFNJ, just under one-third (15 percent of the full sample) were receiving food stamps, whereas just over two-thirds (34 percent of the full sample) were not receiving food stamps (Figure II.4). While high earnings may have caused some WFNJ clients who



⁷We find that about 15 percent of TANF recipients were not receiving food stamps at the time of program entry. Other states have similar fractions of current TANF recipients who are not receiving food stamps (Stavrianos 1997). Based on previous research, the most common reason that certain TANF recipients do not receive food stamps is that they live with other adults whose income disqualifies the household from receiving food stamp benefits but whose income is not counted when determining TANF eligibility (Ohls et al. 1986). Consistent with these findings, we find that WFNJ clients on TANF and not receiving food stamps at the time of the survey were more likely to be living with other employed adults (44 percent) than were TANF recipients who were receiving food stamps (17 percent).

left TANF to no longer be eligible for food stamps, most clients have low incomes and should continue to qualify for food stamps, even after exiting TANF for work.

Why do so many WFNJ clients who leave the TANF program leave the FSP at the same time? One possible explanation is that some clients are not aware of their eligibility for food stamps after leaving TANF. However, on the first WFNJ client survey, nearly three out of four clients who had left TANF and were not receiving food stamps reported that they knew that people could continue to receive food stamps after leaving cash assistance. Therefore, clients' lack of knowledge of their eligibility for food stamps may not be the primary reason for their nonparticipation. Food stamps can be an important source of financial support for low-income families leaving cash assistance. Therefore, understanding the reasons for these low participation rates is important. In the next round of the client survey, which will be conducted in winter 2000, we will explore in greater depth clients' reasons for not participating in the FSP.

C. WHAT ARE WFNJ CLIENTS' INITIAL EMPLOYMENT EXPERIENCES?

Sustained employment is the primary route to self-sufficiency for TANF recipients. To help TANF recipients with the transition from welfare to work, welfare agencies need to know how many welfare recipients find jobs, how quickly they find them, and what kinds of jobs they find. The characteristics of these jobs can provide some indication of whether such jobs have the potential to lead to sustained employment in the long run.

- ***About half of WFNJ clients worked during the year after they entered the program, and employment levels increased over time.***

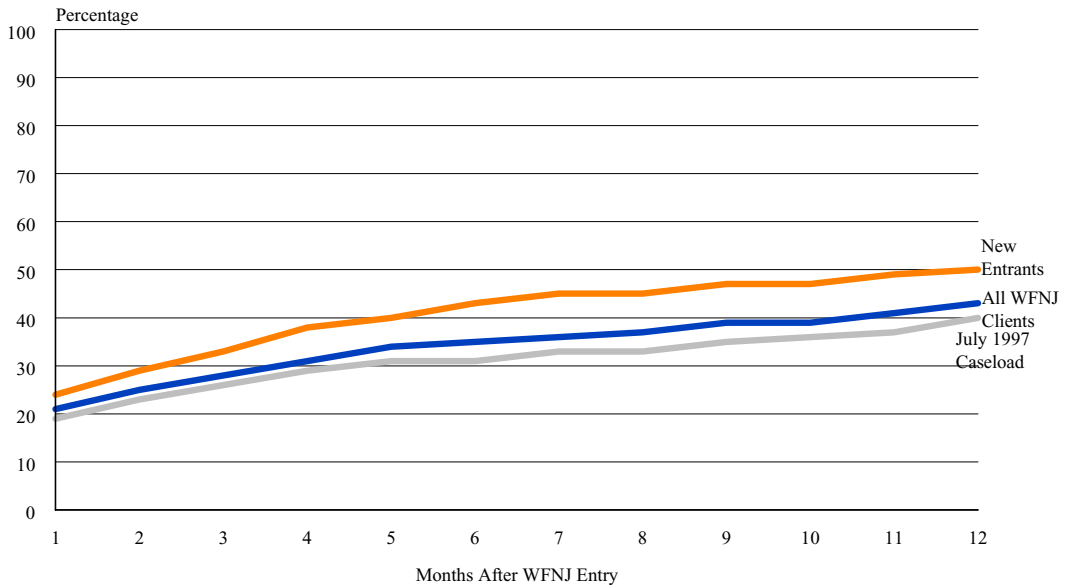
Employment levels among WFNJ clients increased steadily over time. About 20 percent began their time in WFNJ with a job (Figure II.5).⁸ By the end of the first year, a little over 40 percent of clients were employed. About half of WFNJ clients worked at some point during the first year after they entered the program; one in four worked 10 months or more during this period (Figure II.6). By the time of the first client survey (conducted 20 months after WFNJ entry, on average), more than two-thirds of WFNJ participants had some employment experience (not shown).

Employment levels increased for both the July 1997 caseload sample and the new entrant sample, although the levels were somewhat higher for the new entrant sample. A year after entering WFNJ, 50 percent of those in the new entrant sample were employed, compared with 40 percent of those in the caseload sample (Figure II.5). Two-thirds of the new entrants had been employed at some point during this period, compared with only about half of the caseload sample (not shown).

⁸TANF recipients who work but have low earnings can continue to receive cash benefits.

FIGURE II.5

MONTHLY EMPLOYMENT RATES DURING THE FIRST YEAR AFTER WFNJ ENTRY

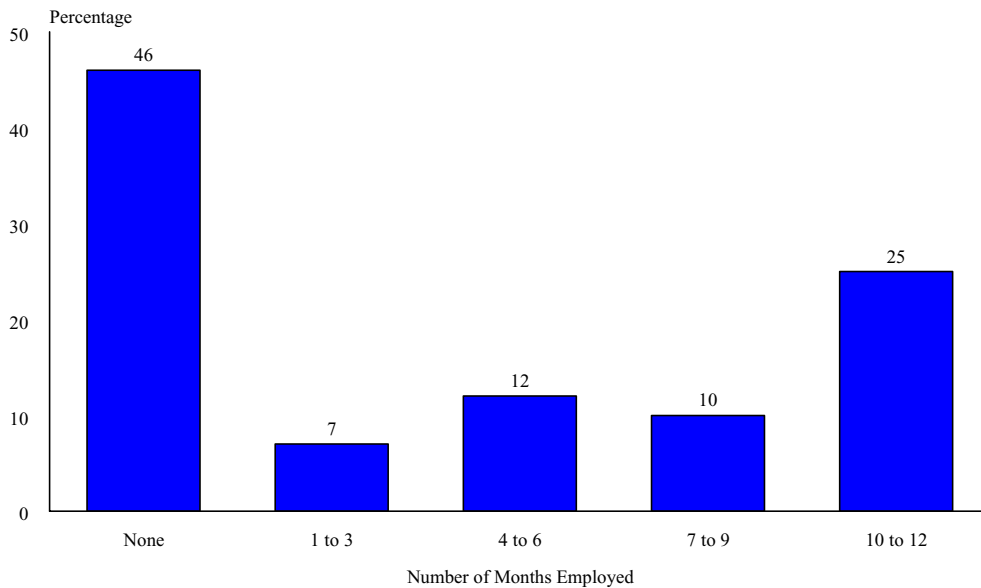


Source: WFNJ First Client Survey.

Note: Appendix Table A.2 presents the percentages plotted in this figure. WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997. The July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997. The new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through June 1998.

FIGURE II.6

PERCENTAGE OF TIME EMPLOYED DURING THE FIRST YEAR AFTER WFNJ ENTRY



Source: First WFNJ Client Survey.

■ *WFNJ clients who found jobs earned a little over \$7 per hour, on average.*

The average wage among employed WFNJ clients was \$7.31 per hour (Table II.2). More than a third worked in jobs that paid \$6 per hour or less, while 12 percent worked in jobs that paid over \$10 per hour. A significant fraction (40 percent) worked part-time (less than 35 hours per week). About half worked 40 hours per week or more.

D. HOW MANY WFNJ CLIENTS HAVE LEFT WELFARE FOR WORK?

Rapidly declining welfare caseloads in recent years have led proponents of welfare reform to hail the success of the PRWORA legislation. However, it is important to examine why caseloads are falling and what is happening to those who exit TANF.⁹ If most clients

TABLE II.2	
WAGES AND HOURS WORKED AMONG EMPLOYED WFNJ CLIENTS	
	WFNJ Clients Employed Since Program Entry (Percentages)
Hourly Wage (in Dollars)	
\$5.00 or Less	10
\$5.01 to \$6.00	26
\$6.01 to \$7.00	17
\$7.01 to \$8.00	18
\$8.01 to \$10.00	17
More than \$10.00	12
(Mean Hourly Wages)	(7.31)
Hours Worked per Week	
20 Hours or Less	18
21 to 34 Hours	22
35 to 39 Hours	10
40 or More Hours	49
(Mean Hours Worked)	(34)
Sample Size	1,003
SOURCE: First WFNJ Client Survey.	
NOTE: Figures include only paid jobs and include only clients who held a job since WFNJ entry. Figures refer to the current or most recent job.	

⁹As part of the Client Study, we plan to conduct a caseload dynamics study to attempt to understand the extent to which reduced caseloads are driven by reductions in the number of new entrants, lower recidivism rates among those who exit, and quicker exits from TANF.

exit welfare and find jobs quickly, this may indicate the success of welfare reform (aided by a strong economy). However, some WFNJ clients who leave cash assistance do not find work immediately. Understanding the size and characteristics of this group of clients is important, because they may be struggling financially and may need other types of supports and services. Other WFNJ clients may combine work and welfare, while some may remain on TANF without finding employment. Understanding the size and characteristics of this latter group is particularly important, because they are at high risk of eventually hitting TANF time limits with little labor market experience.

- ***Many WFNJ clients are progressing toward self-sufficiency by leaving welfare for work. More than a third were working and no longer receiving TANF at the time of the survey (about a year and a half after WFNJ entry).***

The number of WFNJ clients who remained on TANF and were not employed declined steadily during their first year after entering the WFNJ program. For instance, 72 percent of clients remained on TANF and were not employed two months after entering WFNJ; this proportion had dropped to 38 percent by 12 months after WFNJ entry (Figure II.7). By the time of the first WFNJ client survey, conducted on average 21 months after WFNJ entry, only 29 percent of clients were on TANF and not employed. Similarly, there was a corresponding increase in the number of clients who had left TANF for employment--the "success stories" of welfare reform. The proportion of clients who had left TANF and found jobs increased from 3 percent two months after WFNJ entry to 29 percent one year following WFNJ entry. Moreover, by the time of the first WFNJ client survey, 35 percent of this early cohort of WFNJ clients were working and not receiving TANF.

- ***Other clients have remained on TANF and have not yet found jobs. At the time of the survey, 3 in 10 were receiving TANF and not employed.***

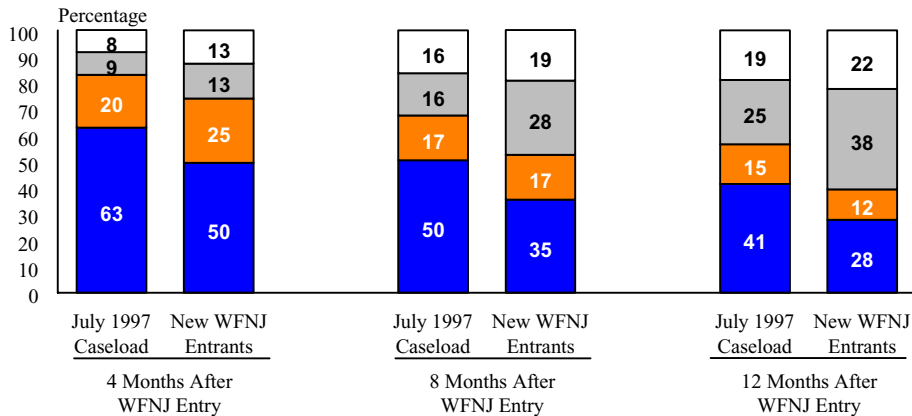
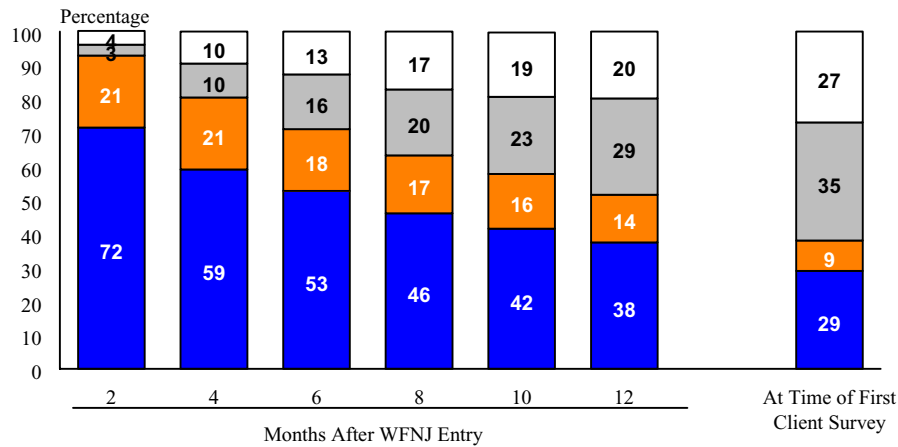
A substantial fraction of WFNJ clients remained on TANF and were not working a year after entering the program. A year after WFNJ entry, 38 percent of clients were receiving TANF and were not employed. WFNJ clients who were already receiving cash assistance when WFNJ was fully implemented in July 1997 were more likely to be on TANF and not working than were clients who entered the program after it was fully implemented. For example, 41 percent of the July 1997 caseload were receiving TANF and not working one year after entering WFNJ, compared with 28 percent of those who entered WFNJ after it was fully implemented (Figure II.7). WFNJ clients who remain on TANF and are not working are of concern to policymakers and program staff because some of these clients may get sanctioned for noncompliance with work requirements, and some may eventually reach the TANF time limits with little work experience.

- ***WFNJ clients who remain on TANF and are not employed are less job ready than are those who have left welfare for work.***

WFNJ clients who remained on TANF and were not working were considerably less prepared for employment than were those who had left welfare for work. For example, less than half (46 percent) of clients who were on TANF and not employed at the time of the survey had worked in the two years before entering WFNJ (Figure II.8). In contrast, more

FIGURE II.7

EMPLOYMENT AND TANF RECEIPT AMONG WFNJ CASES,
BY MONTH AFTER WFNJ ENTRY

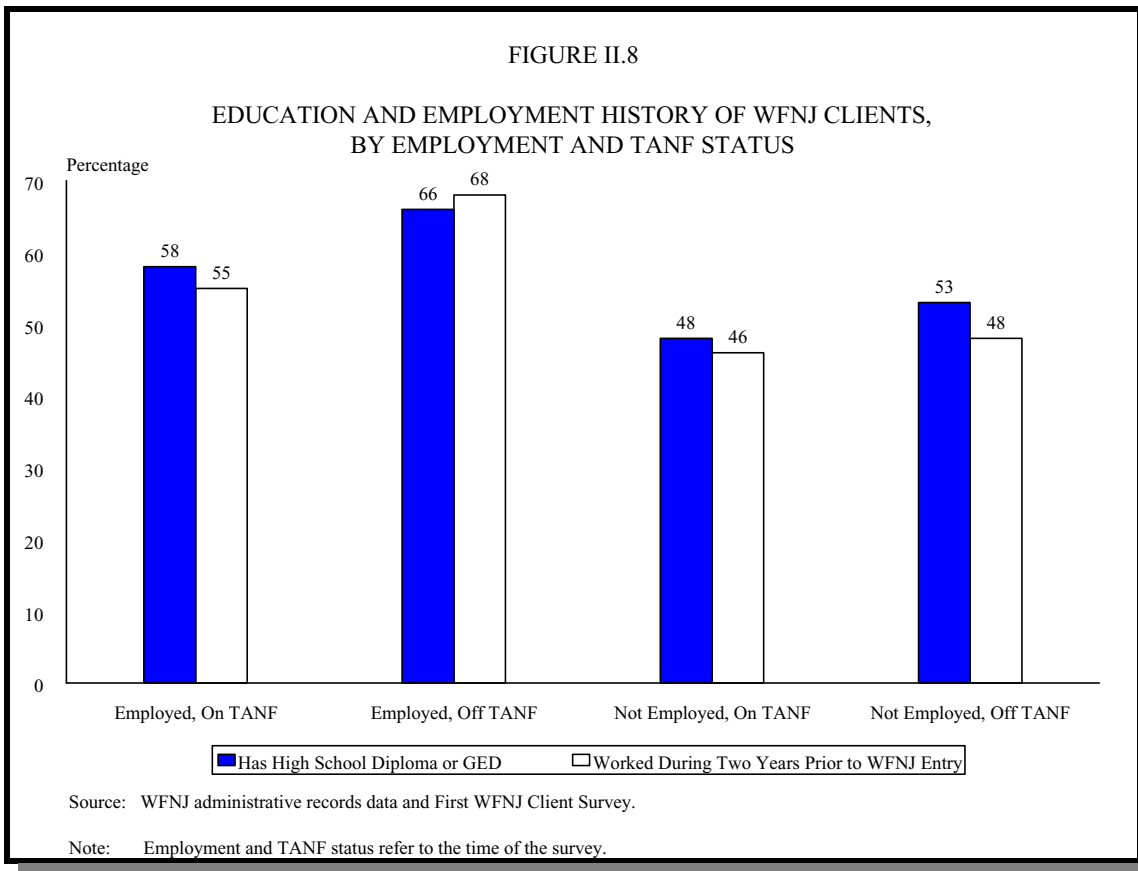


Not Employed, Not on TANF
 Employed, Not on TANF
 Employed, on TANF
 Not Employed, on TANF

Source: WFNJ administrative records data and First WFNJ Client Survey. TANF receipt during the first 12 months since WFNJ entry are obtained from FAMIS data. Employment status for all months and TANF receipt at the time of the interview are from the First WFNJ Client Survey.

Note: WFNJ entry pertains to the time that the sample member first received cash assistance after New Jersey implemented TANF in July 1997. The July 1997 caseload sample includes those who were receiving AFDC in June 1997. The new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through June 1998.

than two-thirds (68 percent) of clients who were employed and no longer receiving TANF had worked during the two years before they entered the program. Clients who remained on TANF and were not working were also less likely to have a high school diploma or GED than were those who were employed and no longer receiving TANF, 48 versus 66 percent. WFNJ clients who had left TANF and were not working also had lower education levels and more limited work histories than did employed clients. These results suggest that some WFNJ clients may require more intensive job readiness and job search assistance or



additional education and training to enable them to make a successful transition from welfare to work.

■ ***More than one in four WFNJ clients was neither working nor receiving TANF at the time of the survey.***

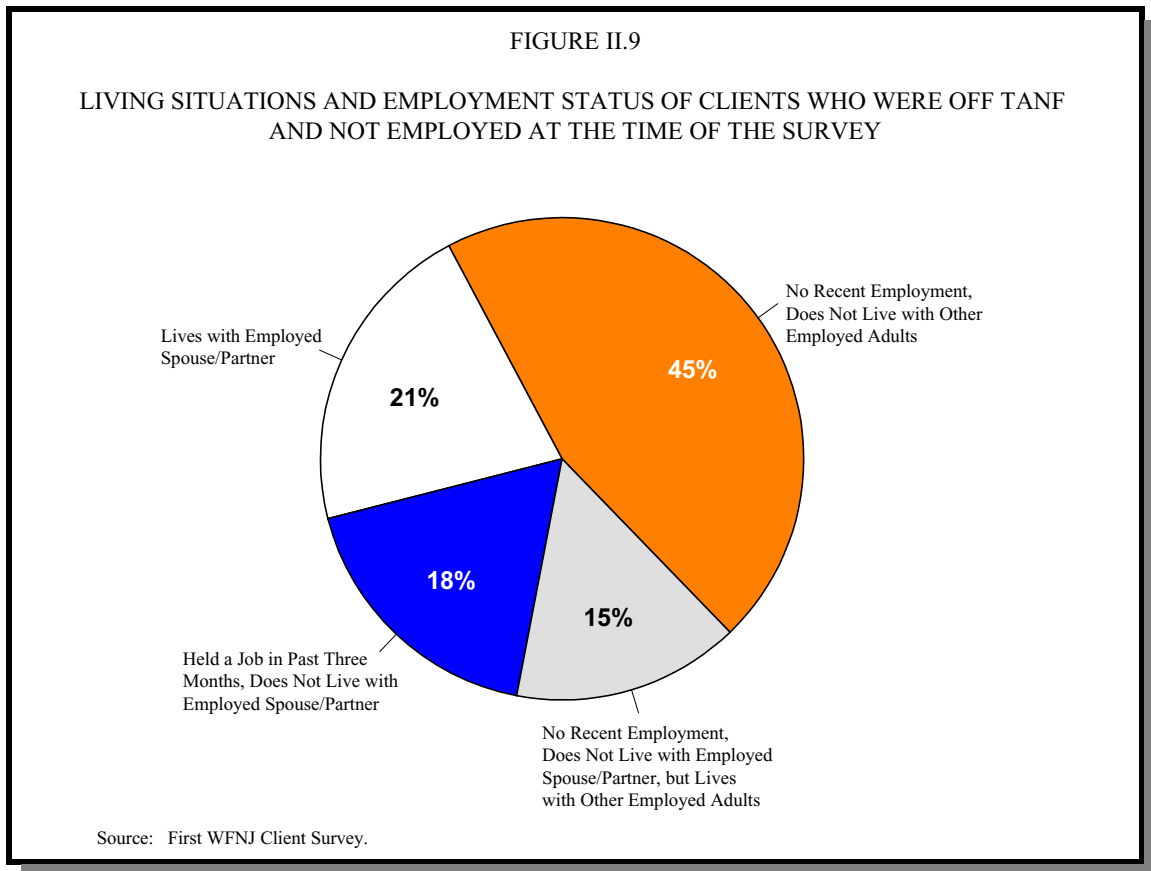
Not all WFNJ clients who have left TANF are employed. At the time of the survey, 44 percent of clients who had exited TANF were not working. At the time of the survey, the group of WFNJ clients who were off TANF and not employed represented more than one in four (27 percent) clients who participated in the program during its first year (Figure II.7). This group is of potential concern to policymakers, because these former recipients may be at high risk of return to TANF or, worse, at risk of falling through the cracks in the system and experiencing high rates of poverty.

The proportion of WFNJ clients who have left TANF and are not working (44 percent) is somewhat higher than has been found in recent TANF “leaver” studies. For example, Loprest (1999) analyzed a national sample of welfare recipients who left cash assistance from 1995 to 1997 and found that 39 percent of her sample of welfare leavers were not employed at the time of the follow-up survey (conducted from February to November 1997). Similarly, a recent GAO report, which summarized the results of TANF leaver studies from seven states, found that the proportion of welfare leavers who were not employed ranged from 29 to 39 percent (U.S. General Accounting Office 1999). These earlier studies were all based on surveys conducted about the time that TANF was implemented nationally in 1997; the WFNJ client survey was conducted in 1999. The WFNJ client study may be

yielding a higher proportion of TANF leavers who are not employed, in part, because the results are more recent. As more welfare recipients face work requirements nationally, the proportion of TANF leavers who are not employed may rise.

- ***Some WFNJ clients who exit TANF and are not employed have other sources of financial support, such as earnings from a spouse, partner, or other adult family member.***

How do WFNJ clients who have left TANF and are not employed support themselves? About one in five (21 percent) in this group was living with an employed spouse or partner at the time of the survey (Figure II.9). The research literature has shown that marriage typically leads to a fairly stable transition off welfare (Ellwood 1986; and Bane and Ellwood 1983); consequently, these clients may not be a group for policy concern. Another 18 percent had been employed within the past three months and had only recently lost their jobs. Some in this group may find other employment fairly soon; others may return to TANF. An additional 15 percent were living in households with other employed adults who were not their spouses or partners. While earnings of these other adults may provide a temporary support for some clients, such arrangements are more likely to be unstable and may not provide a long-term solution.



- *Nearly half of those off TANF and not employed (about 12 percent of all WFNJ clients) did not live with an employed adult and had not worked recently. These clients were at high risk of poverty.*

The remaining 45 percent of clients who had exited TANF and were not currently employed had not worked for pay in the past three months and did not live with other employed adults (Figure II.9). As we discuss in Chapter III, these individuals (who represent 12 percent of all WFNJ clients who participated in the program during its first year) relied largely on income from food stamps, child support payments, and SSI to support themselves. As a group, they had very low current income and were at high risk of living in poverty. It is important to understand why these clients exited TANF and to learn more about how they are managing to make ends meet. These issues will be covered more extensively in the next round of the WFNJ client survey, as well as in in-depth interviews to be conducted with a small sample of WFNJ clients in early 2000.

III

THE QUALITY OF LIFE OF WFNJ CLIENTS

The overall life quality of WFNJ clients does not depend only on their levels of employment and welfare receipt. To get a more complete picture of their lives, it is important to consider a broader set of issues. For instance, how much income do current and former WFNJ clients have, and how do their incomes compare to the federal poverty level? How many current and former clients have health insurance coverage for themselves and their children? How common are health problems among WFNJ clients, and how might these problems affect their employment behavior? What kinds of housing arrangements and problems do WFNJ clients have? How are their children doing in school?

In this chapter, we examine these and other quality-of-life indicators for WFNJ clients. We discuss these measures for the full set of WFNJ clients examined for this report, who represent all clients who headed a TANF case in New Jersey during the first year of WFNJ implementation. However, as appropriate, we also report variation in these indicators by clients' TANF and employment status at the time of the survey. A broad look at the quality of life of WFNJ clients in these different groups can provide some sense of how those who have taken different employment and welfare paths are faring, as well as guidance for areas of possible policy intervention.

A. WHAT ARE THE INCOME AND POVERTY LEVELS OF WFNJ CLIENTS?

A primary goal of welfare reform in New Jersey is to increase the economic self-sufficiency of clients by enabling them to find jobs and exit welfare. Many policymakers are also interested in knowing how the reform is affecting clients' overall standards of living, beyond simply reducing welfare receipt. Therefore, when assessing the status of WFNJ clients and their families, it is important to examine levels of income and rates of poverty. We do so in this section.

Income figures are calculated by adding income received from earnings, public assistance, and other sources during the month prior to the survey. The figures represent family income and include the income of clients, their children, and, if clients are married, their spouses. Annual income figures are generated by multiplying income from the month prior to the survey by 12.¹ Income figures do not include the Earned Income Tax Credit (EITC). However, unless otherwise noted, monthly income includes all other income sources, such as own pretax earnings, earnings of spouse or partner, TANF and food stamp benefits, child care subsidies, other public assistance, child support, unemployment insurance, and money from friends and relatives. The poverty levels we report are based on federal poverty guidelines for 1998. Based on these guidelines, a family of three is considered to be in poverty if its annual income is below \$13,650.

¹This method may overstate income during the past 12 months for some clients and understate it for others, because earnings levels, as well as levels of income from other sources, may change over time.

- ***WFNJ clients have monthly incomes of about \$1,100, on average. Almost two out of three have incomes below the federal poverty level.***

On average, WFNJ clients reported a total monthly income from all sources of \$1,086 during the month prior to the survey, which translates into an annual income of \$13,032 (Table III.1). About one in five clients reported incomes that, when annualized, were \$20,000 or more; a similar fraction had annualized incomes of less than \$5,000 (Figure III.1). Income varies with family size, with larger families having larger incomes. Families of two had average incomes of \$897 for the month prior to the survey, whereas families of five or more had average incomes of \$1,469 (not shown).

Nearly two-thirds of clients reported monthly income that put them below the federal poverty level (Figure III.2).² Some WFNJ clients are extremely poor. One in four reported incomes that were below 50 percent of the poverty level. In contrast, only 11 percent reported incomes that were 175 percent of the poverty level or above.

TABLE III.1
AVERAGE MONTHLY INCOME AND INCOME SOURCES AMONG WFNJ CLIENTS

	Average Amount from Source Among All Clients (in Dollars)	Proportion of Total Income from Source	Percent Receiving Income from Source	Average Amount Among Those Receiving Income from Source (in Dollars)
Own Earnings	487	45	47	1,041
Total Public Assistance	368	34	65	564
TANF	124	11	38	326 ^a
Food Stamps	138	13	55	254
SSI	69	6	13	530
Child Care Subsidy	28	3	9	326
Other Public Assistance	9	1	4	256
Other Unearned Income	231	21	45	518
Child Support	35	3	21	166
Spouse's or Partner's Earnings	154	14	13	1,225
Unemployment Insurance	14	1	3	522
Friends/Relatives	16	1	8	208
Other Sources	12	1	10	121
All Sources	1,086	100	--	--

Sample Size = 1,423

SOURCE: First WFNJ Client Survey.

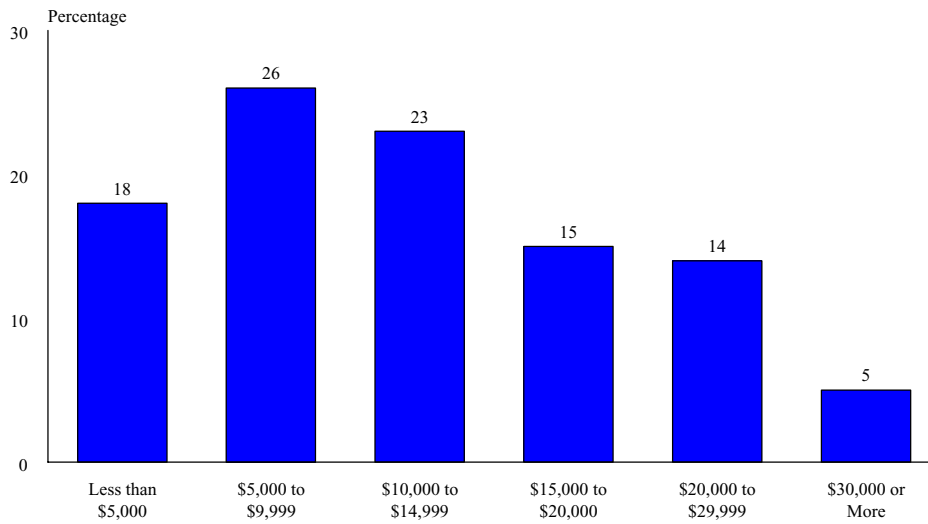
NOTE: Income figures refer to month prior to survey. The figure \$1,086 includes total income from all sources--earnings, public assistance, and other unearned income.

^aFigure refers to the average TANF benefit amount for the month prior to the survey among clients still receiving these benefits. In contrast, the average TANF benefit amount of \$340 reported in Chapter II refers to the average benefit amount among clients for months they were receiving TANF benefits during their first year after program entry.

²The income figures and poverty measures reported in this report include income from food stamps and child care subsidies. Poverty rates are often calculated excluding these two income sources. Excluding food stamps and child care subsidies, average monthly income among WFNJ clients was \$919, and 69 percent of clients were in poverty.

FIGURE III.1

ANNUAL FAMILY INCOME AMONG WFNJ CLIENTS

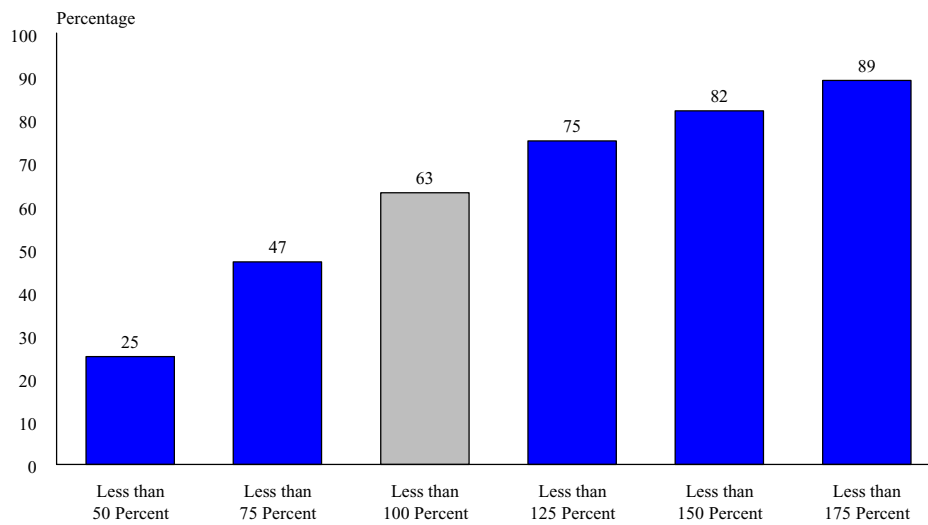


Source: First WFNJ Client Survey.

Note: Income was measured for the month prior to the survey and transformed to an annual income figure by multiplying by 12.

FIGURE III.2

FAMILY INCOME RELATIVE TO THE FEDERAL POVERTY LEVEL



Source: First WFNJ Client Survey.

Note: Income was measured for the month prior to the survey and transformed to an annual income figure by multiplying by 12.

- ***About half of the income of WFNJ clients came from earnings, while a third came from public assistance, mainly TANF and food stamps.***

Most of the income of WFNJ clients came from earnings, TANF, and food stamps. Nearly half (45 percent) of the total income of all WFNJ clients came from earnings (Table III.1). Among those working for pay, average earnings were \$1,041 during the month prior to the survey. About a third (34 percent) of total income came from public assistance, mainly TANF (comprising 11 percent of the total income of WFNJ clients), food stamps (13 percent), and SSI (6 percent). SSI is an important income source for some WFNJ clients. Among the 13 percent receiving SSI for themselves or a family member, the average monthly benefit was \$530 (Table III.1).

Some WFNJ clients have other types of financial support that are not included in the income figures reported here. For example, one in five clients received food vouchers through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Fifteen percent said they had received food, clothing, or other types of in-kind help from friends or relatives in the past month.

About one in five clients reported receiving the EITC in the past year. The EITC can be an important source of additional income for WFNJ clients who work. For example, in 1998, clients who earned \$7 per hour and worked 40 hours per week for the full year (and therefore had annual earnings of \$14,560) and who had no other sources of taxable income qualified for a refundable tax credit of \$1,909 if they had one child and \$3,279 if they had two or more children.³

- ***The incomes of WFNJ clients did not increase during the year after they entered the program. However, on average, their sources of income shifted away from welfare and toward earnings.***

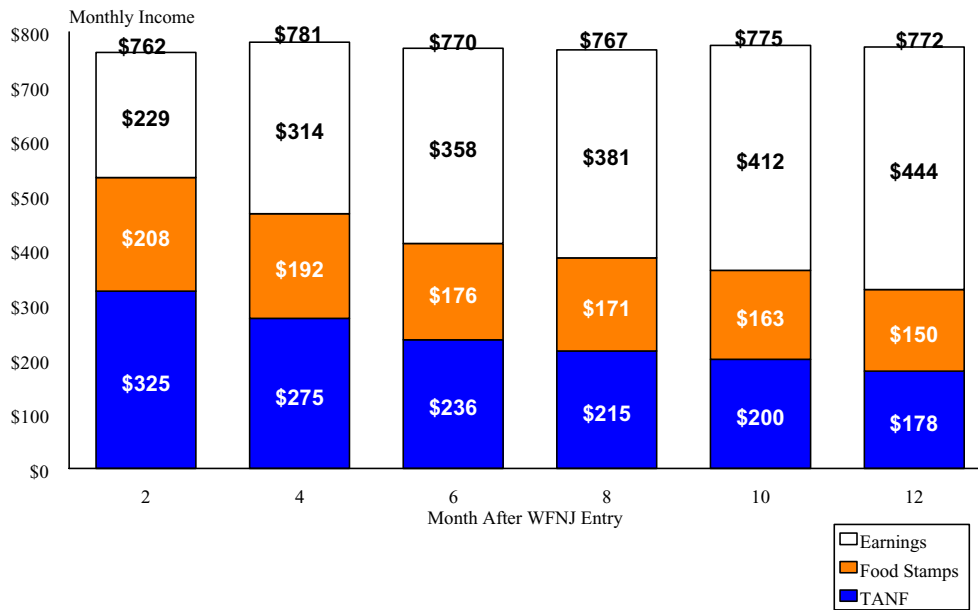
Did the incomes of WFNJ clients as a group increase during their first year in the program? Only income from the three most important income sources--own earnings, TANF, and food stamps--are available by month.⁴ Among this cohort of WFNJ clients, total income from these three sources remained fairly stable, at just under \$800 per month during their first year after entering the program (Figure III.3). However, during this period, the primary source of income shifted away from TANF and food stamps and toward earnings. For instance, among the entire group of WFNJ clients, about 70 percent of income from these three sources came from TANF or food stamps during the second month after WFNJ entry, while 30 percent of income was from earnings. In contrast, at 12 months after WFNJ entry, just over 40 percent of income from these sources came from TANF and food stamps, while nearly 60 percent came from earnings. Although, on average, WFNJ clients may not be increasing their incomes in the short run, as a group they are increasing their self-sufficiency.

³ Clients with slightly lower annual earnings for 1998, \$10,000 or \$12,000 for example, qualified for the maximum EITC benefit, \$2,271 for families with one child and \$3,756 for families with two or more children.

⁴These three income sources represented 69 percent of the total income of WFNJ clients as a group for the month prior to the survey. Monthly earnings figures are from the client survey; TANF and food stamp benefit amounts are from state administrative data sources.

FIGURE III.3

MONTHLY INCOME FROM EARNINGS, FOOD STAMPS, AND TANF,
BY MONTH AFTER WFNJ ENTRY



Source: WFNJ administrative records data and First WFNJ Client Survey.

- ***WFNJ clients who have left welfare for work have higher incomes and are less likely to be in poverty than those who remained on TANF.***

WFNJ clients who had left TANF and were working had incomes substantially above those of clients who remained on TANF. Their average monthly incomes were \$1,575, and only 29 percent were in poverty at the time of the survey (Figures III.4 and III.5). In contrast, clients who remained on TANF (including those who were employed, as well as those who were not employed) had monthly incomes of \$949, and 81 percent were in poverty. Clients who remained on TANF and were not employed had even lower monthly incomes (\$795) and were even more likely to be in poverty (90 percent).

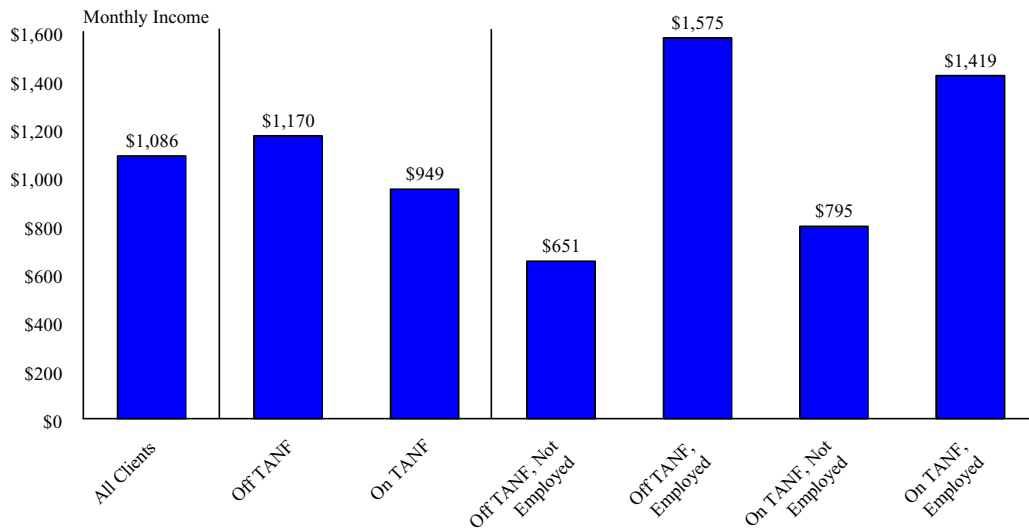
- ***On average, WFNJ clients who were off TANF and not employed had very low income levels. However, some in this group had other sources of income, such as their spouse's or partner's earnings, and were less likely to be poor.***

WFNJ clients who had left TANF and were not working were also very likely to be poor; their average monthly income was \$651, and 82 percent were in poverty (Figure III.4 and III.5). However, some clients in this group had other sources of income and were faring better financially.

In Chapter II, we divided former WFNJ clients who were not working into four mutually exclusive groups: (1) those living with an employed spouse or partner (21 percent of this group); (2) those not living with an employed spouse or partner, but who had worked within the past three months (18 percent); (3) those who had not worked recently and were not

FIGURE III.4

TOTAL MONTHLY INCOME, BY TANF AND EMPLOYMENT STATUS

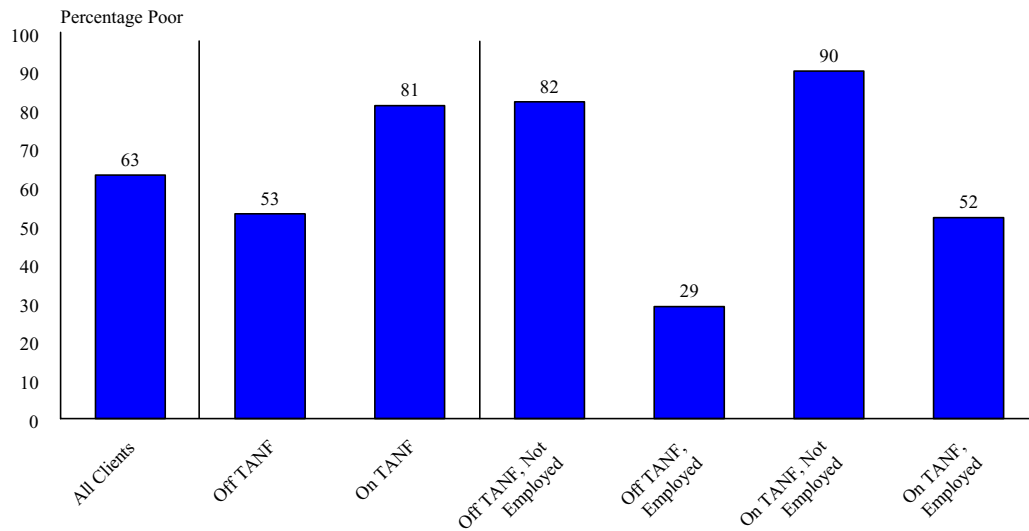


Source: First WFNJ Client Survey.

Note: Figures refer to income from the month prior to the survey.

FIGURE III.5

POVERTY LEVELS, BY TANF AND EMPLOYMENT STATUS



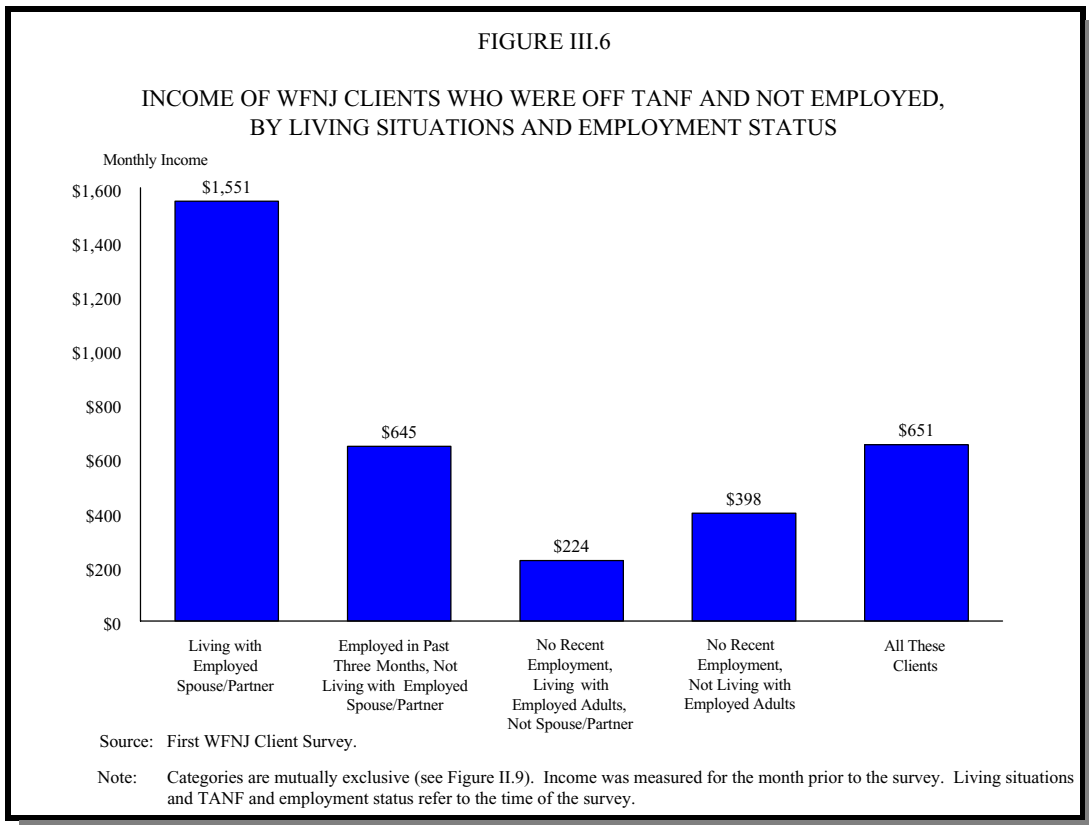
Source: First WFNJ Client Survey.

Note: Income was measured for the month prior to the survey and transformed to an annual income figure by multiplying by 12.

living with an employed spouse or partner, but who were living with other employed adults (15 percent); and (4) those who had not worked recently and were not living with an employed adult (45 percent). Those living with an employed spouse or partner had much higher incomes and were much less likely to be in poverty than were WFNJ clients in the other three groups. Their average family income for the prior month (which includes spouses' and partners' income) was \$1,551, similar to the incomes of WFNJ clients who were off TANF and working (Figure III.6). Four in 10 clients in this group had incomes below the federal poverty level. Most of their family income came from their spouse's or partner's earnings (Table A.3).⁵

Other WFNJ clients who were off TANF and not currently working had substantially less income. Among those who had worked in the previous three months (and were not living with an employed spouse or partner), average income for the prior month was \$645, and 81 percent had incomes below the poverty level. The income of clients in this group came mainly from their own recent earnings, food stamps, and unemployment insurance benefits (Table A.3).

Former WFNJ clients who were not working and were in the third group described above (living with employed adults besides a spouse or partner and having no recent employment) had extremely low average incomes (\$224), and almost all of them (99 percent) had incomes below the poverty level. The small amount of income these clients had came mainly from food stamps, SSI, child support, and unemployment insurance benefits (Table



⁵Appendix Table A.3 describes monthly income and its sources for WFNJ clients who were off TANF and not employed by their living arrangements and recent employment status.

A.3). Clients in this group were managing on their extremely small incomes by living with (and most likely being supported by) employed friends and relatives (whose incomes are not included in the family income figures presented in this chapter). Former WFNJ clients who were not working and who were in the fourth group (no recent employment and not living with an employed adult) had somewhat higher incomes (\$398) (Figure III.6). Even so, almost all clients in this group (96 percent) were in poverty. Clients in this group relied primarily on food stamps, SSI, and child support payments to support themselves (Table A.3).

Former WFNJ clients who are in one of these last two groups are clearly of concern for policymakers because of their extremely low incomes and very high rates of poverty. Future reports will examine these clients in more detail to gain a better understanding of why they left TANF and how they are managing to support themselves.

B. WHAT IS THE HEALTH STATUS OF WFNJ CLIENTS AND THEIR FAMILIES?

Good health can be a crucial factor in a successful transition from welfare to work. Health problems may discourage welfare recipients from seeking employment and can lead to job loss among those who are employed. Concern over losing health insurance coverage may discourage some TANF recipients from leaving welfare. In addition, health status is an important factor in evaluating overall life quality. Therefore, an examination of the health problems and insurance coverage of WFNJ clients is crucial in designing appropriate programs and policies for them.

- ***Reports of health problems were relatively common among WFNJ clients and their families, particularly those who were not working and were still receiving TANF.***

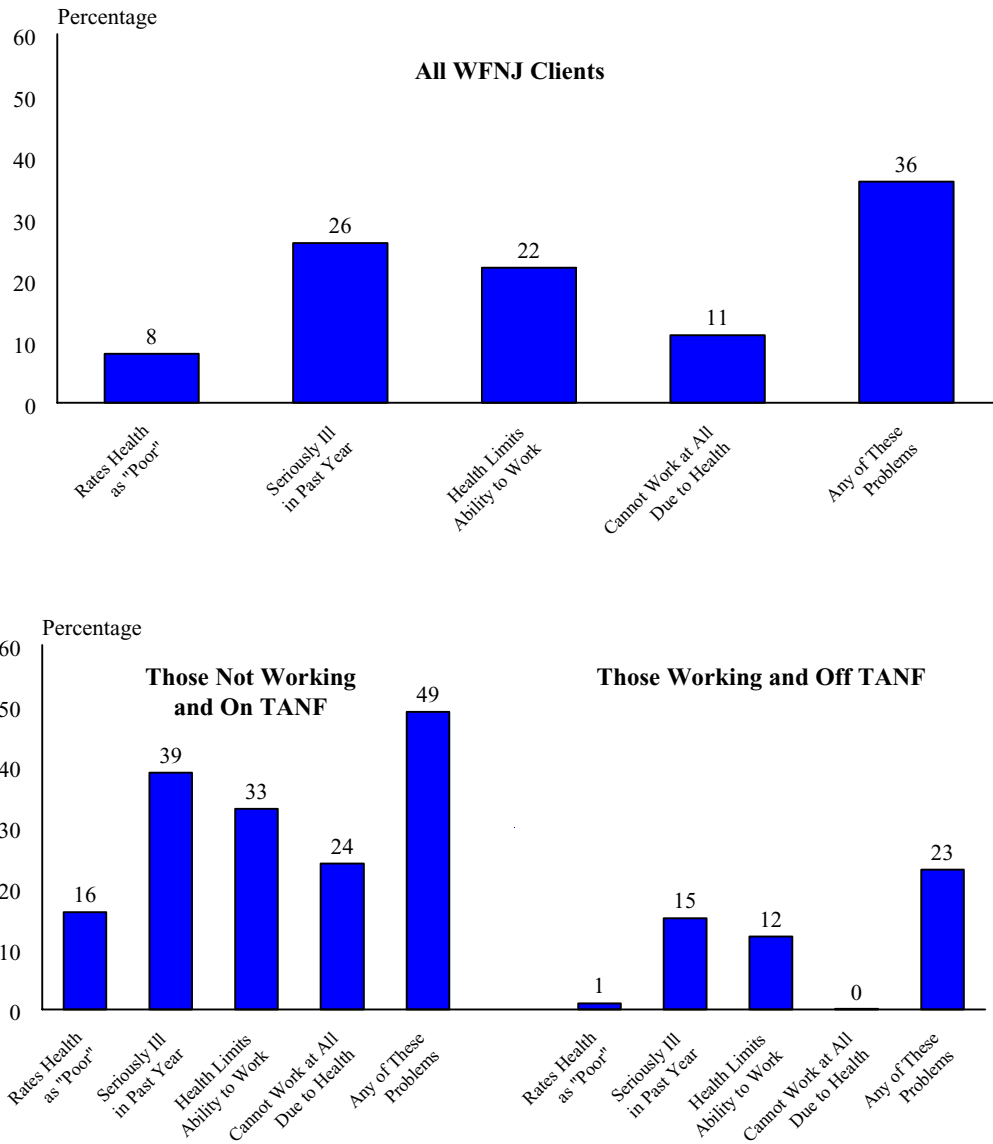
A substantial fraction (36 percent) of WFNJ clients reported having health problems at the time of the first survey (Figure III.7). About one in four said they had been seriously ill in the past year; 22 percent reported that their health limited the kind or amount of work they could do. Health problems were particularly common among clients who were still receiving TANF and were not currently working. Among this group, 49 percent reported a health problem, and 39 percent reported being seriously ill in the past year (Figure III.7). In contrast, among those who were working and no longer receiving TANF, only 23 percent reported health problems, and only 15 percent had been seriously ill in the past year.

While many reported a health problem, a smaller fraction of WFNJ clients reported that they had severe health problems that prevented them from working. About 1 in 10 (11 percent) clients reported that they could not work at all because of their health (Figure III.7). Previous research has also found that about 10 percent of welfare recipients nationally report that they are unable to work because of their health (Johnson and Meckstroth 1998; Olson and Pavetti 1996; and Loprest and Acs 1996). WFNJ clients who have remained on TANF and are not working are considerably more likely to report this type of health problem, however. Among this group, about one in four (24 percent) clients indicated that they could not work because of health problems.

WFNJ clients, particularly those who are not working and are still receiving TANF, are also fairly likely to have other family members with health problems. For example, among

FIGURE III.7

HEALTH PROBLEMS AMONG WFNJ CLIENTS



Source: First WFNJ Client Survey.

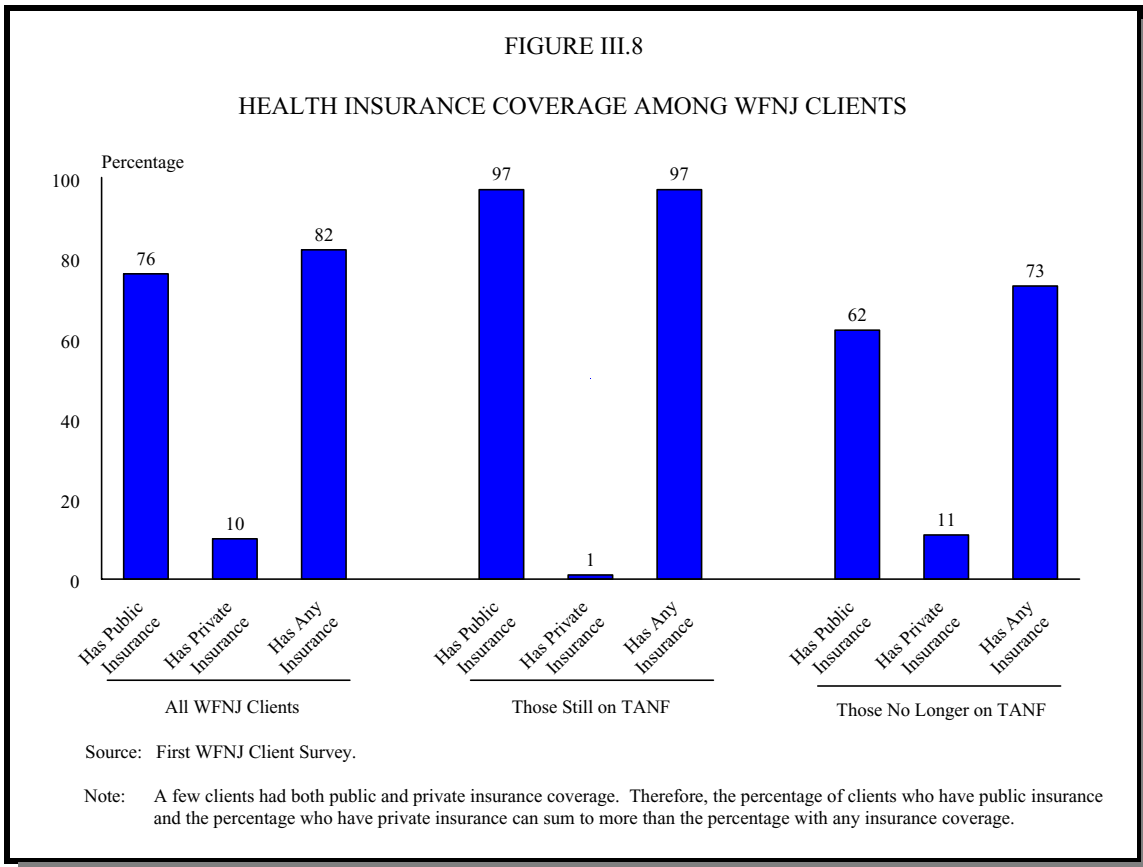
Note: Figures refer to health problems, as well as employment and TANF status, at the time of the survey.

all WFNJ clients, 20 percent had a child who has been seriously ill in the past year, while 16 percent had a household member whose health limits the client’s ability to do certain kinds or amounts of work (not shown). Among clients who are not working and still receiving TANF, these figures are 29 and 25 percent, respectively.

Given the high numbers of WFNJ clients who report health problems, particularly among those remaining on TANF and not working, program staff may need to focus additional effort on assessing whether clients have serious health conditions. Based on these assessments, some clients may be better served by the SSI program.⁶ Others may be able to remain on TANF and do some kinds of work, but they may fear loss of public health insurance if they start working. Individualized assessments of these clients' needs and abilities that focus on understanding the nature and severity of their health problems may best enable program staff to help these clients as they start to near work requirements and time limits. Future rounds of the client survey will gather more detailed information on the type and severity of health problems facing WFNJ clients.

- ***Most WFNJ clients and their children had health insurance at the time of the survey, mainly through Medicaid. However, those who had left TANF were considerably less likely to be insured than were those who remained on cash assistance.***

The majority (82 percent) of WFNJ clients had health insurance at the time of the follow-up survey (Figure III.8). Most clients (76 percent) were insured through Medicaid or another public insurance program; relatively few (10 percent) had private health



⁶NJDHS has recently begun an initiative, in collaboration with Legal Services of New Jersey, to help disabled General Assistance (GA) and TANF recipients enroll in the SSI program.

insurance.⁷ WFNJ clients who had left TANF were less likely to have insurance coverage; 73 percent were insured at the time of the survey, compared with 97 percent of clients who remained on TANF. Clients who had left TANF and were not employed were even less likely to have insurance coverage; 69 percent of this group had health insurance at the time of the survey, compared to 76 percent of clients who were off TANF and working (not shown). Most (84 percent) of the children of WFNJ clients were also covered by insurance, primarily through public insurance programs, such as Medicaid and New Jersey KidCare (not shown). However, the children of clients who had left TANF were less likely to have insurance coverage than were those of clients who remained on TANF--75 versus 97 percent.

WFNJ clients in poor health are somewhat more likely to have insurance coverage than are those in better health. For example, among those who reported health problems at the time of the survey, 88 percent had insurance coverage, compared with 82 percent of those who reported no health problems. Even so, some uninsured clients have poor health. More than one in four uninsured WFNJ clients reported having health problems at the time of the survey (not shown).

Some WFNJ clients appear not to have insurance because they are unaware of transitional Medicaid benefits. About one-fourth who were uninsured and no longer receiving TANF reported that they were unaware of this benefit. Others who were not insured reported a variety of reasons why they were not covered by Medicaid. For example, some said their income was too high, that they had never applied for Medicaid, or that they had not complied with certain welfare rules. Others said they were not covered by Medicaid because they no longer had any minor children living with them, because they recently moved to another state, or because they were “cut off” when they left TANF or when they got a job. To ensure that all those who are exiting TANF and are eligible for transitional Medicaid receive this benefit, program staff may need to provide additional information to clients on the availability of transitional Medicaid and who may be eligible for it. A wider system-level change could be to simplify the process of applying for transitional Medicaid so that those who exit TANF can continue to receive Medicaid for some limited time automatically, even if they do not apply for transitional benefits.

WFNJ clients who were uninsured reported several ways in which they addressed medical expenses. Just over half reported that they went to the emergency room when they had a medical problem; 6 in 10 reported that they avoided going to the doctor. About half said they used free clinics or doctors. About one in five said they borrowed money from friends or relatives to pay for medical expenses.

C. WHAT ARE THE HOUSING SITUATIONS OF WFNJ CLIENTS?

Finding safe, affordable housing can be a challenge for welfare recipients. Among WFNJ clients, the large majority (88 percent) rent; most others (9 percent) live rent free, typically with friends or relatives. About a third receive a government housing subsidy, either by living in public housing (13 percent) or by receiving a rent voucher (19 percent). Examining the housing problems experienced by WFNJ clients is an important part of developing a more complete picture of their overall life quality.

⁷A small fraction of clients had both public and private insurance coverage.

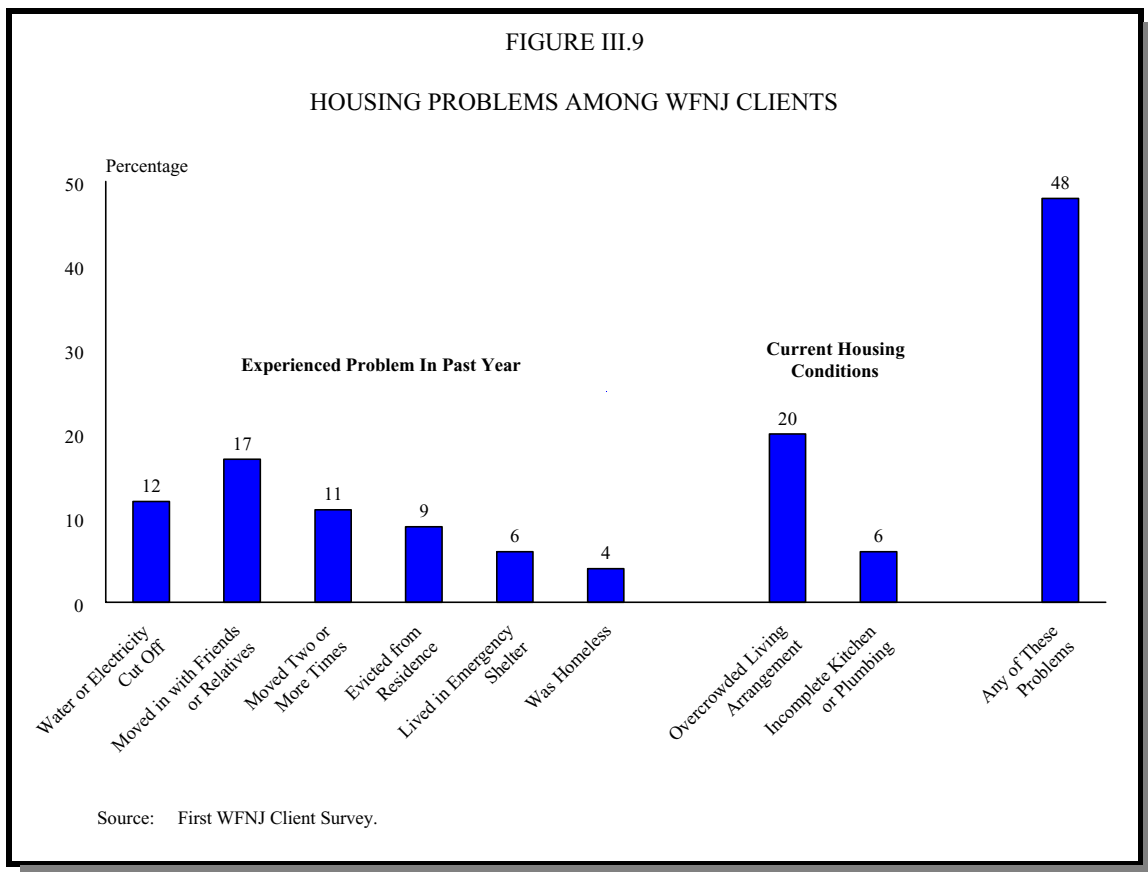
- ***About half of WFNJ clients reported having a housing problem in the past year. The most common problems reported were having to move in with friends and relatives to save on rent and living in overcrowded conditions.***

A substantial fraction (48 percent) of WFNJ clients reported that they had a serious housing problem during the year prior to the survey (Figure III.9). The most common problem reported was living in overcrowded housing conditions, defined using the standard definition of overcrowding from the housing literature of living in a household with more than one person per room. One in five clients reported living under these conditions at the time of the survey. In contrast, in 1997, only three percent of all American households and seven percent of households below the poverty threshold had overcrowded conditions (HUD User Web Site 1999).

Doubling up with friends and relatives was also fairly common; 17 percent of clients reported that they had moved in with friends or relatives to save on rent in the past year. Doubling up was most common among those who were no longer receiving TANF and not employed; 20 percent of this group reported moving in with friends or relatives in the past year (not shown). Similarly, this group was the most likely to report that they were living rent free (17 percent, compared with 9 percent among all clients).

- ***Extreme housing problems, such as homelessness, affected only a small fraction of WFNJ clients.***

Only six percent of clients reported living in an emergency shelter during the year prior to the survey, while four percent reported a period of homelessness during that time (Figure III.9). These severe housing problems were also relatively uncommon among WFNJ clients



who were no longer receiving cash assistance and not working at the time of the survey, affecting only about six percent of this group (not shown).

WFNJ clients move fairly frequently; 31 percent of clients had moved in the past year. Eleven percent had moved twice during this period. By comparison, in 1997, among all American households, 18 percent had moved in the past year; among poor households, 25 percent had moved (HUD User Web Site 1999). Among clients who had moved recently, the most commonly reported reasons for moving were for higher-quality housing (reported by 25 percent of those who moved), for more affordable housing (reported by 19 percent), because they were evicted (16 percent), because of conflicts with other household members (16 percent), and to find a better or safer neighborhood (10 percent). Other commonly reported reasons included escaping overcrowded conditions and problems with the landlord.

D. HOW ARE WFNJ CLIENTS DOING ON OTHER MEASURES OF LIFE QUALITY?

The lives of low-income families, many of whom are struggling to raise children, leave welfare, and overcome personal problems, can be full of challenges. Some clients may have children who are performing poorly in school. Others may face more serious problems, such as domestic or substance abuse. By understanding the frequency with which these events occur, policymakers can improve the programs and policies designed to address these issues.

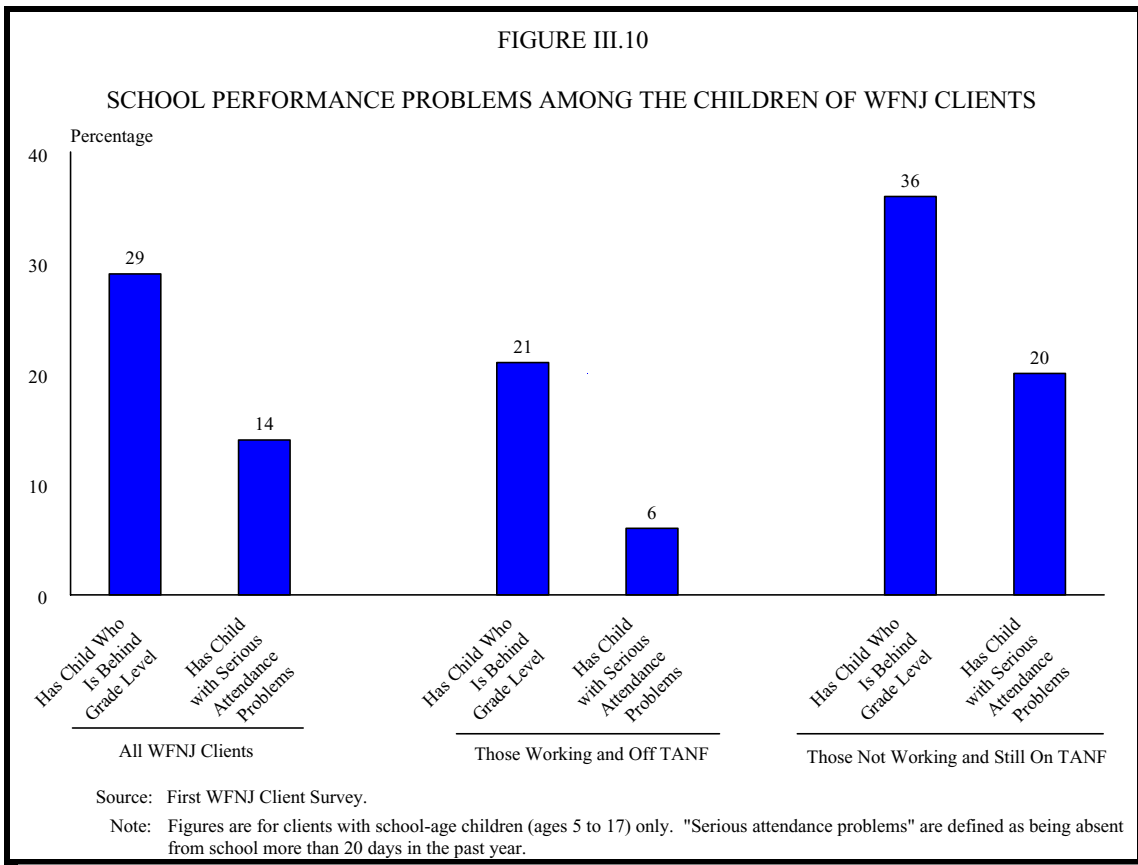
- *Many children of WFNJ clients are doing well in school, but some are struggling. A substantial fraction are behind grade level; others have serious attendance problems.*

School performance is an important measure of child well-being. Based on preliminary evidence from the first client survey, it appears that most children of welfare recipients are performing adequately in school, at least as measured by attendance and being at appropriate grade level for age.⁸ However, some children are performing poorly. Among WFNJ clients who had school-age children living with them, about 3 in 10 (29 percent) had a child who was behind grade level, and 14 percent had a child who had missed more than 20 days of school in the past year (Figure III.10).

Problems in school are most common among the school-age children of WFNJ clients who are not working and have remained on TANF. Among those in this group with school-age children, more than one in three (36 percent) have a child behind grade level, and 20 percent have a child with serious attendance problems. In contrast, among those who are

⁸Future rounds of the WFNJ client survey will focus more extensively on the well-being of the children of WFNJ clients.

FIGURE III.10

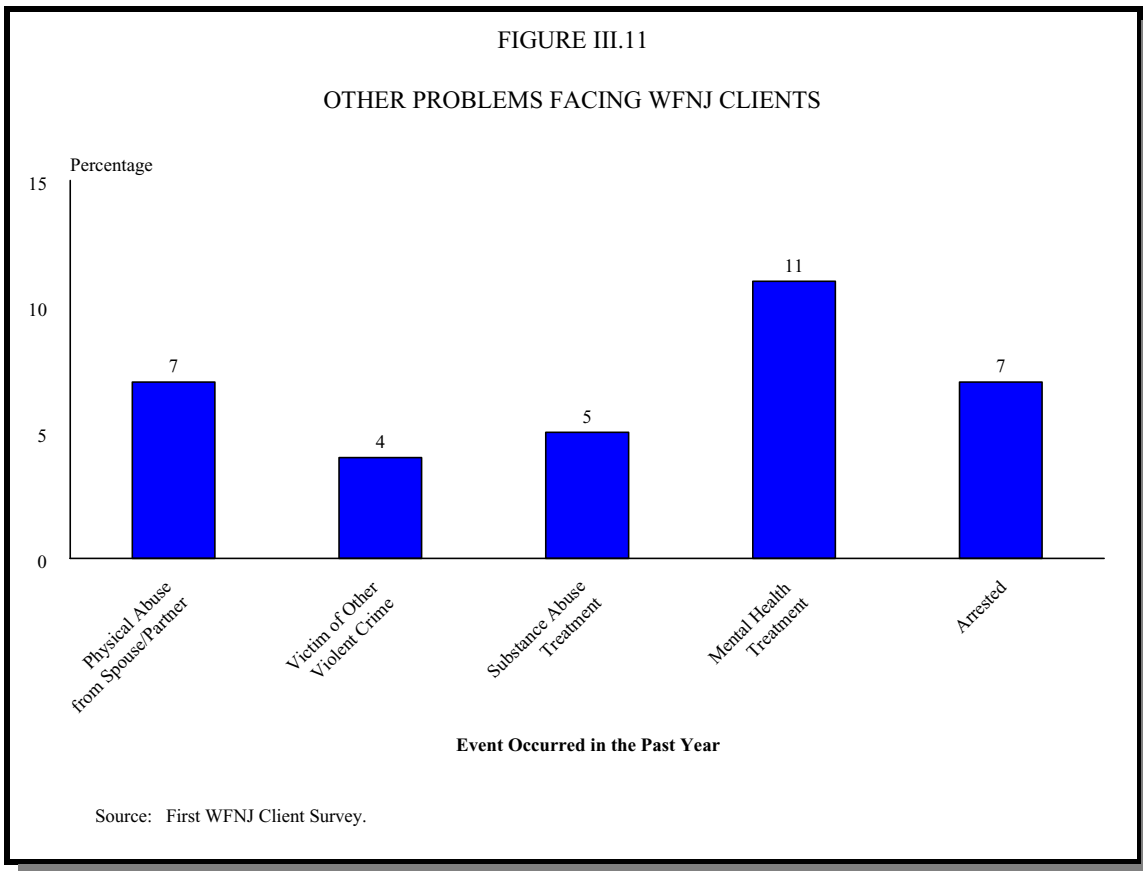


working and are no longer on TANF, only one in five (21 percent) has a child behind grade level, and only 6 percent have children with attendance problems.

■ ***Other problems, such as substance abuse or domestic violence, appear to affect relatively small fractions of WFNJ clients.***

Based on self-reported information gathered from telephone interviews, domestic violence and substance problems appear to have affected a relatively small fraction of WFNJ clients (Figure III.11). Seven percent reported that they had been physically abused by a spouse or partner in the past year.⁹ Five percent reported that they had sought treatment for a substance abuse problem during this period. Similar fractions reported that they had been arrested or been the victim of a violent crime in the past year, while slightly more than 1 in 10 had sought treatment for a mental health problem. As with problems with children's

⁹This percentage may underestimate the proportion of WFNJ clients who are victims of domestic violence. Other studies, which focused more specifically on the issue of physical abuse by spouses or partners, have found higher rates of recent domestic violence (15 to 20 percent) among welfare recipients (Raphael and Tolman 1997). These other studies may have found higher rates of domestic violence, in part, because they used different data collection methods. For example, in some studies, interviewers read out a list of possible abuses by partners (such as hitting, slapping, kicking, shoving, threatening the respondent with a weapon, or making the respondent think she might be hurt) and asked respondents whether they had experienced this type of abuse in the past year. In contrast, on the first WFNJ client survey, clients were asked "During the past year, have you been the victim of physical violence or abuse from a spouse or partner?" In a later round of the client survey, we will ask a more detailed list of questions on possible physical abuse by spouses or partners; such a detailed list may reveal higher rates of domestic violence among WFNJ clients.



school performance, these problems were more common among clients who were not employed and were still receiving TANF (not shown). It is important to keep in mind that these types of problems are likely to be underreported on telephone interviews; therefore, actual rates may be substantially higher.¹⁰ In addition, the proportion of clients who have substance abuse or mental health problems is likely to be substantially higher than the proportion who sought treatment for these conditions.¹¹

E. HOW COMMON ARE SERIOUS HARDSHIPS AMONG WFNJ CLIENTS?

Another way to measure the life quality of WFNJ clients is to examine how frequently serious hardships occur in their lives. For instance, how common are extreme poverty, serious illness, or extreme housing crises among WFNJ clients? Are these hardships more common among certain groups of clients, such as those who remain on TANF or those who

¹⁰A later round of the client survey will use advanced survey methods to get more accurate responses to these types of sensitive questions. In that survey round, respondents will hear recorded questions over the telephone and use the telephone keypad to respond. Research has shown that this type of questioning increases respondent willingness to report stigmatizing behaviors or conditions.

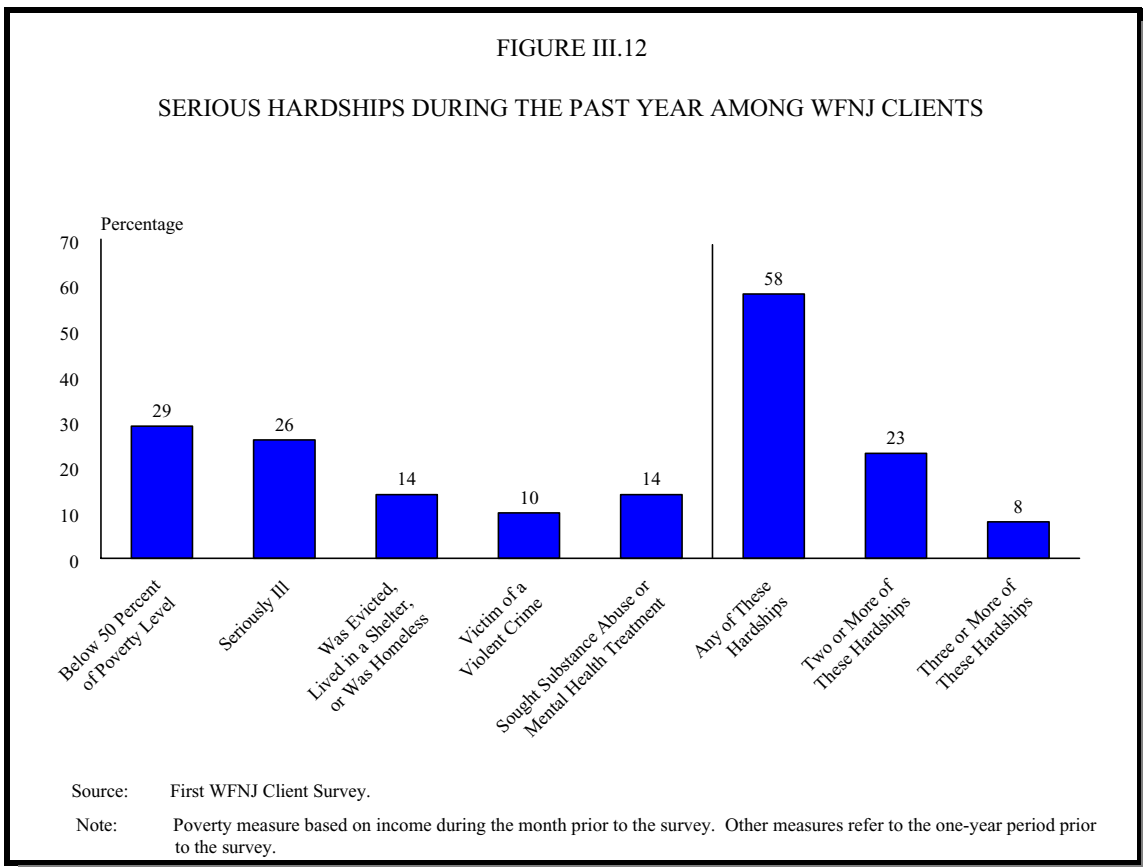
¹¹Other studies, using national samples of welfare recipients, estimate that from 5 to 20 percent of welfare recipients have substance abuse problems and from 10 to 25 percent have mental health problems (Johnson and Meckstroth 1998; U.S. Department of Health and Human Services 1994; Olson and Pavetti 1996; Leon and Weissman 1993; and Jayakody and Pollack 1997).

are not employed? How many clients have recently experienced more than one serious hardship?

In this section, we examine the proportion of WFNJ clients who have faced five serious hardships during the past year: (1) extreme poverty (defined as being below 50 percent of the poverty level); (2) serious illness; (3) an extreme housing crisis (defined as being evicted, living in an emergency shelter, or being homeless); (4) being the victim of a violent crime (including domestic violence); and (5) requiring mental health or substance abuse treatment. By examining the frequency with which these five hardships occur and how they are concentrated among certain groups of WFNJ clients, we can gain a better understanding of the challenges some clients face.

- ***More than half of WFNJ clients faced at least one of these hardships (most often extreme poverty or serious illness) during the past year.***

More than half (58 percent) of WFNJ clients faced one of these serious hardships in the past year (Figure III.12). The most common hardships were extreme poverty and serious illness, each affecting a little more than one in four clients. Although many clients experienced one of these hardships, a substantially smaller fraction (23 percent) experienced two or more of these hardships in the past year.



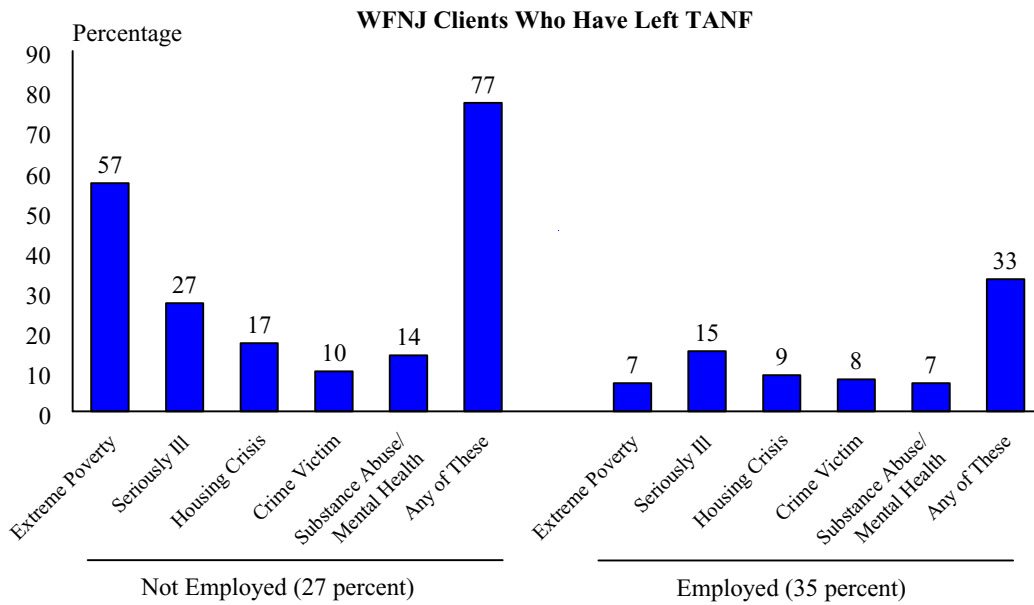
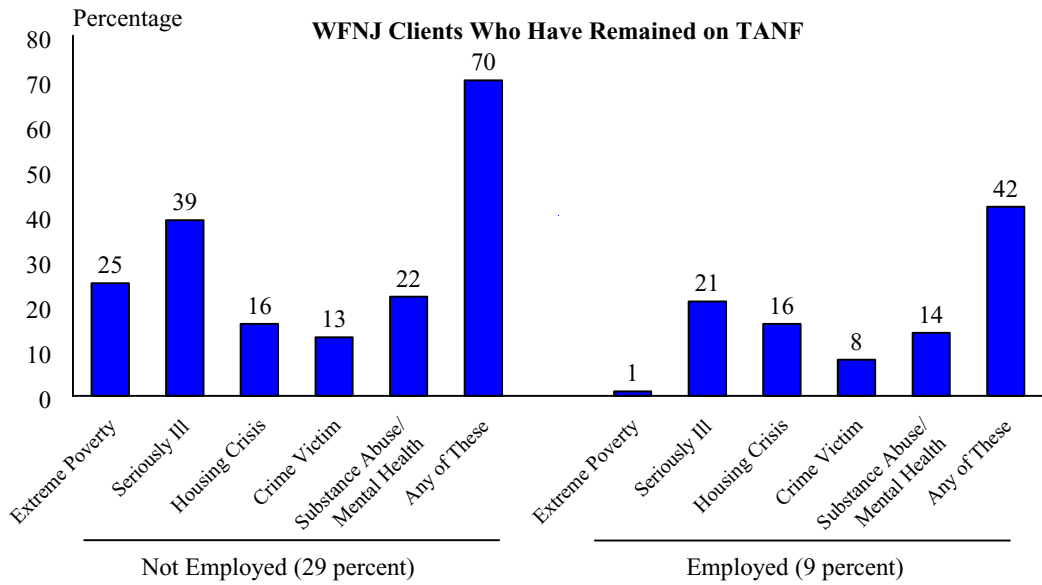
- ***WFNJ clients who were off TANF and not employed were most likely to face one of these hardships, especially extreme poverty. Hardships were also more common among clients who remained on TANF but were not employed.***

WFNJ clients who had left TANF and were not employed were most likely to experience one of these hardships; 77 percent of this group had experienced a hardship in the past year (Figure III.13). This high rate of hardship among those off TANF and not working was due primarily to the fact that many of these clients (57 percent) had incomes below 50 percent of the poverty level during the month prior to the survey. These clients were also somewhat more likely than others to have experienced an extreme housing crisis in the past year--17 percent, versus 14 percent for all clients (Figures III.12 and III.13). However, they were no more likely than others to experience other hardships, such as serious illness or crime.

WFNJ clients who remained on TANF and were not employed were also more likely than other clients to experience these severe hardships, especially serious illness and requiring treatment for a substance abuse or mental health problem. For example, 39 percent of this group had been seriously ill, and 22 percent required treatment for a substance abuse or mental health problem, compared to 26 and 14 percent, respectively, among all WFNJ clients (Figures III.12 and III.13).

FIGURE III.13

SERIOUS HARDSHIPS DURING THE PAST YEAR,
BY EMPLOYMENT AND TANF STATUS



Source: First WFNJ Client Survey.

Note: Hardship measures defined in Figure III.12.

IV

CLIENTS' KNOWLEDGE OF AND EXPERIENCES WITH WFNJ

For WFNJ to be successfully implemented, clients must understand the new welfare rules and be aware of the supportive services available to them through the program. These new policies and services will not have their intended effect unless clients are aware of the changes and understand how these changes affect them. In addition, WFNJ operations can benefit from learning clients' perceptions of the most useful WFNJ services and what additional supports they would like the program to offer. Moreover, program staff can improve their ability to deliver services effectively if they have a better understanding of clients' perceptions of their experiences when they visit the welfare office.

A. HOW WELL DO CLIENTS UNDERSTAND WFNJ PROVISIONS?

Welfare policy was changed substantially when WFNJ was implemented in 1997. Cash benefits are now subject to a five-year lifetime limit, and most TANF recipients must participate in a work activity to continue to qualify for benefits. In addition, certain transitional benefits available to those who leave welfare for work have been expanded. In this section, we examine how well clients understand the new limits placed on cash assistance under WFNJ, as well as the supports available to them if they leave welfare for work.

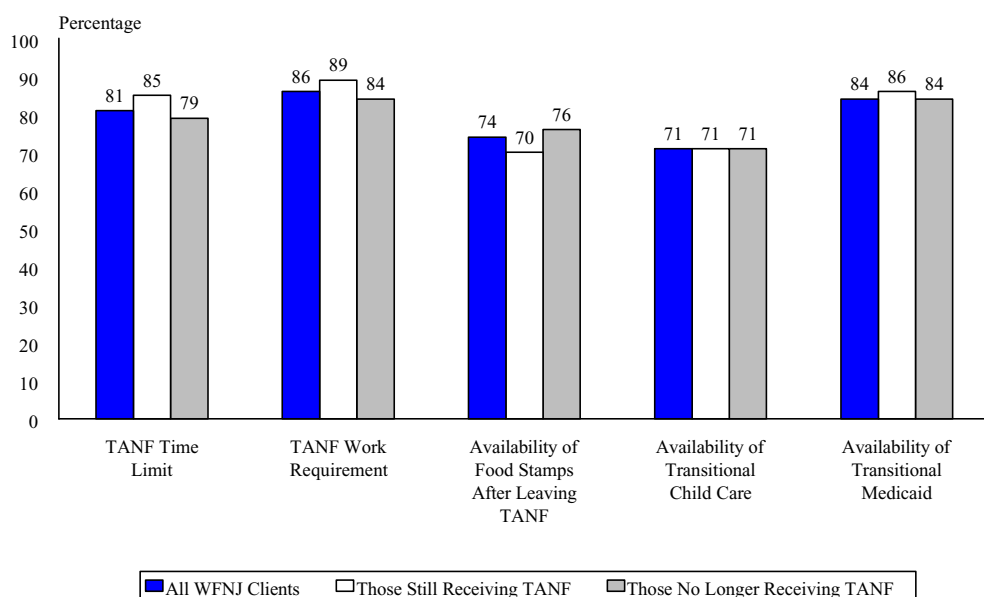
- *Most WFNJ clients are aware of the basic WFNJ provisions concerning time limits, work requirements, and transitional benefits.*

Most WFNJ clients report a basic awareness of the major WFNJ provisions. For example, 81 percent of clients report that they are aware that TANF benefits are time limited, and 86 percent report that they are aware that recipients must eventually work to continue to receive cash benefits (Figure IV.1). WFNJ clients who have remained on TANF (and for whom these provisions are most relevant) are somewhat more likely to be aware of the new limits placed on benefits. For example, among clients who were receiving TANF at the time of the survey, 85 percent were aware of TANF time limits, compared with 79 percent of those who were no longer on TANF. Similarly, clients who had remained on TANF were somewhat more likely to know about TANF work requirements than were those who had left cash assistance (89 versus 84 percent).

WFNJ clients are somewhat less aware of the supports available to clients who leave cash assistance than they are of the limits placed on cash benefits under WFNJ. For example, nearly three of four clients knew that WFNJ clients could continue to receive food stamps after leaving TANF (Figure IV.1). WFNJ clients who had left cash assistance were more likely to be aware of the availability of food stamps after leaving TANF than were those who remained on cash assistance. Among those still receiving TANF, 70 percent knew

FIGURE IV.1

KNOWLEDGE OF BASIC WFNJ PROVISIONS



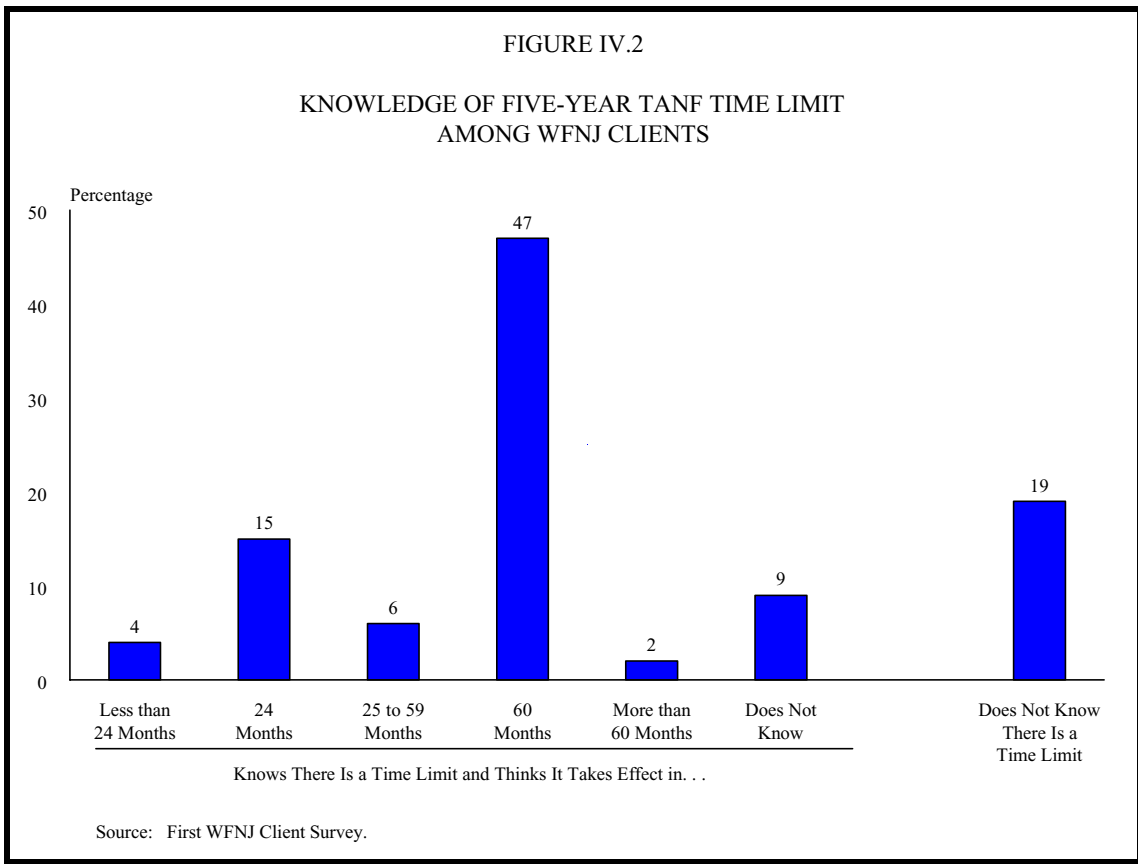
Source: First WFNJ Client Survey.

they could continue to receive food stamps after leaving TANF, compared with 76 percent of clients who had left cash assistance. Similarly, 71 percent were aware of the availability of Transitional Child Care benefits (Figure IV.1). Clients who were employed were somewhat more likely to know about the availability of Transitional Child Care than those who were not employed (78 versus 66 percent, not shown). Of the benefits available to clients after leaving TANF, clients were most aware of transitional Medicaid, with 84 percent reporting knowledge of the benefit.

■ ***Clients are less clear about the specifics of these provisions, such as when the TANF work requirement takes effect.***

Although most clients have a general understanding of basic WFNJ provisions, they are less clear on the specifics of these provisions. For example, although 81 percent of clients know there is a time limit on TANF benefits, only 47 percent know that they are allowed 60 months of TANF benefits in their lifetime (Figure IV.2). About one in four thinks the limit on benefits is less than five years. An additional nine percent know there is a time limit but not when it takes effect. Similarly, although many WFNJ clients are aware of the availability of Transitional Child Care and Medicaid, about 30 percent of those aware of these benefits think they are available for less than two years, while another 20 to 30 percent are not sure how long these benefits are available (not shown).

Clients are least clear about the specifics of the TANF work requirement. Although most are aware that there is a work requirement under WFNJ, almost 4 in 10 report not



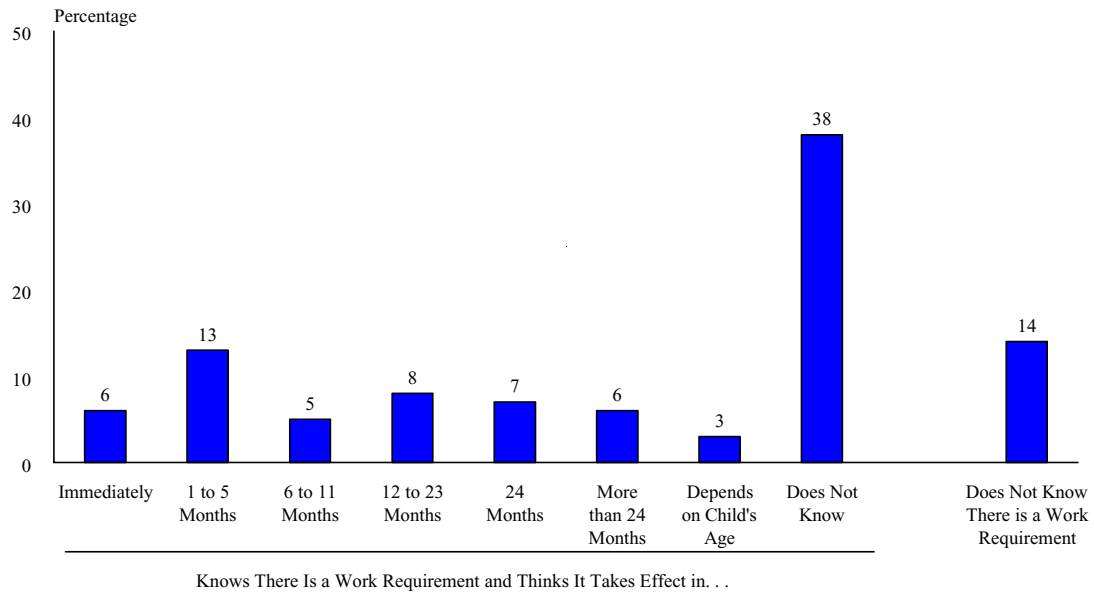
knowing when this requirement takes effect (Figure IV.3). Another one in five believes the work requirement takes effect after a year or more of TANF receipt. (For most clients, the requirement actually takes effect as soon as they begin receiving TANF.) In spite of some confusion over the specifics, however, it appears that program staff have been largely successful in conveying the basic messages to clients that benefits are now time limited and that they will eventually need to work to qualify for them.

- ***About 6 in 10 clients reported that TANF time limits or work requirements had affected their behavior. Clients most often said the provisions caused them to leave TANF sooner or to try harder to keep a job.***

Many clients (60 percent) indicated that the time limits and work requirements imposed under TANF had affected their decision to work (Figure IV.4). Among those who said the provisions affected their decisions, clients were most likely to report that the new policies had caused them to try harder to keep a job (cited by 74 percent of those who said they were affected) or to leave TANF sooner than they otherwise would have (cited by 70 percent). Substantial fractions also indicated that the provisions caused them to start an education or training program earlier (cited by 57 percent), to take a job sooner than they otherwise would have (52 percent), or to try harder to get child support (53 percent). About one-fourth of clients who said the new requirements affected their decision to work (16 percent of all clients) said the requirements had caused them to move in with friends or relatives. Some of these clients may have been unwilling or unable to comply with TANF work

FIGURE IV.3

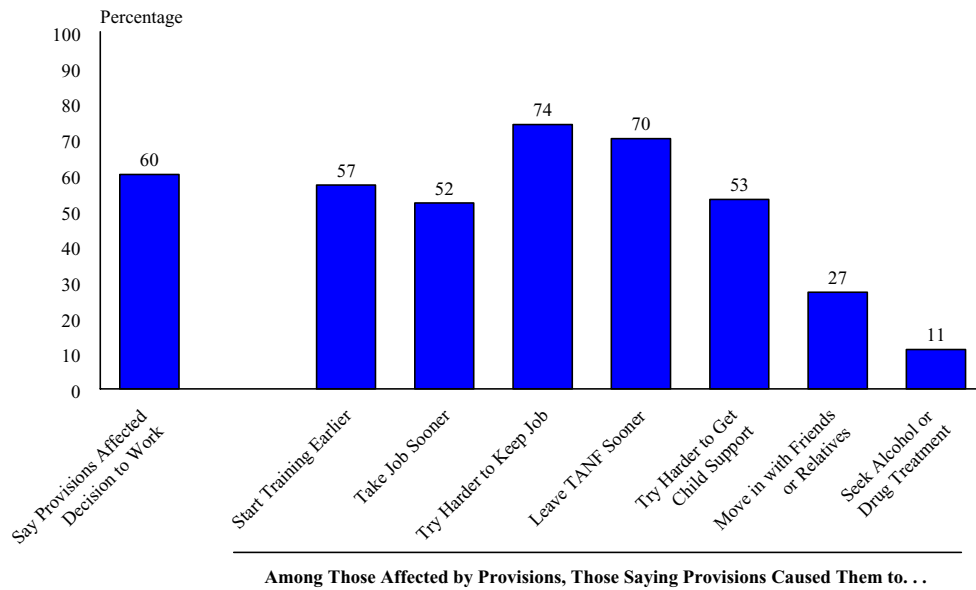
KNOWLEDGE OF TWO-YEAR WORK REQUIREMENT
AMONG WFNJ CLIENTS



Source: First WFNJ Client Survey.

FIGURE IV.4

PERCEIVED EFFECTS OF TANF TIME LIMITS AND WORK REQUIREMENTS
AMONG WFNJ CLIENTS



Source: First WFNJ Client Survey.

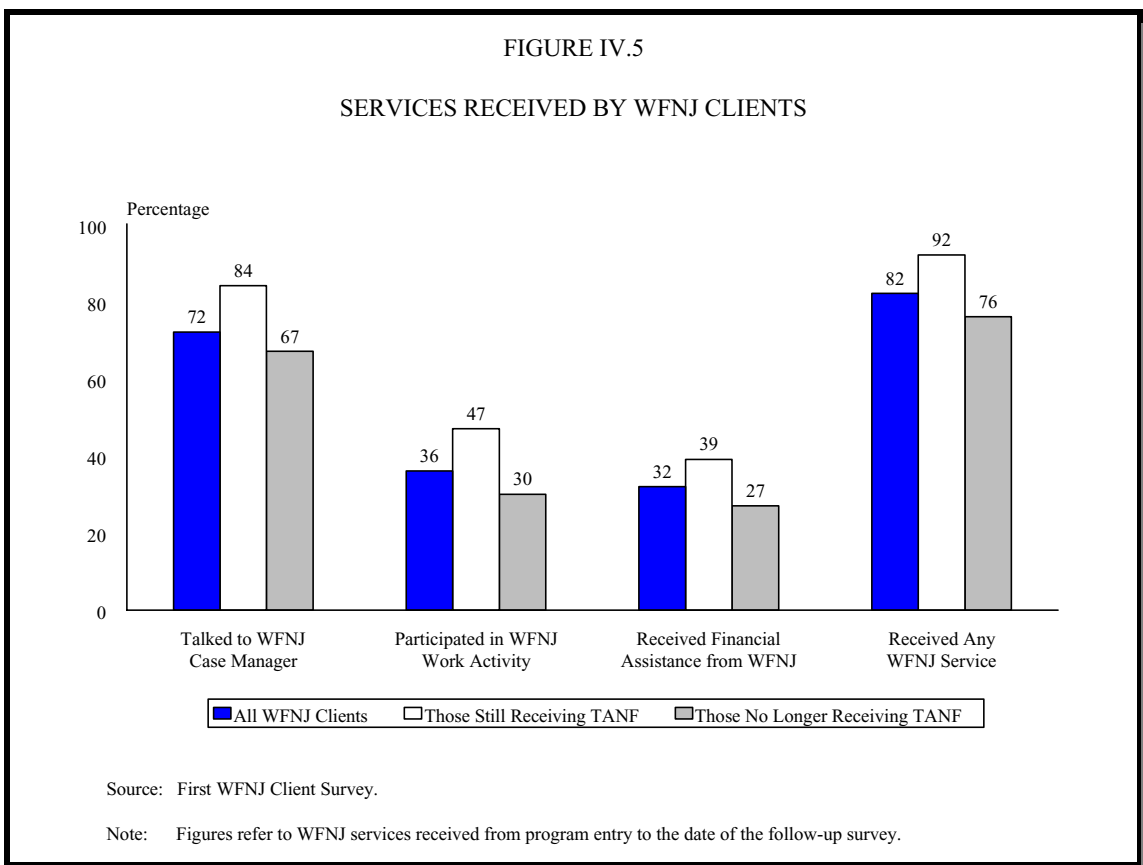
requirements. These clients may then have doubled up with friends or relatives to save money when they left TANF without a job or when their TANF grant was reduced.

B. WHAT SERVICES DO CLIENTS RECEIVE, AND HOW DO THEY VIEW THEM?

WFNJ offers clients a variety of services and supports to help them find work and move toward self-sufficiency. These include work-related services, such as job placement assistance and job training; financial supports for child care, transportation, or other work-related expenses; and assistance from their WFNJ caseworker with child care and transportation arrangements, problems with benefits, and other matters. Most clients (82 percent) reported receiving at least one of these WFNJ services since entering the program, most often assistance from their caseworker (Figure IV.5). Those remaining on TANF reported receiving more WFNJ services than those who had left, presumably because they have spent more time in the program or because they were more in need of support services.

- *Just over a third of clients had participated in a work activity since entering WFNJ. Among those who participated, 7 in 10 said these activities had been useful in helping them find or keep a job.*

WFNJ emphasizes work and requires most clients to participate in a work activity for at least 35 hours per week in order to receive cash benefits. At the time of the survey, 36 percent of clients reported that they had participated in a WFNJ work activity since entering the program, including 47 percent of those who had remained on TANF and 30 percent of those who had left TANF (Figure IV.5). The most common work activity was job search and

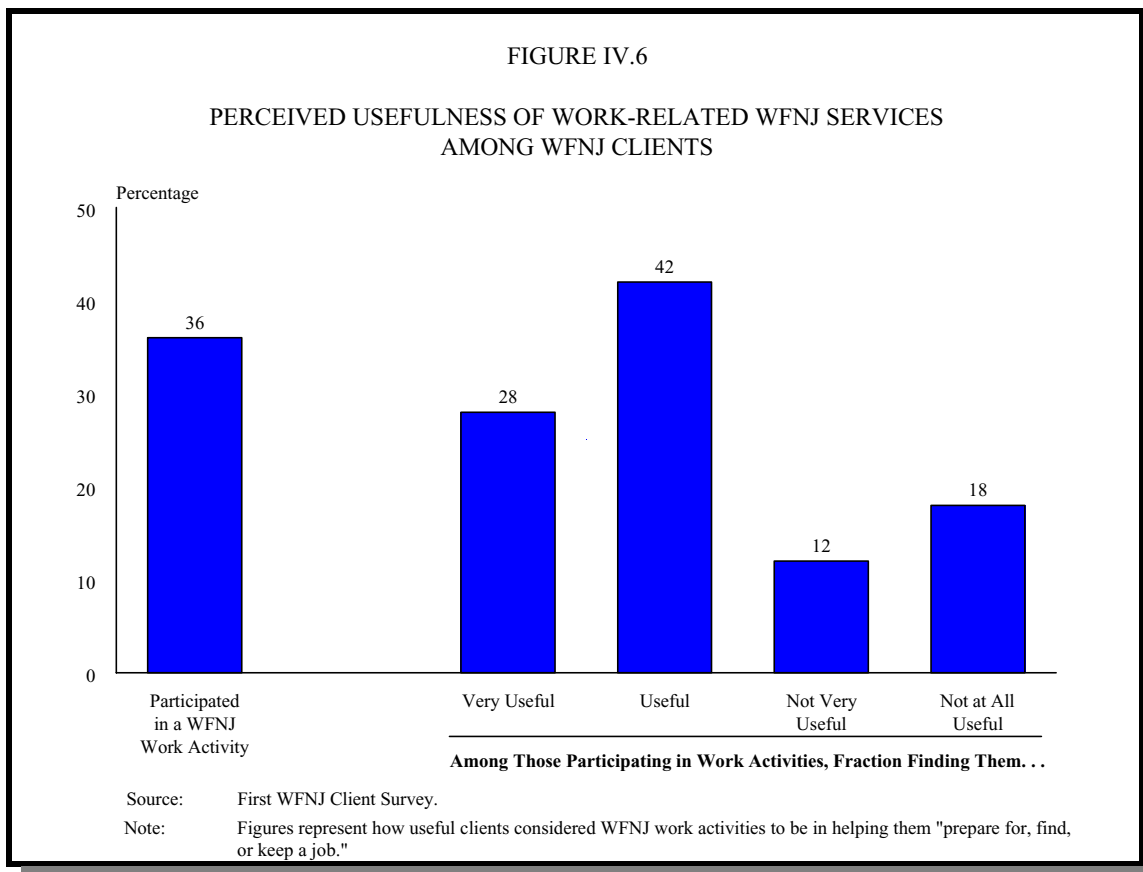


job placement assistance, with 32 percent of all WFNJ clients participating (not shown). Fewer clients participated in other types of work activities, such as job training (with 11 percent participating) or unpaid work experience (13 percent). Among clients who participated in any of these types of WFNJ work activities, most (70 percent) reported that these activities had helped them prepare for, find, or keep a job (Figure IV.6).

One in four clients reported that they were required to participate in a WFNJ work activity but did not (not shown). Clients who were required to participate but did not most often cited child care, transportation, and health problems as factors that made participation in work activities difficult.

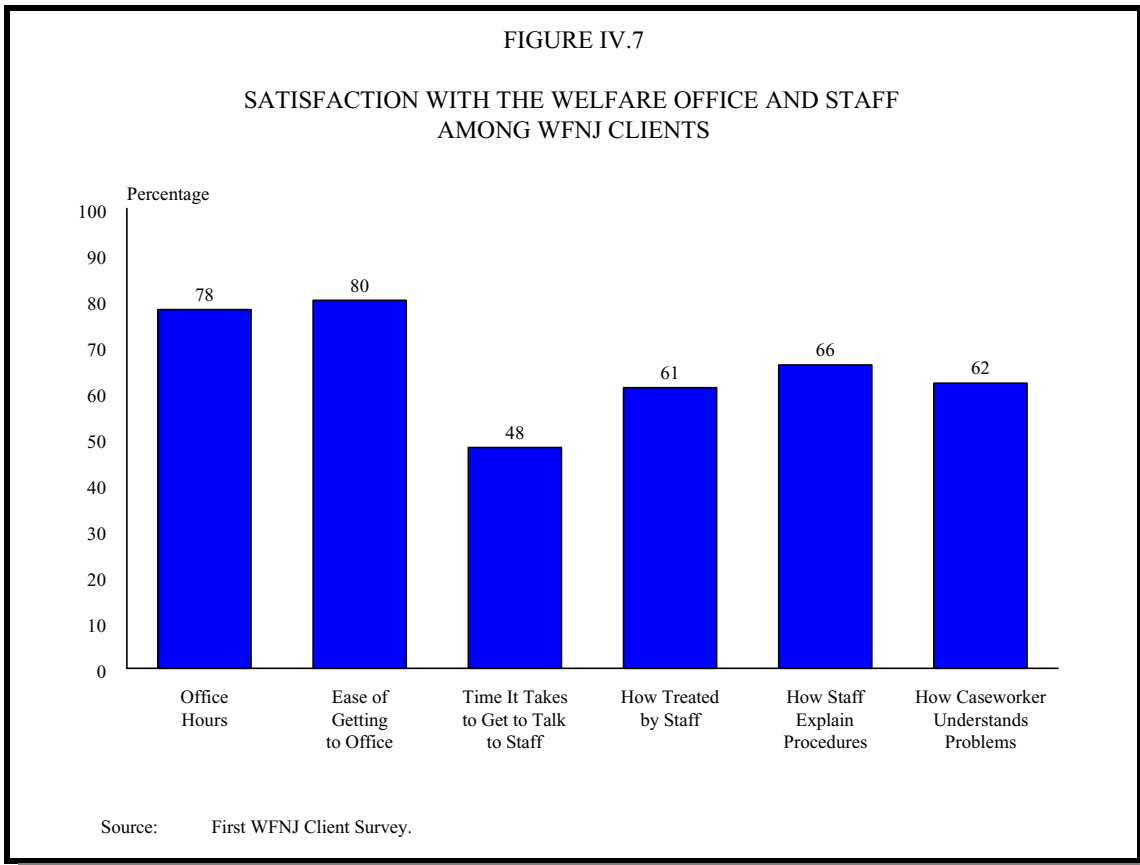
C. HOW SATISFIED ARE CLIENTS WITH THE WELFARE OFFICE AND STAFF?

How clients view their experience when they visit the welfare office is an important aspect of WFNJ operations. If many clients find it difficult to reach the welfare office, or if they feel staff are unhelpful when they visit the office, clients may be unlikely to take advantage of the WFNJ supports and services available to them.



- *Most clients were satisfied with the hours of the welfare office and how easily they could reach it, as well as with how welfare staff treated them. Clients were least satisfied with how quickly they were able to speak with staff when they visited the office.*

In general, clients indicated that they were satisfied with their experience when they visited the welfare office. Most WFNJ clients (78 to 80 percent) indicated that they were satisfied with when their welfare office was open and how easy it was for them to travel to it (Figure IV.7).¹ Many (61 to 66 percent) reported satisfaction with how welfare staff treated them, how well staff explained procedures and requirements, and how their caseworkers understood their problems. Clients were less satisfied, however, with how quickly they could reach these staff members when they visited or telephoned the welfare office. Only 48 percent indicated that they were satisfied with this aspect of the welfare office.



¹There were no substantial differences in clients' satisfaction levels by their employment status at the time of the follow-up survey. Those on TANF, however, were somewhat more likely to be satisfied with their experiences when they visited the welfare office than were those who had left TANF.

V

CHALLENGES TO SUSTAINED EMPLOYMENT

Sustained employment is the primary route to self-sufficiency for most welfare recipients. However, some welfare recipients may find it difficult to obtain jobs because they lack skills or are unused to the world of work. In addition, some who find jobs may have difficulty holding on to them. For the current welfare reform effort to succeed in helping clients make the transition from welfare to economic self-sufficiency, it is important to get a better understanding of why some clients are not working for pay, as well as the challenges employed clients face in keeping their jobs.

We begin this chapter by examining the reasons that WFNJ clients who are not employed cite for not working. Next, for WFNJ clients who do work, we examine the types of jobs they find and the challenges that make working difficult. The rest of the chapter focuses on child care and transportation arrangements, which are generally cited as two of the most important challenges facing newly employed welfare recipients.

A. WHY ARE SOME WFNJ CLIENTS NOT WORKING?

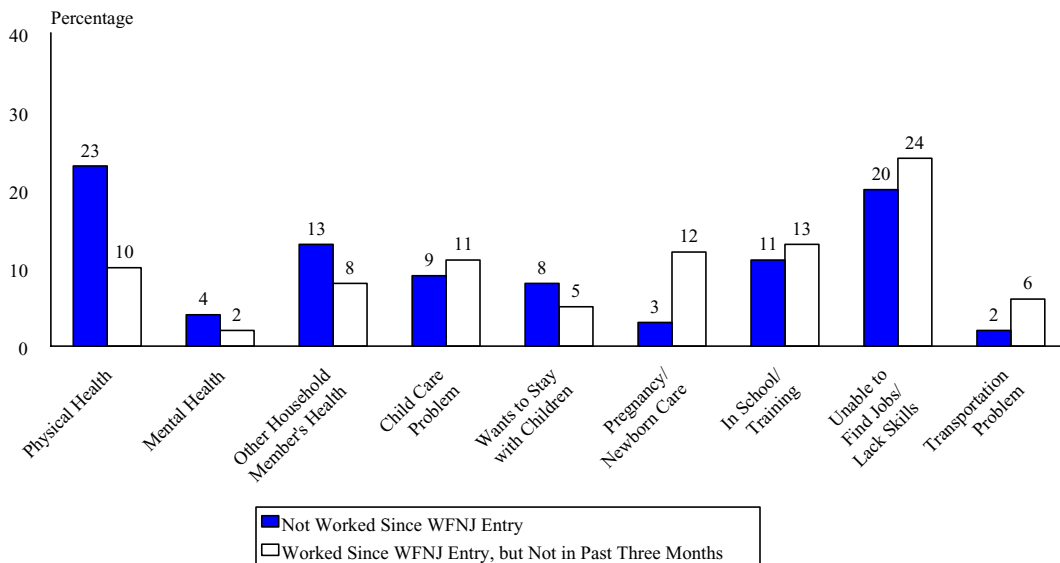
More than half (56 percent) of WFNJ clients who participated in the program during its first year were not working at the time of the survey. About a third (31 percent) of all clients from this early cohort of WFNJ cases had not worked at all since they entered the program. An additional 15 percent had worked since entering WFNJ but had not worked in the three months prior to the survey. In this section, we focus on WFNJ clients who had not worked *during the three months* prior to the survey. This definition of “not working” is distinct from that used in earlier chapters, which was based on clients’ current employment status at the time of the survey.

- ***Four in 10 clients who had not worked at all since entering WFNJ cited their own health or the health of a family member as the main reason they were not employed.***

Among those who had not worked at all since entering WFNJ, clients most often mentioned health problems as the reason they were not employed. For example, 23 percent reported their own physical health as the main reason for not working, while 4 percent indicated that a mental health problem was the main reason for nonemployment (Figure V.1). An additional 13 percent cited the health of a family member as the reason they were not employed. Health problems were less likely to be cited as the reason for not working among clients who had worked at some time since entering WFNJ. However, one in five clients in this group reported their own or a family member’s health problem as the main reason they were not working (Figure V.1).

FIGURE V.1

MAIN REASON FOR NOT WORKING AMONG NONEMPLOYED WFNJ CLIENTS



Source: First WFNJ Client Survey.

Note: Figures only include clients who had not worked during the three months prior to the survey. Percentages sum to less than 100 percent because not all response categories are presented here.

- ***Other WFNJ clients who were not working cited child care problems and wanting to stay home with their young children (including newborns) when asked why they were not working.***

Of WFNJ clients who had not worked in the past three months, 20 to 30 percent reported issues related to child care (including wanting to stay home with their children and newborn care) as the main reason they were not working (Figure V.1). Among clients who had not worked in the past three months but had worked since entering WFNJ, pregnancy and newborn care was a particularly common response, given by 12 percent of those in this group, compared to 3 percent of those who had not worked at all since entering the program.

- ***About one in five indicated lack of job skills or being unable to find a job as the main reason they were not working.***

About one in five WFNJ clients who had not worked in the past three months cited lack of job skills and the inability to find a job as the main reason for not working (Figure V.1). These clients, who represent about 10 percent of all WFNJ clients who participated in the program during its first year, may require additional training and help with job search in order to obtain employment.

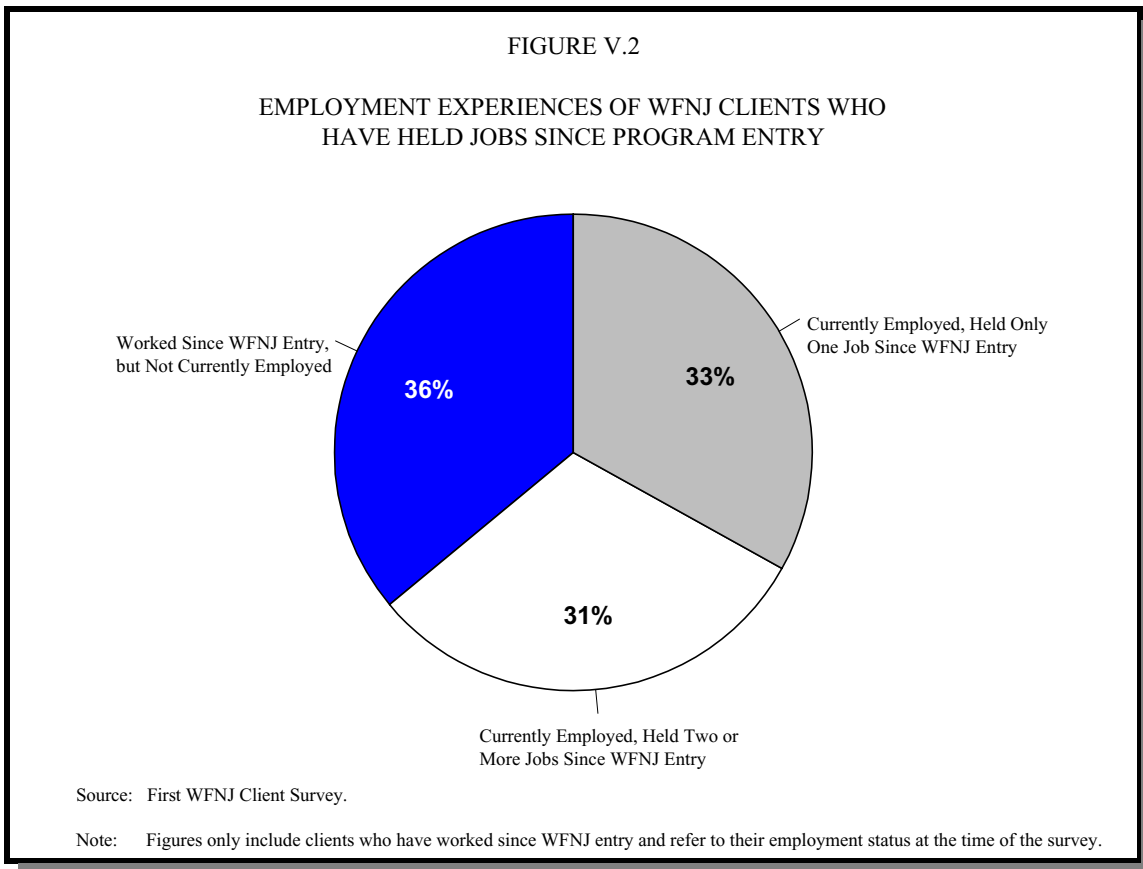
Given the variety of reasons that clients report for not working, program staff may need to conduct detailed assessments of those who do not find jobs within a short period of time after entry to determine the reasons for their nonemployment. Some clients may be better served by SSI than by TANF, some may require some type of supported work program, and

some may require additional training or help with special child care needs. Once staff have identified clients' main barriers to employment, they can tailor services to directly address clients' needs.

B. WHAT CHALLENGES DO EMPLOYED WFNJ CLIENTS FACE?

Most (69 percent) clients who entered WFNJ in its first year have worked at some point since program entry (not shown). However, 36 percent of those who had worked at some point since entering WFNJ were no longer working at the time of the survey (Figure V.2). Another 31 percent were currently employed but had held two or more jobs since entering WFNJ.¹

Since many WFNJ clients who find jobs lose them fairly quickly, it is important to understand the challenges these clients face in holding their jobs. We begin this section by providing an overall summary of the types of jobs WFNJ clients hold. To gain a better understanding of the factors associated with job loss, we compare the work experiences and job characteristics of the clients who had worked at some point since entering WFNJ but were no longer working at the time of the survey to those of clients who were still employed at the time of the survey.



¹Future Client Study reports will examine employment patterns and reasons for job loss and job changes in more detail.

- ***Many WFNJ clients find entry-level jobs that offer few fringe benefits and are usually associated with high rates of job turnover.***

Many welfare recipients find entry-level jobs that pay low wages. These low wages, combined with the high cost of work, often make it difficult for welfare recipients to maintain employment. WFNJ clients found jobs that paid just over \$7 per hour on average (Table V.1). These jobs typically offered few fringe benefits. For instance, fewer than half provided paid vacation or paid sick leave, while only 40 percent offered health insurance. In addition, only one in three clients who were offered health insurance coverage through their job (15 percent of all WFNJ clients who had worked) were actually covered by their employer's policy. Among those who were offered insurance coverage but did not participate in their employer's plan, 29 percent reported that they did not need this assistance (presumably because they were covered by Medicaid or another insurance plan). About half (52 percent) reported they did not participate because they did not qualify (perhaps because they had not held their jobs long enough), while 17 percent said the coverage was too expensive (Table V.1).

The jobs that WFNJ clients held most frequently were in service, sales, and administrative support. These jobs typically offer low wages and are often associated with high turnover. Relatively few clients were in managerial or professional positions or in construction, production, or trade occupations, all of which typically offer higher wages. About one in three (35 percent) reported that their current or most recent job was a temporary or seasonal one.

- ***Clients in jobs offering low wages and few benefits are less likely to stay employed.***

Employed clients who lost their jobs tend to have been in lower-paying jobs. For instance, average hourly wages were \$6.66 for these clients, compared to average wages of \$7.68 for those who were currently employed (Table V.1). In addition, those not employed were considerably less likely to have jobs that offered fringe benefits. For instance, only 29 percent of those not currently employed were offered health insurance through their job, compared with 46 percent of those currently employed; those who were no longer employed were also less likely to have been covered by the policy (8 versus 19 percent). Finally, clients who were no longer employed were twice as likely to report that their jobs were temporary or seasonal than were those who were working at the time of the survey (51 versus 26 percent). It is unclear, however, whether getting better jobs causes WFNJ clients to maintain their employment longer. It is possible that certain clients have characteristics that make them both more likely to obtain better jobs and more likely to keep them.²

²Rangarajan, Schochet, and Chu (1998) find that, even after controlling for a variety of observable individual characteristics, wages and fringe benefits are strongly correlated with how long former welfare recipients stay employed.

TABLE V.1

CHARACTERISTICS OF JOBS HELD BY WFNJ CLIENTS,
BY EMPLOYMENT STATUS AT TIME OF THE SURVEY

	Percentage with Characteristic		
	Clients Who Held a Job Since WFNJ Entry	Those Employed at the Time of the Survey	Those Not Employed at the Time of the Survey
Hourly Wage (in Dollars)			
\$5.00 or Less	10	10	10
\$5.01 to \$6.00	26	21	35
\$6.01 to \$7.00	17	14	23
\$7.01 to \$8.00	18	21	14
\$8.01 to \$10.00	17	19	13
More than \$10.00	12	15	6
(Mean Hourly Wage)	(\$7.31)	(\$7.68)	(\$6.66)
Employer-Provided Health Insurance			
Available to Client	40	46	29
Client Covered by Policy	15	19	8
Reasons Not Covered by Policy (Among Those Offered)			
Did not need	29	29	27
Did not qualify	52	43	70
Too expensive	17	24	3
Other	3	4	0
Other Benefits Available on the Job			
Paid Sick Leave	36	43	24
Paid Vacation	44	51	31
Flexible Hours	47	52	39
Temporary Employment			
Temporary or Seasonal Job	35	26	51
Job Obtained Through a Temporary Agency	10	6	16
Occupation			
Manager/Professional/Technical	6	7	5
Sales	15	12	20
Administrative Support	23	23	21
Private Household Services	12	13	11
Other Services	29	31	26
Transportation	8	7	11
Construction/Production/Other	7	7	7
Sample Size	1,003	640	363

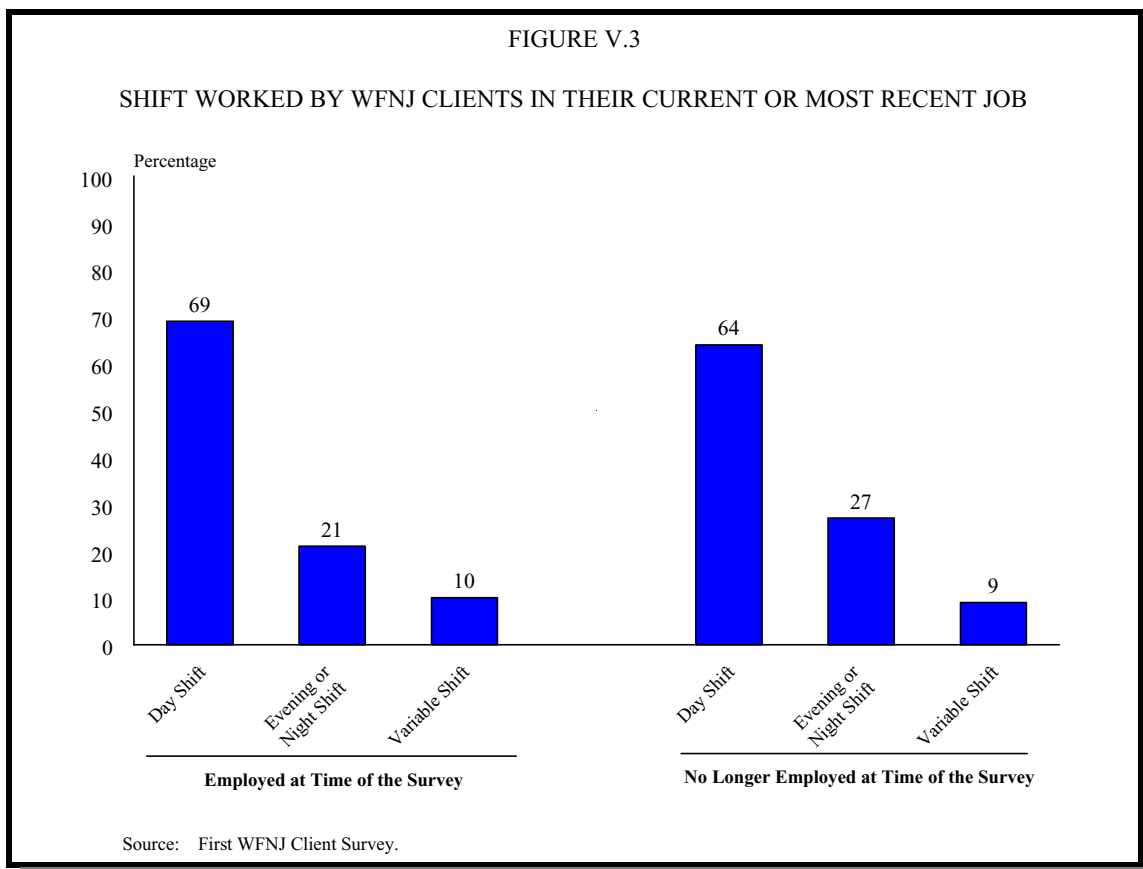
SOURCE: First WFNJ Client Survey.

NOTE: Figures refer to characteristics of current or most recent job and include only paid employment.

- *About one in three WFNJ clients who held a job worked evenings or nights or in jobs with variable shifts. However, some clients reported that they preferred these shifts because they allowed more convenient child care arrangements.*

Varying shifts and nonstandard hours can affect a newly employed welfare recipient’s ability to sustain employment. Formal child care and public transportation may be less readily available at these times and can lead to problems that could result in job loss. One in three WFNJ clients who had worked since entering the program worked nonstandard hours, including evening and night shifts and shifts that vary from week to week (Figure V.3).

However, almost half of these clients reported that they preferred these nonstandard work hours, most often because working during these hours allowed more convenient child care arrangements. It appears, therefore, that some clients choose nonstandard schedules to make it easier for relatives to provide child care. Moreover, WFNJ clients who obtained jobs with nonstandard hours were not substantially more likely to lose these jobs than were those who worked a standard daytime shift. Even so, the large number of WFNJ clients working nonstandard hours suggests that policymakers should closely examine the availability of child care and public transportation during off-peak hours.



- ***When asked what made working difficult, clients who had worked most often cited child care, transportation, and health problems. Stronger supports in these areas may help prevent these problems from becoming major barriers to work.***

A variety of factors, both outside of work and on the job, can affect the ability of welfare recipients to stay employed. Overall, about one in five WFNJ clients who had worked since entering the program reported a problem on the job that made working difficult. These clients reported such difficulties as getting along with coworkers or supervisors, an unpleasant work environment, and inconvenient work schedules. About two out of three clients reported a problem outside of work that made working difficult. Clients were most likely to cite child care, transportation, and their own poor physical health as problems outside of work that made working difficult. Many clients also cited budgeting and housing issues as problems that sometimes made working difficult.³

Clients who were no longer working at the time of the survey were more likely to report problems, especially problems at work, than were those who were still employed. For example, 25 percent of those not currently employed reported a problem at work, compared with 15 percent of those who were currently employed (Figure V.4). This finding suggests that programs designed to prepare WFNJ clients for work, as well as programs designed to support them once they have a job, may need to place greater emphasis on getting along with supervisors and coworkers and dealing with workplace stress.

C. WHAT CHILD CARE CHALLENGES DO WFNJ CLIENTS FACE?

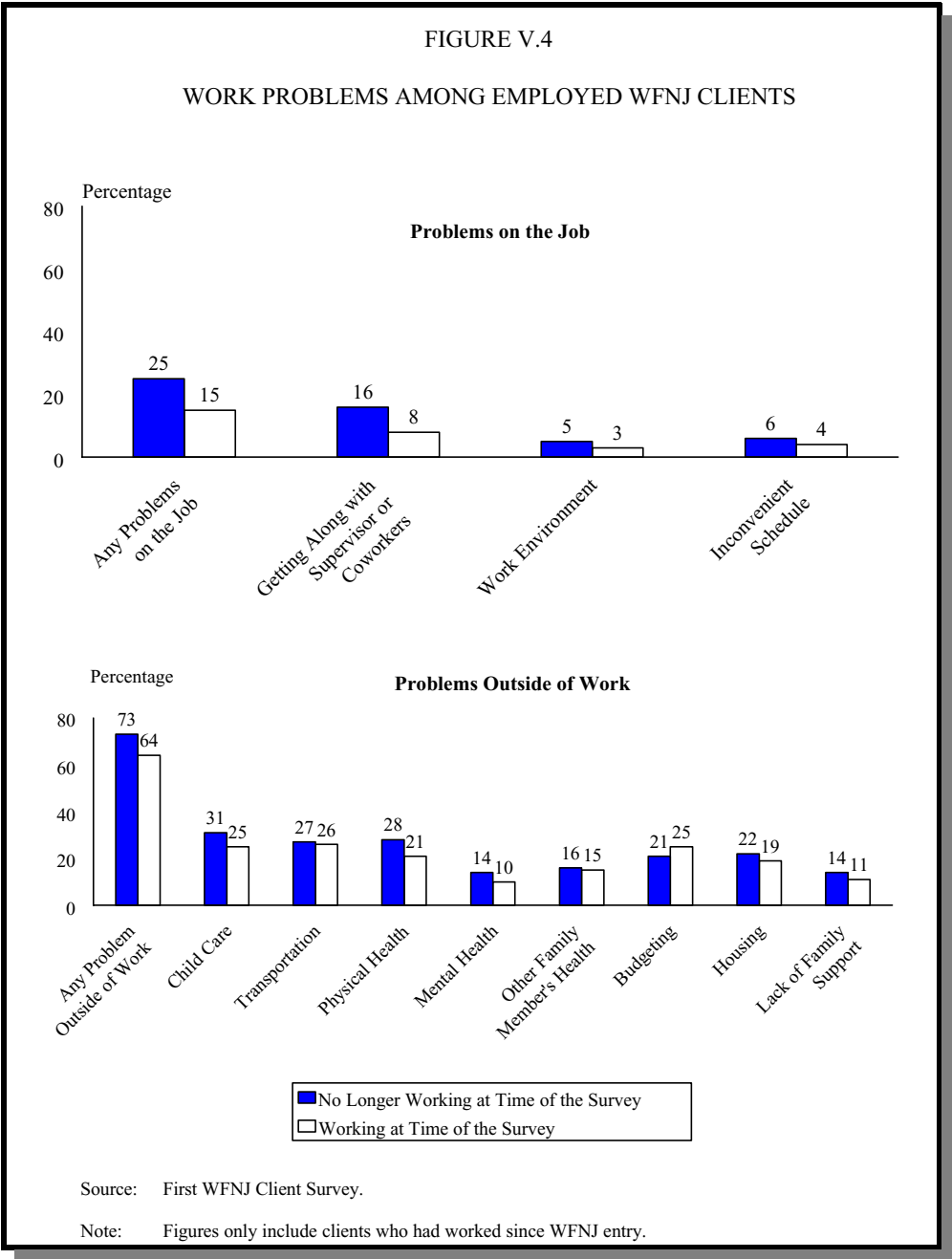
Most WFNJ clients are single parents with young children. When they entered WFNJ, more than 90 percent had a child under age 13, and two-thirds had a child under age 6. To maintain full-time employment, therefore, most clients will require child care arrangements for their young children.

Child care, however, can be a challenge for some newly employed welfare recipients. For instance, child care can be costly, especially if child care subsidies are either not readily available or difficult to access. Unreliable child care arrangements can make it difficult for newly employed welfare recipients to maintain stable employment. Among WFNJ clients who have worked since entering the program, more than one in four reported that problems with child care sometimes made working difficult.

- ***Many employed WFNJ clients rely on relatives and other informal providers to care for their young children (particularly those less than two years old) while they are at work.***

At the time of the follow-up survey, 45 percent of employed WFNJ clients with children under six years old used relatives as child care providers for their youngest children, while

³Similarly, a study examining the first-year employment experiences of 1,200 newly employed welfare recipients in four states found that difficulties with child care, finances, health, transportation, and housing were most commonly reported as problems outside of work that made holding a job difficult (Rangarajan 1998).

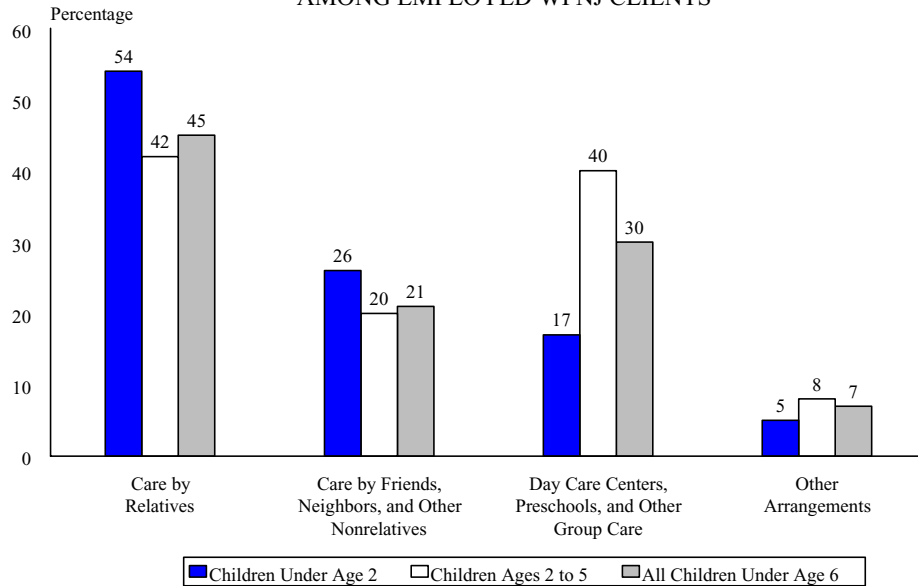


21 percent relied on another type of informal provider, such as friends, neighbors, and other nonrelatives (Figure V.5). In contrast, only 30 percent relied on formal group care arrangements, such as day care centers or preschools. Informal providers were particularly common for infants. Among employed WFNJ clients with children under two years old, 54 percent relied on relatives, and 26 percent relied on other informal providers to watch their children while they worked.

Parents may have many reasons for choosing informal providers to care for their young children. For example, they may prefer to leave very young children with someone they know and trust, such as a relative or friend, rather than in a day care center. In addition, informal providers may be willing to provide care for free or at a substantially lower cost

FIGURE V.5

CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER AGE 6
AMONG EMPLOYED WFNJ CLIENTS



Source: First WFNJ Client Survey.

Note: Figures represent the arrangement for youngest child and only include arrangements for employed clients with children under age 6. Respondents could report more than one arrangement.

than that of more formal group care arrangements. Moreover, slots for very young children may not be readily available in nearby group care programs.

Even so, the child care literature suggests that child care arrangements with informal providers are more prone to break down and lead to lost work time (Ross and Paulsell 1998; Rangarajan, Schochet, and Chu 1998; and Wood and Paulsell 1999). Therefore, program staff should emphasize the importance of back-up child care arrangements with newly employed clients who plan to rely on informal providers. Staff may also want to assist clients who are currently using an informal child care provider but would like to switch to a more formal arrangement by providing information and referrals to appropriate group care programs in their area.

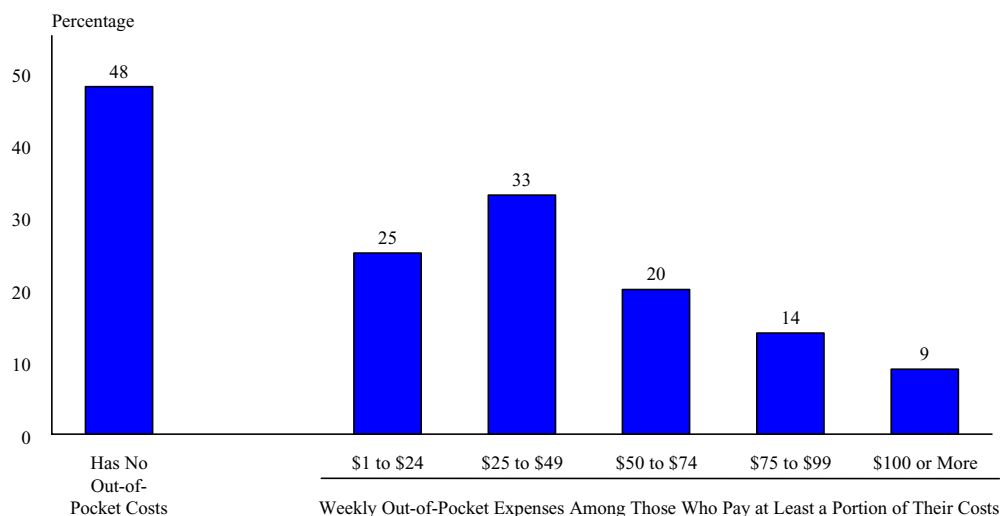
- **Many WFNJ clients reported having no out-of-pocket child care costs. However, among those who did pay for care, the child care costs demanded a substantial fraction of their limited incomes.**

About half (48 percent) of employed WFNJ clients with children under age 13 paid nothing for child care (Figure V.6).⁴ Even so, child care can be a substantial expense for some clients. Among those who did pay at least a portion of their child care expenses, about one in four paid \$75 per week or more out of pocket for child care; a similar fraction paid

⁴Many of these clients relied on free care by friends or relatives or had older children and worked only when their children were in school.

FIGURE V.6

WEEKLY OUT-OF-POCKET CHILD CARE COSTS AMONG EMPLOYED WFNJ CLIENTS



Source: First WFNJ Client Survey.

Note: Figures only include clients who were employed at the time of the survey and had a child under age 13.

less than \$25 per week (Figure V.6). Average out-of-pocket costs for those who paid at least part of their child care expenses were \$60 per week, which is equivalent to about \$260 per month, about one-quarter of their monthly pretax earnings.

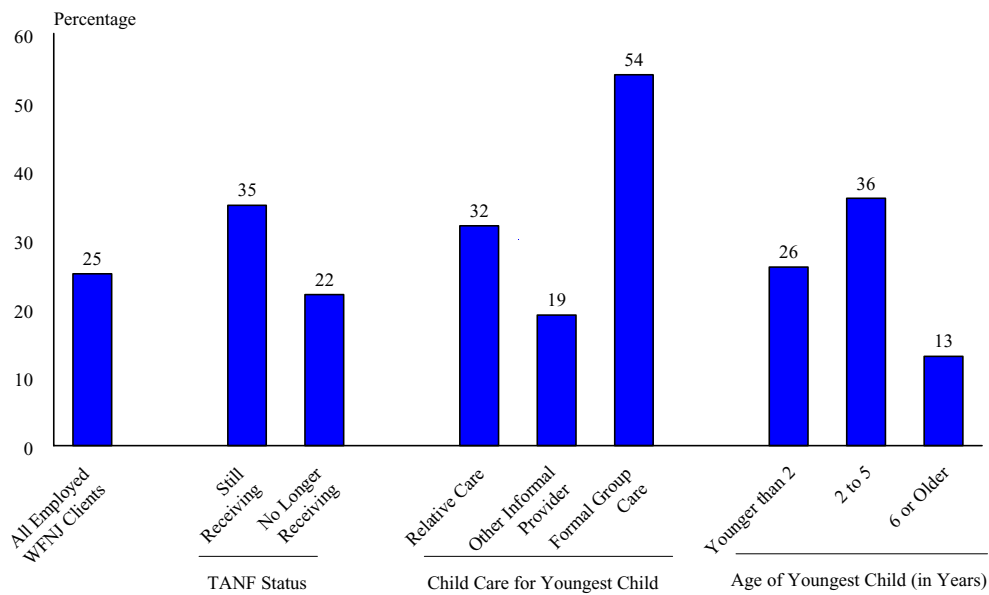
■ ***A relatively small fraction of employed WFNJ clients use government child care subsidies.***

To alleviate some of the costs associated with working, New Jersey provides child care subsidies to low-income parents who leave welfare for work. Under current WFNJ policies, these families can receive Transitional Child Care benefits for up to two years after leaving TANF for employment. In addition, WFNJ clients who work and continue to receive TANF are eligible for child care subsidies.

Evidence from the first follow-up survey, however, suggests that many employed WFNJ clients are not taking advantage of the child care subsidies. Among employed clients with children under age 13, only one in four reported receiving a government child care subsidy (Figure V.7). This participation rate was particularly low among employed WFNJ clients who were no longer receiving TANF at the time of the survey. Among this group, 22 percent of those who were employed and had a child under age 13 were receiving a child care subsidy, compared with 35 percent for those still receiving TANF.

FIGURE V.7

RECEIPT OF GOVERNMENT CHILD CARE SUBSIDIES AMONG EMPLOYED WFNJ CLIENTS



Source: First WFNJ Client Survey.

Note: Figures only include clients who were employed at the time of the survey and had a child under age 13.

- **Reasons for not using child care subsidies vary. Many employed WFNJ clients rely on free care by relatives; others are unaware of the subsidies.**

Why do so few working WFNJ clients receive child care subsidies? Some clients may have relatives or friends who are willing to provide free child care. Among those with children under age 13 who were working and not receiving a government child care subsidy, more than one in four relied on free care provided by relatives or friends (not shown). It is also possible that some clients only have school-age children and work only when their children are in school. Employed clients with only school-age children (children age 6 or older) are substantially less likely than employed clients with younger children to use subsidies. Thirteen percent of this group used subsidies, compared to 26 percent of those with children under age 2 and 36 percent of those whose youngest child was 2 to 5 years old (Figure V.7).

An additional explanation for low utilization rates of child care subsidies, particularly Transitional Child Care benefits, appears to be a lack of knowledge of the subsidies or difficulty accessing them. More than one in four (26 percent) employed WFNJ clients with young children who were off TANF and were not receiving Transitional Child Care reported that they were unaware of these benefits. Others in this group reported that they were not using Transitional Child Care because the paperwork was too complicated (mentioned by six percent of those not participating) or because their provider was not eligible for or would not take the subsidy (mentioned by four percent). These results suggest that program staff may

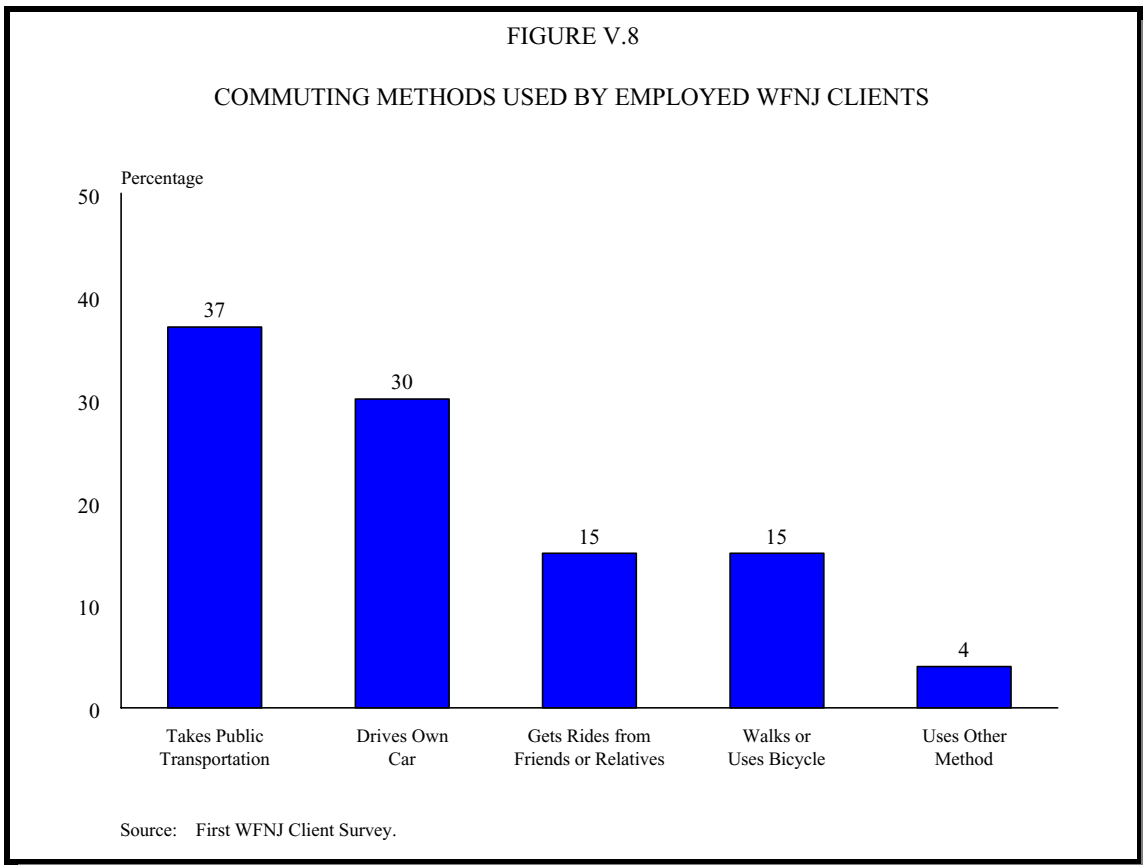
need to spend additional time explaining Transitional Child Care benefits to clients to ensure that all who are eligible for this subsidy receive it.

D. WHAT TRANSPORTATION CHALLENGES DO WFNJ CLIENTS FACE?

Some WFNJ clients face transportation problems when they begin working. Commuting can be costly and can erode some of the financial benefits of work. It may be difficult for some clients to keep jobs if they miss work frequently because of unreliable transportation arrangements. Among clients who have worked since entering WFNJ, one in four reported that transportation problems sometimes made working difficult (Figure V.4).

- *A relatively small fraction of WFNJ clients own cars, so many rely on public transportation and on rides from others to get to work. These other commuting methods were associated with more transportation problems.*

At the time of the survey, 40 percent of WFNJ clients had a valid driver's license, and only 21 percent owned a car (not shown). Among clients who were working, these percentages were higher but still relatively low; 52 percent of this group had a valid driver's license, and only 30 percent owned a car. Therefore, a relatively small fraction of employed clients (30 percent) drove themselves to work (Figure V.8). Most clients had to rely on other commuting methods, such as public transportation (37 percent) and getting rides from friends and relatives (15 percent). Moreover, clients relying on rides from others and public transportation to get to work were the most likely to report that transportation problems



made working difficult for them (34 and 33 percent, respectively). In contrast, those who drove themselves or walked or biked to work were the least likely to report transportation problems (19 and 13 percent, respectively).

Not surprisingly, WFNJ clients living in urban areas, which are typically better served by mass transit, relied more heavily on public transportation than did clients living in more rural and suburban areas of the state. For example, among those living in the three largest and most urban New Jersey counties (Camden, Essex, and Hudson), 50 percent of employed clients commuted by public transportation, and only 21 percent drove themselves. In contrast, among those living in the state's 12 least urbanized counties (including counties such as Atlantic, Cape May, and Cumberland in the south and Morris, Somerset, and Sussex in the north), only 14 percent commuted by public transportation, whereas 42 percent drove themselves to work.

- ***The commutes of employed clients lasted just over half an hour each way, on average. Those relying on public transportation had the longest commutes, averaging almost 50 minutes.***

Getting to and from work can take considerable time for employed WFNJ clients. On average, commuting took 33 minutes each way, including time spent dropping children off at day care. About one in five had commutes of more than an hour. Those who relied on public transportation had the longest commutes, averaging 49 minutes, compared with 28 minutes for those who drove themselves, 24 minutes for those who rode with someone else, and 17 minutes for those who walked or biked to work.

VI

CONCLUSIONS

This report provides an early look at how current and former WFNJ clients and their families are faring under the new welfare policies, focusing on clients' welfare and employment experiences and general life quality. Based on their situations approximately 21 months after entering WFNJ, we find that the one in three clients who had left welfare for work had made a good start, with incomes that were substantially higher than the incomes of those who had remained on TANF. However, many in this group had not taken advantage of post-TANF supports, such as Transitional Child Care and food stamp benefits. The 3 in 10 clients who remained on TANF and were not employed faced a variety of challenges to stable employment, including low education levels, limited employment experience, and poor health. Finally, the one in four clients who had left welfare and were not working were a diverse group. Some in this group had other sources of income, such as a spouse's or partner's earnings, and were doing relatively well financially. Others did not have these financial supports and were at high risk of extreme poverty.

A. POLICY RECOMMENDATIONS SUGGESTED BY THESE EARLY FINDINGS

Because our findings are based on the first of a series of six client surveys, they should be viewed as a benchmark by which to track client progress over time. Subsequent rounds of the survey will give a clearer picture of clients' progress in moving off welfare and provide more in-depth guidance for programs and policy. However, to provide early feedback to state and county staff, we make the following suggestions:

- *Consider spending additional time and resources to promote greater use of transitional benefits for those exiting TANF for work, as well as greater participation in the Food Stamp Program for all TANF leavers.*

A large number of clients have left welfare for work but are not using all the supports available to them. Why not? Some report not knowing about transitional benefits. Others may be aware of these benefits but think (incorrectly) that they do not qualify for them. To improve client awareness of transitional benefits, program staff may want to inform clients about these benefits at regular intervals as clients enter various work-related activities. Staff also may want to inform clients about these benefits soon after they exit TANF (when clients first need these benefits and will, therefore, be more likely to focus on their importance). In addition, program staff can create simple budget tables showing the amount of Transitional Child Care benefits for which clients are eligible. They also can make sure that use of transitional benefits is an important focus of any postemployment programs offered. To the extent that the eligibility and paperwork processes may be complicated for those who have exited TANF to report their employment to the welfare office, it will be important to try to simplify these processes.

Some clients may know about the transitional benefits but not use them. They may feel that the procedure for applying for and using these benefits is too complicated, or they may have other reasons for not using them. It is necessary to understand why many people are not using these supports. In our next round of surveys, we will focus on determining how many clients who are not using these benefits are eligible for them and why these clients are not using these benefits.

- ***Consider providing additional postemployment services to clients who have found jobs.***

Many WFNJ clients find low-paying, entry-level jobs. The low wages that these jobs pay, combined with the high cost of work, can make it difficult for welfare recipients to maintain employment. In addition, welfare recipients who find work must adjust to the demands of the workplace and make reliable child care and transportation arrangements. Some must also deal with health and housing problems and contend with lack of support from family members. These concerns can all compound to make the transition from welfare to work difficult. Stronger postemployment supports (such as case management for high-risk clients and financial incentives for low earners) may help clients cope with these issues. Moreover, because many clients have little prior experience dealing with workplace issues, programs designed to help support newly employed welfare recipients may also need to place greater emphasis on dealing with workplace stress and getting along with others on the job.

- ***Consider conducting comprehensive assessments for long-term TANF recipients to understand their needs and identify the best package of services.***

Clients who remained on TANF and were not employed at the time of the first survey were more disadvantaged than other clients. These clients face a variety of potential barriers to employment (such as low skills, poor health, and child care issues). Given the variety of challenges facing WFNJ clients who have not yet found jobs, program staff may need to focus additional resources on assessing their needs. Some clients who lack job skills may require additional training or more intensive job search assistance. Those with serious health problems may be better served by the SSI program. Those with less serious health conditions may be able to do some kinds of work but may require additional support to maintain employment, such as specialized case management services designed to address their health care needs. Individualized and holistic assessments may best enable WFNJ staff to help clients who face TANF work requirements and have not yet found employment.

Health problems emerged as an important issue for this group. Therefore, in the next round of the client survey and in the next Client Study report, we will focus on the nature and severity of the health problems of WFNJ clients and their family members and on how these health problems affect their ability to obtain and maintain employment.

- ***Consider trying to reach all clients who exit TANF and determine why they are leaving and whether they have the necessary supports. Provide clients leaving TANF with information on other supports available in the community.***

Some clients who leave welfare and are not employed are living with other employed adults or have recent employment experience. However, many do not have such supports

and may experience severe hardships, including living in extreme poverty. To provide the necessary post-TANF support services to these clients, it is important that welfare staff understand why these clients are exiting TANF and how they plan to support themselves. Welfare staff can gather this information as part of exit interviews if clients inform staff that they are leaving TANF. Based on this information, staff can inform clients of post-TANF support services (such as food stamps and Transitional Child Care and transitional Medicaid benefits) available to them through the welfare office, as well as other support services available in the community.

Some clients may leave TANF without informing welfare staff. Staff may need to make a special effort to reach these clients to determine why they left TANF and whether they are receiving the support services they need. Welfare staff also may want to learn more about local support services available outside the welfare system and provide clients leaving welfare with information on these other supports. In the next round of client surveys, we will focus on understanding why former WFNJ clients who are not working left welfare. We also will gather additional information on the financial help and other support they may be receiving from friends, family, or community agencies.

B. NEXT STEPS IN THE WFNJ CLIENT STUDY

This report provides an early descriptive look at how current and former WFNJ clients and their families are faring under the new welfare policies and provides a benchmark by which to judge WFNJ clients' economic progress. Subsequent reports will provide more detailed analyses of the welfare dynamics of WFNJ clients, their rates of employment retention, and the factors associated with a successful transition from welfare to work.

The next round of surveys with our sample of WFNJ clients is scheduled to begin in December 1999. In addition to clients' earnings, income, and household composition, this round of the survey will focus on three special topics: (1) why many clients do not use transitional benefits, (2) the nature and severity of health problems among certain WFNJ clients, and (3) why those off TANF and not working left welfare and how they are supporting themselves.¹ During early 2000, we will conduct in-depth, in-person interviews with about 60 clients, which also will focus on these three special topics. These semistructured interviews will allow us to gain a more detailed qualitative understanding of clients' lives, their experiences with the program, and the challenges they face as they make the transition off welfare. The findings from the next survey and insights from the in-depth interviews will be presented in the second Client Study report, scheduled for summer 2000.

¹Topics for future surveys and reports will include substance abuse and mental health issues, food security, and child care and child well-being.

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APPENDIX A

SUPPLEMENTAL TABLES

TABLE A.1

TANF AND FOOD STAMP RECEIPT DURING THE FIRST YEAR
AFTER WFNJ ENTRY

	Existing Caseload July 1997	New WFNJ Entrants July 1997 to June 1998	All WFNJ Clients July 1997 to June 1998
Percentage Receiving TANF in:			
Month 1	100	100	100
Month 2	94	91	93
Month 3	88	83	87
Month 4	83	74	80
Month 5	81	68	77
Month 6	76	60	71
Month 7	71	57	67
Month 8	68	53	63
Month 9	63	51	60
Month 10	62	47	58
Month 11	60	42	55
Month 12	57	40	52
Percentage Receiving Food Stamps in:			
Month 1	88	78	85
Month 2	82	76	80
Month 3	78	69	75
Month 4	77	66	74
Month 5	75	60	71
Month 6	74	57	69
Month 7	72	58	68
Month 8	71	57	67
Month 9	67	57	64
Month 10	68	56	64
Month 11	65	51	61
Month 12	63	48	59
Sample Size	813	610	1,423

SOURCE: WFNJ administrative records data.

NOTE: WFNJ entry pertains to the time that the sample members first received cash assistance after New Jersey implemented TANF in July 1997. The July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997. The new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through June 1998.

TABLE A.2
MONTHLY EMPLOYMENT RATES DURING THE FIRST YEAR
AFTER WFNJ ENTRY

	Existing Caseload July 1997	New WFNJ Entrants July 1997 to June 1998	All WFNJ Clients July 1997 to June 1998
Percentage Employed in:			
Month 1	19	24	21
Month 2	23	29	25
Month 3	26	33	28
Month 4	29	38	31
Month 5	31	40	34
Month 6	31	43	35
Month 7	33	45	36
Month 8	33	45	37
Month 9	35	47	39
Month 10	36	47	39
Month 11	37	49	41
Month 12	40	50	43
Sample Size	813	610	1,423

SOURCE: WFNJ first Client Survey.

NOTE: WFNJ entry pertains to the time that the sample members first received cash assistance after New Jersey implemented TANF in July 1997. The July 1997 caseload sample includes those who were receiving AFDC in June 1997 and continued to receive TANF in July 1997. The new entrant sample includes those who were not receiving AFDC in June 1997 but subsequently entered the TANF rolls from July 1997 through June 1998.

TABLE A.3

MONTHLY INCOME AND ITS SOURCES AMONG WFNJ CLIENTS
WHO WERE OFF TANF AND NOT EMPLOYED

	Living with Employed Spouse/Partner	Employed in Past Three Months, Not Living with Employed Spouse/Partner	No Recent Employment, Living with Employed Adults, Not Spouse/Partner	No Recent Employment, Not Living with Employed Adults	All These Clients
Monthly Income (in Dollars)					
Own earnings	46	260	0	0	57
Spouse's/partner's earnings	1,275	0	11 ^a	2 ^a	262
Food stamps	46	118	47	110	88
SSI	53	15	32	115	71
Child support	31	75	30	60	52
Unemployment Insurance	54	89	39	28	46
Other sources	30	67	60	76	63
All sources	1,551	645	224	398	651
Percent Receiving Income from					
Own earnings	9	40	0	0	9
Spouse's/partner's earnings	100	0	3 ^a	0	21
Food stamps	25	34	31	45	36
SSI	7	5	8	20	12
Child support	10	31	18	29	24
Unemployment Insurance	8	14	9	5	8
Other sources	23	39	32	36	33
Any source	100	87	70	78	83
Percent in Poverty	41	81	99	96	82
Percent in Subsidized Housing	6	29	8	35	24
Sample Size	83	75	61	168	387

SOURCE: First WFNJ Client Survey.

NOTE: Employment/living situation categories are mutually exclusive (see Figure II.9). Income was measured for the month prior to the survey. Living situations and TANF and employment status refer to the time of the survey.

^aClients in this group did not live with currently employed spouses or partners. However, a few lived with spouses or partners who had worked within the past month and, therefore, had prior month's earnings.

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HOW TO GET THE FULL REPORT

The full report, “How WFNJ Clients Are Faring Under Welfare Reform: An Early Look,” is available in PDF format on Mathematica’s Web site at www.mathematica-mpr.com. For information on ordering a printed copy, please call Mathematica Publications at (609) 275-2350.

OTHER REPORTS FROM THE CLIENT STUDY

The Client Study will include several other reports. The second report is scheduled for summer 2000. It will cover a longer follow-up period to track clients’ employment and welfare experiences and will include new entrants who enrolled between July and December 1998, as well as the sample in the first report. In addition, the second report will focus on reasons for underutilization of transitional benefits and examine why some clients have left TANF without working and how they are supporting themselves.

ABOUT MATHEMATICA POLICY RESEARCH

Mathematica is a leader in policy research and analysis. The employee-owned firm, with offices in Princeton, NJ, Cambridge, MA, and Washington, DC, has conducted some of the most important studies of welfare, health care, education, nutrition, employment, and early childhood policies and programs in the United States. Its mission is to improve public well-being by bringing the highest standards of quality, objectivity, and excellence to bear on the provision of information collection and analysis to its clients.