

**The Project on Devolution
and Urban Change**

**Welfare Reform in Philadelphia
Implementation, Effects, and Experiences of
Poor Families and Neighborhoods**

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Overview

The 1996 welfare reform law called for profound changes in welfare policy, including a five-year time limit on federally funded cash assistance (known as Temporary Assistance for Needy Families, or TANF), stricter work requirements, and greater flexibility for states in designing and managing programs. The law's supporters hoped that it would spark innovation and reduce welfare use; critics feared that it would lead to cuts in benefits and to widespread suffering. Whether the reform succeeds or fails depends largely on what happens in big cities, where poverty and welfare receipt are most concentrated.

This report — one of a series from MDRC's Project on Devolution and Urban Change — examines the specific ways in which reform unfolded in Philadelphia. The study uses field research, state records, surveys and ethnographic interviews of welfare recipients, and indicators of social and economic trends to assess TANF's implementation and effects. Because of the strong economy and ample funding for services in the late 1990s, the study captures welfare reform in the best of times but focuses on the poorest families and neighborhoods.

Key Findings

- Pennsylvania substantially changed its welfare system. The state focused its welfare-to-work program on employment, expanded and simplified the provisions that allow welfare recipients to keep part of their welfare checks if they work, and instituted two time limits: a 24-month limit that requires recipients to work or participate in a work activity for 20 hours per week and a 60-month lifetime limit on welfare receipt. In Philadelphia, implementation of the law was lenient in some respects. During the first two years on welfare, recipients were asked to conduct an eight-week job search but otherwise were not held to a strict work requirement. At the 24-month limit, many parents who were not working were placed in subsidized jobs. In addition, families received extensions to the lifetime limit if they participated in assigned activities.
- In Philadelphia, between 1992 and 2000, welfare receipt declined and employment increased. TANF seems to have encouraged long-term recipients to leave the rolls faster, to have increased employment (but mostly unstable employment), and to have raised the likelihood that some families would return quickly to welfare. Because positive trends in welfare receipt and employment began prior to TANF, it is clear that the economy and other factors also played important roles in these outcomes.
- A longitudinal survey of welfare mothers living in the city's poorest neighborhoods suggests that, over time, more worked and fewer received welfare, while household incomes increased. These changes were not necessarily a result of welfare reform alone; the gains may also be a reflection of the strong economy and of women and children growing older. Despite their increased average income, virtually all the women were poor or near poor in 2000, and many encountered barriers that might have kept them from working. In addition, improvements in employment and income were concentrated among high school graduates.
- Between 1992 and 2000, social conditions in the city's poorest neighborhoods generally improved. For example, crime rates declined; housing values increased; and more pregnant mothers received adequate prenatal care. Despite these improvements, the number of neighborhoods with high concentrations of welfare recipients declined only slightly over time, and Philadelphia's welfare caseload remains concentrated in neighborhoods with some of the worst social and economic conditions in the city.

This study's findings are consistent with an earlier Urban Change report on Cleveland, and they counter the notion that welfare reform leads to service retrenchment and a worsening of conditions for families and neighborhoods. Further study is needed to determine how welfare reform fares in a less favorable economy and what effects time limits will have in the long term.

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Preface

This report — the second in a series of four from the Project on Devolution and Urban Change — charts the course of welfare reform in Philadelphia. As with the first report, which examined the changes that took place in Cleveland after the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, the goals were to find out whether the new law would lead to meaningful changes in an urban welfare bureaucracy and to learn how new welfare policies would affect a city's poorest families and neighborhoods.

The findings for Philadelphia, like those for Cleveland, are generally positive. The state welfare agency increased spending on welfare-to-work services fivefold; substantially changed the welfare system from one that entitled families to public assistance to one that imposed time limits; and began to emphasize employment. Welfare rolls went down; employment among welfare recipients went up; and the circumstances of the poorest families and neighborhoods mostly got better.

However, the economy played an essential role in these changes: MDRC's analyses of trends suggest that the burgeoning economy of the 1990s was also an important force driving the improving conditions — before, during, and after reform implementation. Moreover, although welfare reform in Philadelphia did not lead to the ruinous effects some people feared (in part because of protections that the welfare agency implemented to shield the most vulnerable), many families and neighborhoods still remained in distress at the end of the study period. Also, despite its unusually comprehensive nature, this report really represents just the first chapter of Philadelphia's welfare reform experience. Time limits were implemented after most data collection for the report ended; the city's economy has weakened; and Pennsylvania's fiscal crisis may lead to reductions in welfare-to-work expenditures.

Forthcoming reports from the Urban Change project on Miami and Los Angeles will extend and enrich policymakers' understanding of the impact of welfare reform in big cities, but the insights from Philadelphia and Cleveland offer a number of lessons to inform both state policy and the reauthorization of the federal welfare law. First, the Temporary Assistance for Needy Families block grant's flexibility and funding level were crucial in helping the cities develop and provide services to welfare recipients. Second, even though participation rates and employment rates rose and welfare receipt dropped, neither city would have been able to meet Congress's new participation rates and hours requirements. Third, despite having the flexibility to make use of education and training, both cities emphasized employment (indeed, Philadelphia ran one of the largest paid work experience programs in the nation). Fourth, while the reform in Philadelphia successfully engaged most recipients initially, participation tapered off over the subsequent period, picking up after 24 months, when the work experience program

kicked in (which suggests that the city and state could do more to actively engage recipients in the months leading up to the start of the work experience program). Fifth, expanded earned income disregards helped to boost participation rates and provided crucial economic support to families who took low-quality jobs — but these short-term benefits had the unintended effect of reducing the time it would take families to reach federal time limits. (Pennsylvania partially addressed this issue by stopping the time-limit clock for one year when welfare-reliant parents took jobs.)

Finally, in both cities, the needs of the working poor and the problems of the hard to employ loom large. States need substantial flexibility as they continue to seek solutions.

Gordon Berlin
Senior Vice President

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The Authors

Summary Report

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) introduced profound changes in America's welfare system. It eliminated Aid to Families with Dependent Children (AFDC) — the major cash assistance program for low-income families — and replaced it with a time-limited program called Temporary Assistance for Needy Families (TANF). It also imposed tougher work requirements on welfare recipients and gave states much more flexibility in the design and operation of their welfare programs. In turn, many states have “devolved” much of the responsibility for their welfare programs to local governments and other entities.

Anticipating that welfare reform might pose particular challenges to urban areas — where poverty and welfare receipt are most concentrated — MDRC launched the Project on Devolution and Urban Change (Urban Change, for short). The project is examining the implementation and effects of TANF in four urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. In 2002, MDRC released the first report in this series, examining the particular ways in which reform unfolded in Cuyahoga County.¹ This second report focuses on Philadelphia, and it addresses questions similar to those posed for Cleveland:

- How did Pennsylvania change its welfare law, and how was the new law implemented in Philadelphia? What “messages” and services did the city put in place? How were time limits implemented?
- What were the effects of welfare reform on the city's welfare caseloads? Did reform alter patterns of welfare and employment?
- How did low-income families in the city adapt to work requirements and other dimensions of welfare reform? What were their experiences in the labor market? Were they better or worse off economically?
- What were the conditions of neighborhoods in Philadelphia before and after welfare reform? Were poor neighborhoods better or worse off after reform?

In many ways, the Urban Change project captures the best of times and the most challenging of places for welfare reform. The study's focal period of the late 1990s through the early 2000s was one of prolonged economic expansion and unprecedented decline in unem-

¹Thomas Brock, Claudia Coulton, Andrew London, Denise Polit, LaShawn Richburg-Hayes, Ellen Scott, and Nandita Verma, *Welfare Reform in Cleveland: Implementation, Effects, and Experiences of Poor Families and Neighborhoods* (New York: MDRC, 2002).

ployment. In addition, states and local areas had unprecedented amounts of money to spend on each welfare recipient, due to a combination of stable TANF funding (a five-year block grant based on pre-TANF spending levels) and a rapid decline in welfare caseloads. The study thus captures the most promising context for welfare reform: one of high labor market demand and ample resources to support families in the process of moving from welfare to work. At the same time, it focuses on big-city welfare agencies — institutions that have tended to resist change in the past — and on the experiences of the poorest people and places within each city.

To assess TANF's implementation and effects in Philadelphia, the study uses several research methods and data sources (Table 1). Researchers visited welfare offices to observe program operations and to interview staff; analyzed welfare and employment records for everyone who received cash assistance and food stamps between 1992 and 1999; administered a longitudinal survey to more than 600 women who had a history of welfare receipt and lived in high-poverty neighborhoods; conducted ethnographic interviews with 32 current or former welfare families in poor neighborhoods; and analyzed a variety of social and economic indicators at the county and neighborhood levels. Data were gathered at different points to capture change over time. In some instances, data were obtained as far back as 1992, to establish a trend line that could help determine whether TANF contributed to significant changes in patterns of welfare receipt or employment and to changes in neighborhood conditions. Even with such rich data, it is impossible to disentangle the effects of welfare reform from the effects of other changes, such as the growing economy, the expanded federal Earned Income Credit (EIC), a reduction in out-of-wedlock births among teenagers, and the aging of the population. In addition, it is important to note that data collection ended just before Philadelphia families began reaching welfare time limits; hence, this report focuses on the pre-time-limit phase of welfare reform.

This summary — like the full report on which it is based — begins with a brief overview of the social and economic environment of Philadelphia during the study period. It then analyzes how TANF was implemented, the effects on welfare receipt and employment, the experiences of low-income families, and county and neighborhood conditions before and after welfare reform. Then, to provide context for what happened in Philadelphia, it compares results in Philadelphia with results from Cuyahoga County. The Urban Change report on Cuyahoga County used the same methods and data elements as were used for this report, and the two urban areas addressed in the reports make an apt comparison because they share a number of characteristics. Both are old, industrial, northern cities that suffered through 30 years of a declining manufacturing base and a movement of jobs to the suburbs. Both are the largest counties in their respective states, and their share of their state's caseloads has increased over time. Unemployment in both counties fell, starting in 1992, but remained consistently higher

The Project on Devolution and Urban Change

Table 1

Data Used for the Philadelphia Study

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Program implementation	Field/observational research	7 rounds of interviews and observations conducted in 3 site offices	Conducted between 1997 and 2002	2
	Survey of intake and welfare-to-work staff in 10 regional welfare offices that serve 60% of Philadelphia's caseload ^a	Eligible intake staff completing interviews: 194 (90% response rate); eligible welfare-to-work staff completing interviews: 49 (88% response rate)	Surveyed in 2000	2
State administrative records: cash assistance, food stamps, Medicaid, and unemployment insurance records	Pennsylvania Department of Public Welfare; Pennsylvania Department of Labor and Industry	The universe of recipients who received food stamps, AFDC/TANF, or Medicaid in Philadelphia between January 1992 and July 1999 (513,031 individuals in 158,338 cases that had both adults and children)	Payment records for the period January 1992 to December 2001; unemployment insurance records for the period January 1992 to December 2001	3
Longitudinal surveys	2 waves of in-person interviews with current and former welfare recipients, conducted by the Institute for Survey Research, Temple University	Randomly selected recipients of cash assistance or food stamps in Philadelphia in May 1995 who were single mothers, between the ages of 18 and 45, and resided in neighborhoods where either the poverty rate exceeded 30% or the rate of welfare receipt exceeded 20%. In Wave 1, 79% of the sample completed a survey; in Wave 2, 82% of Wave 1 respondents completed a survey; 638 respondents completed both surveys.	Wave 1 completed between April 1998 and February 1999; Wave 2 completed between April and November 2001	2, 4, 5

(continued)

Table 1 (continued)

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Ethnography	3 rounds of in-depth, in-person interviews with current and former welfare recipients; conducted by on-site researchers from the University of Pennsylvania	32 women residing in 3 areas varying in ethnic composition and poverty: Germantown, Kensington, and North Central	Interviews conducted from 1997 to 2001	2, 4, 5
Aggregate neighborhood indicators	Social and economic indicators from administrative agency records, prepared by the Philadelphia Health Management Corporation (PHMC)	Census-tract-level annual indicators for 1992 to 2000	All residential census tracts in Philadelphia	6
	Work and welfare participation indicators	Vital records; tax assessor's property files; child welfare, crime, and welfare and wage records		

NOTE: ^aThe offices were in Alden, Elmwood, Federal, Girard, Kent, North, Ridge, Snyder, Tioga, and West.

in the cities than in their surrounding suburbs. Finally, both counties have a sizable African-American population and relatively few immigrants, and in both counties the proportion of residents who were poor and welfare-reliant increased over time. Comparing the two sites reveals some striking similarities and differences in the way each county implemented — and felt the effects of — reform. The report concludes with a discussion of policy implications.

Among the study's key findings are the following:

- **Changes in welfare policies.** In Philadelphia, the state greatly expanded the welfare-to-work program and focused it on employment; it simplified and expanded the earned income disregard to further encourage work; and it instituted two time limits: (1) a 24-month “work-trigger” time limit that required recipients to work or participate in a work activity for 20 hours a week and (2) a 60-month “termination” lifetime limit. However, implementation of

welfare-to-work activities and time limits was not as onerous as it sounds. Most recipients were initially required to look for work on their own, and they could participate for as few hours as they wanted for the first two years. Recipients who were not working at the 24-month time limit were assigned to further job search or to subsidized work programs that kept them eligible for cash benefits. And most families who encountered the 60-month termination time limit received extensions if they participated in assigned activities.

- **Effects of welfare reform on welfare receipt and employment.** Between 1995 and 2002, welfare receipt in Philadelphia declined by about half, and employment increased among welfare recipients. Changes in the trends after Pennsylvania's 1996 reforms suggest that TANF increased employment (especially unstable employment), increased recidivism, and reduced welfare receipt among long-term welfare recipients. The trends in welfare caseloads and employment began before TANF, however, suggesting that the strong economy and other factors — such as the expanded federal EIC — also played an important role.
- **Changes in the economic well-being of welfare-reliant families.** A longitudinal survey of welfare mothers living in Philadelphia's poorest neighborhoods suggests that more of them worked over time, that fewer received welfare, and that their households had more income. These changes were not necessarily results of welfare reform, however, but may reflect a variety of factors, including the expanding economy and the maturation of these women and their children. Despite the women's increased average income, virtually all of them were poor or near poor; material hardship remained largely unchanged over time; and many of the women experienced a number of barriers that might have kept them from working. Moreover, the use of safety net programs such as food stamps and Medicaid decreased over time among families who were not receiving cash assistance.
- **How neighborhoods fared.** Between 1992 and 2000, the number of neighborhoods in Philadelphia that were characterized by a high concentration of welfare recipients declined only slightly despite the substantial drop in caseloads. During this same period, social conditions in the city's poorest neighborhoods generally improved. In absolute terms, however, the conditions in poor neighborhoods were worse than in other areas of the city. Today, Philadelphia's remaining welfare caseload is concentrated in neighborhoods that are experiencing some of the worst social and economic conditions in the city.

In sum, the study finds overall that, in Philadelphia, the state tried to encourage work through a number of changes in its welfare policies and that trends in a number of economic outcomes improved over time. During the period of this study, however, the extraordinary economy seems to have been at least as strong a factor in these improvements as welfare reform has been. Moreover, many families remain poor, and many neighborhoods — primarily in the central city — remain highly distressed. Additional follow-up is needed to determine how welfare reform fares under less auspicious economic circumstances and how the 60-month lifetime limit affects families and neighborhoods.

Philadelphia's Social and Economic Environment

Before drawing inferences from a study that focuses on one metropolitan area, some appreciation of the urban context is required.

- **A disproportionate share of Pennsylvania's welfare population lives in Philadelphia.**

Philadelphia is the largest of Pennsylvania's counties and the fifth-largest city in the country. Even though it accounts for just 12 percent of Pennsylvania's population, its share of the state's welfare caseload rose from 38 percent in 1993 to 49 percent in 2001. Because the county is contiguous with the city, it has no suburban communities, and it has a correspondingly high rate of poverty and welfare receipt. In 2000, more than 22 percent of Philadelphians lived in households that had income below the federal poverty threshold; and in 1993, 15 percent received cash assistance.

- **The economy in the Philadelphia area improved during the 1990s, and unemployment declined. Welfare caseloads also dropped sharply during the decade.**

Regional unemployment rates declined precipitously from 1990 to 2000, but Philadelphia's unemployment rate was consistently higher than the rates for the consolidated metropolitan statistical area (CMSA) and for Pennsylvania (Figure 1). Along with the improving economy, poverty has declined, as has the city's cash assistance caseload (Figure 2). Note, however, that the caseload reduction began before TANF was implemented and that it was smaller in Philadelphia than in other large northern cities, such as Cleveland.

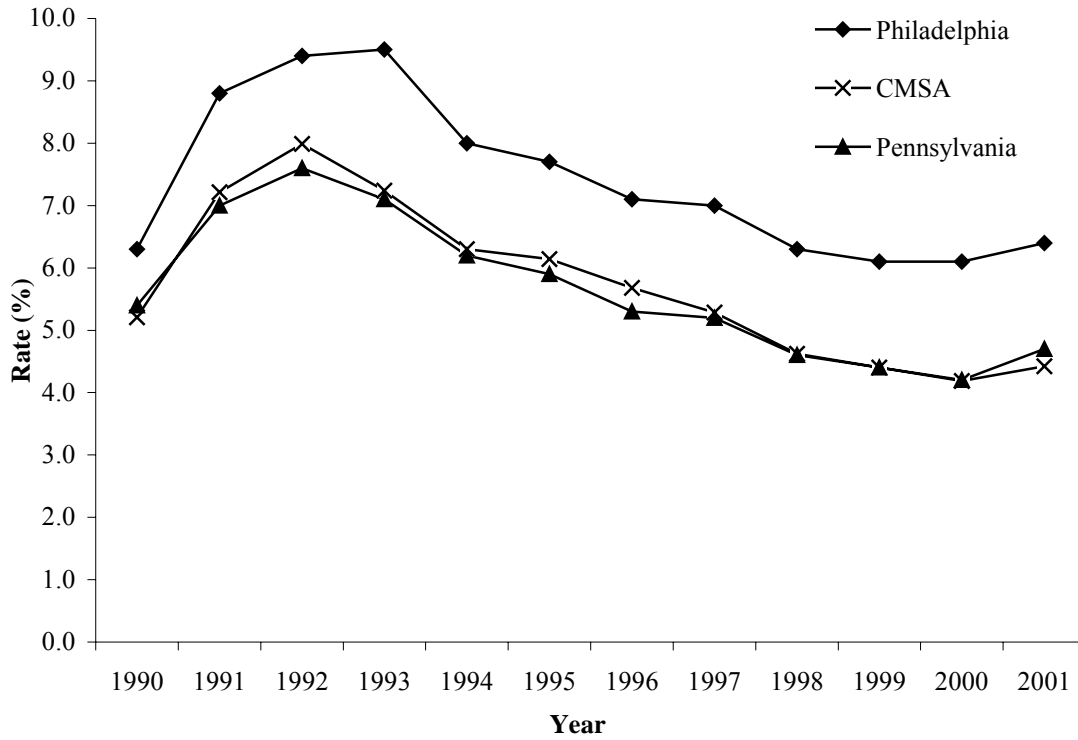
- **Over the past 30 years, Philadelphia's economy lost manufacturing jobs, and many businesses moved to the suburbs.**

Philadelphia has suffered from two economic trends common to northern rustbelt cities: (1) a declining share of workers employed in manufacturing and (2) the decentralization

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Figure 1

Unemployment Rates in Greater Philadelphia and Pennsylvania



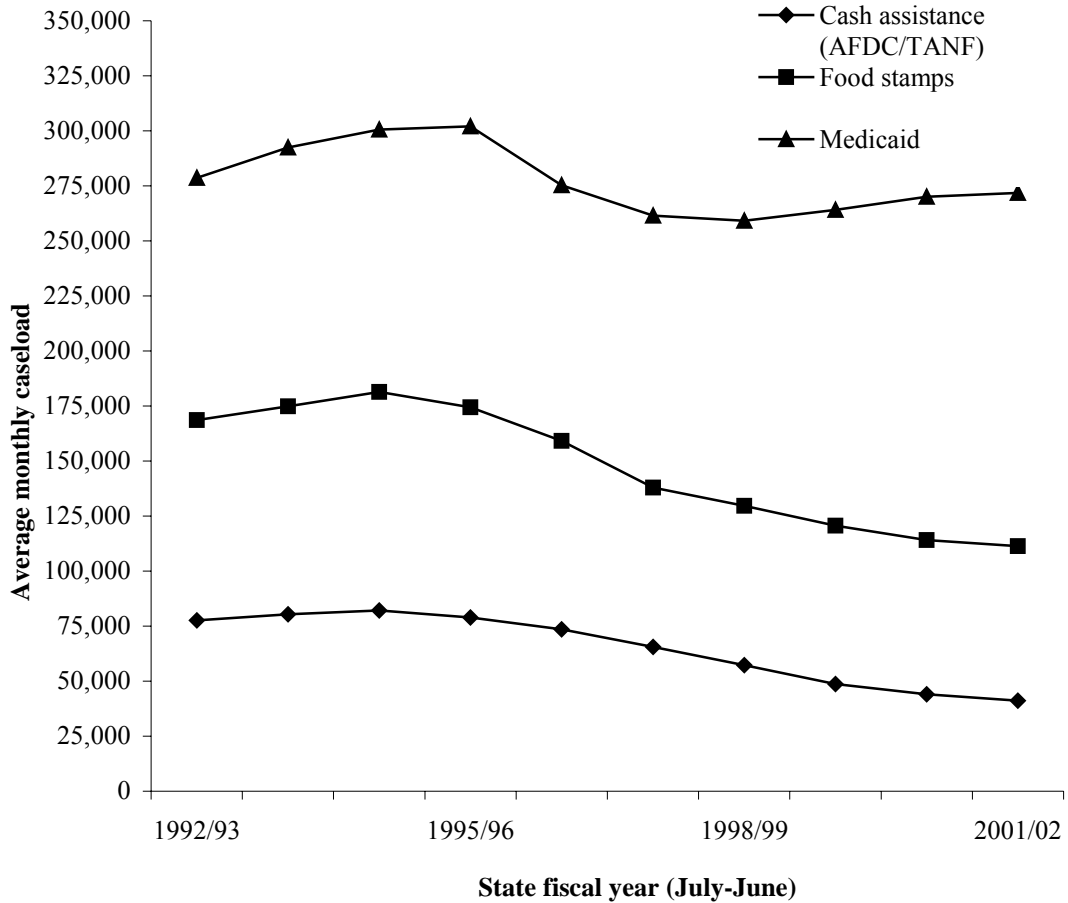
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, 2002.

NOTE: The Philadelphia consolidated metropolitan statistical area (CMSA) includes fourteen counties. The five counties in Pennsylvania are Bucks, Chester, Delaware, Montgomery, and Philadelphia. The seven counties in New Jersey are Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem. The county in Maryland is Cecil, and the county in Delaware is New Castle.

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Figure 2

Monthly Cash Assistance and Food Stamp Caseloads
in Philadelphia, 1992/93 - 2001/02



SOURCE: Pennsylvania CIS (Client Information System).

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

of manufacturing from the central city to the suburbs, to the Southwest, and to other countries. Between 1970 and 2000, manufacturing declined significantly as a source of employment in Philadelphia, decreasing from 28 percent to 9 percent. While total employment in the CMSA grew by 31 percent, total employment in Philadelphia declined by 23 percent. Philadelphia also lost 22 percent of its population between 1970 and 2000, and poorer, central-city neighborhoods lost as many as 60 percent of their residents. In addition, accessing the plentiful jobs in the suburbs can be difficult for the city's welfare recipients, most of whom rely on public transit.

- **On the eve of welfare reform, Philadelphia was a city in distress.**

Forty years of movement of people and jobs away from the city have taken a toll on Philadelphia's revenue base; abandoned properties, deteriorating infrastructure, and increasing poverty and social distress have exacerbated the need for government intervention. Federal retrenchment during the 1980s left Philadelphia more reliant than ever on local taxes, burdening remaining residents and workers. In short, when the 1996 welfare reform was implemented, the city faced extraordinary economic and political challenges.

The Implementation of Welfare Reform

Welfare policy in Philadelphia is set and implemented by the state. In May 1996, shortly before the passage of PRWORA on the federal level, Pennsylvania passed legislation authorizing major changes in the state's welfare policy that anticipated changes required by the federal legislation later that year. The state's TANF program went into effect in March 1997. Because Pennsylvania had not used federal waivers from the Aid to Families with Dependent Children (AFDC) rules to pilot-test work-first or time-limit policies, the 1996 legislation represented a major change in the rules and emphases of welfare policy in Pennsylvania and Philadelphia.

The Major Features of Pennsylvania's 1996 Welfare Reform

- **Pennsylvania greatly expanded its welfare-to-work program and also focused it more on employment.**

Before the 1996 welfare reforms, Pennsylvania's welfare-to-work program provided de facto voluntary services that emphasized education and training. After 1996, Pennsylvania required all adults to work or to attend employment preparation activities, and the emphasis of the welfare-to-work program shifted from education to job search and other activities designed to move recipients into the labor force. When first receiving benefits, recipients were expected to complete an eight-week job search. After fulfilling this requirement, they had considerable freedom in choosing activities, but they were expected to participate in something.

- **Pennsylvania expanded its earned income disregard policy, making it easier for welfare recipients to combine work and welfare and thus increase their monthly income.**

Before 1996, welfare recipients could disregard a portion of their earnings when their eligibility for cash assistance was determined. The amount that was disregarded was largest during the first four months of employment, decreased for the next eight months, and decreased again after a year. The 1996 state legislation established a simpler policy that disregarded 50 percent of earnings whenever a family combined work and welfare. A family of three in Philadelphia lost their eligibility for cash assistance when their monthly earnings reached \$806.

- **Pennsylvania adopted a five-year time limit on welfare receipt, and recipients were required to work after 24 months.**

Pennsylvania adopted two time limits: (1) a lifetime limit of 60 months of cash assistance and (2) an interim “work-trigger” time limit at 24 months that required recipients to work or to participate in a work activity — not including education — for 20 hours a week. Both time-limit “clocks” started ticking on March 3, 1997. Caseworkers had to assign post-24-month recipients to a set sequence of activities: another month of job search and job club, followed by subsidized employment, and ending with community service work.

- **Work requirements were enforced through tougher sanctioning policies.**

Pennsylvania’s 1996 welfare reforms toughened the financial penalties for not complying with work requirements. Prior to the reforms, sanctions for noncompliance resulted in the removal of the adult from the family’s cash grant, and the sanctions stayed in place until the recipient complied. Under the new law, sanctions reduced the grant amount by the adult’s portion during the first two years of TANF receipt, and the family’s entire grant could be terminated after two years. In addition, although sanctions were rarely used prior to TANF, they have affected a growing number of families over time.

Services in Philadelphia

- **State welfare administrators in the Philadelphia offices emphasized welfare-to-work services by reallocating staff and responsibilities to a new frontline unit dedicated to employment.**

In Philadelphia, state welfare administrators retained the traditional distinction between income maintenance staff, whose primary responsibility involved determining eligibility for benefits, and employment staff, who handled welfare-to-work functions. In mid-1998, however, the city administrator created a new Career Development Unit (CDU) for welfare-to-work staff, whose numbers grew by nearly 80 percent — from 138 before the welfare reforms to 247 in the fall of 2002 — by reassigning income maintenance case managers to the CDU.

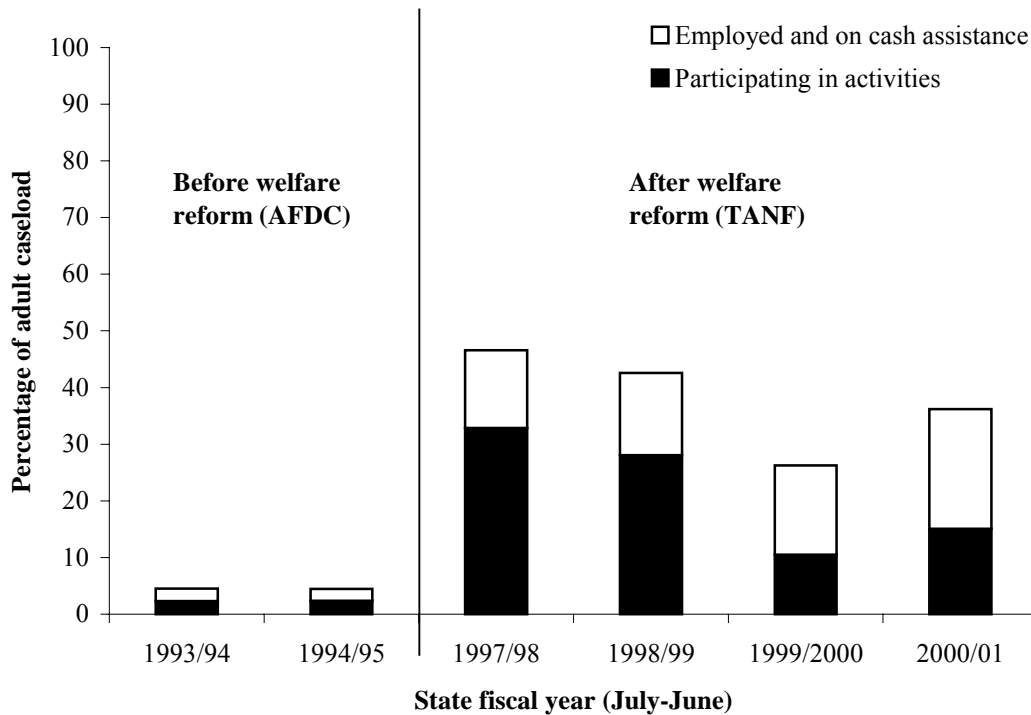
- **In Philadelphia, the state greatly increased spending on the welfare-to-work program. Although the program was initially focused on independent job search, it gradually included more specialized services.**

As shown in Figure 3, data provided by Pennsylvania show that the percentage of Philadelphia's adult cash assistance recipients who were working or participating in welfare-to-work activities for at least one hour per month jumped from 5 percent in fiscal year 1993/94 to

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Figure 3

Trends in Participation in Welfare-to-Work Activities Before and After TANF



SOURCE: Pennsylvania Department of Public Welfare.

NOTE: Data were unavailable for 1995/96 and 1996/97 due to a change in Pennsylvania's automated system.

36 percent in fiscal year 2000/01, peaking at 46 percent in fiscal year 1997/98. A large part of this increase was related to the growing number of welfare recipients who combined work and welfare — a change attributable in part to the expanded earned income disregard. Expenditures on welfare-to-work activities in the city (excluding child care) also grew more than fivefold during this period — from \$8 million in fiscal year 1996/97 to \$42.5 million in fiscal year 2000/01 — reflecting the more mandatory nature of the welfare-to-work program as well as a change from reliance on independent job search to more intensive job search programs as recipients approached the 24-month work-trigger time limit.

- **New policies and procedures were introduced to help recipients who had trouble finding work.**

Recipients who could not find a regular job prior to the two-year work-trigger time limit were eligible for six months of subsidized employment (also called “paid work experience”), followed by community service programs (that is, work in exchange for a welfare grant). Providers of welfare-to-work services modified their programs to include these activities. In 2001, Pennsylvania implemented the Maximizing Participation Program (MPP), which targets recipients who are exempt from the work requirement because of a medical or physical disability. Finally, the welfare department helps recipients get Supplemental Security Income (SSI) if they have serious disabilities.

- **Pennsylvania cautiously imposed sanctions for failing to comply with the work requirement, but sanctions have increased over time.**

Although official policy called for sanctioning all welfare recipients who failed to show good cause for not participating in work activities, most case managers in this study said that they gave clients a second chance. The state’s reluctance to impose severe sanctions led to time-consuming procedures to ensure that post-24-month recipients were not sanctioned in error. For example, sanctions for post-24-month recipients were originally reviewed by central welfare administrators and by officials in Harrisburg. Despite the initial reluctance to sanction recipients, staff have become more willing to use sanctions. Between fiscal years 1999/2000 and 2001/02, sanctions increased from 3 percent to 6 percent of the caseload in an average month. In Pennsylvania, a third sanction resulted in a lifetime ban on receiving cash assistance. As of October 2002, a total of 68 families in Philadelphia had lost TANF benefits forever because of a third sanction.

- **Time limits were not strictly enforced.**

Pennsylvania initially indicated that welfare recipients had to be working 20 hours per week after the two-year time limit to continue receiving cash assistance. As described above, however, state officials permitted a broad definition of work and contracted for a sufficient

number of slots so that no one was at risk of losing benefits. The lifetime limit also was not strictly enforced. Seven months after the first cohort of TANF recipients reached the five-year time limit, the state issued policies called “Extended TANF” that allowed recipients to receive TANF for the foreseeable future (using state funds), as long as they worked 30 hours per week or participated in assigned programs. In addition, Pennsylvania instituted the Time Out program in 2000; it used state funds to allow employed recipients to stop their time-limit clocks for up to one year while they worked 30 hours per week or worked 20 hours per week and attended an education and training program for 10 hours per week.

The Perceptions and Experiences of Welfare Recipients

- **Survey and ethnographic interviews with current and former welfare recipients in Philadelphia revealed that although they were highly aware of the major rules of welfare reform, they did not well understand the specifics of the five-year time limit.**

Philadelphia’s current and recent welfare recipients were nearly universally aware of the existence of a time limit on cash assistance. The majority were also aware that the new rules allowed them to combine work and welfare more easily. Although many recipients initially expressed concern that they would lose medical insurance if they left welfare for work, awareness of such transitional benefits increased over time. Perhaps because welfare staff in Philadelphia emphasized the work-trigger time-limit policy so forcefully, the ethnographic interviews revealed considerable confusion about the two-year and five-year time limits. Some respondents thought that notices about the 24-month clock implied that they were close to the lifetime limit. Others thought that they would lose their eligibility for benefits even if they left welfare for some time — or that the entire welfare system was being abolished.

- **Although the survey and ethnographic respondents felt a push to find jobs, many found the job search requirement disruptive.**

The survey and ethnographic respondents had mixed feelings about case managers, and the case managers’ enforcement role made a stronger impression. More survey respondents said that case managers pushed them to get jobs before they were ready than said that welfare staff took the time to get to know them. Ethnographic respondents expressed unhappiness with job search requirements. Some had to drop out of a General Educational Development (GED) course or a training program in order to participate in the initial eight-week job search, and they never resumed their educational activities. Almost all ethnographic respondents concluded that the job club was of little value, claiming that they already had skills in writing résumés, filling out applications, and developing self-presentation and other “soft skills.”

The Effects of Reform on Welfare Receipt and Employment

One of the goals of TANF is to move people from welfare to work. As a first step in exploring the likely effects of Pennsylvania's 1996 reforms on welfare receipt and employment, administrative records were assembled for the 513,031 individuals who received cash assistance, food stamps, or Medicaid in at least one month from January 1992 through July 1999 on a case with both adults and children. The Pennsylvania Department of Public Welfare provided monthly cash assistance and food stamp payments and Medicaid eligibility for each person through December 2001. The Pennsylvania Department of Labor and Industry provided information on earnings reported to the unemployment insurance (UI) system for the same people over the same period. Because information is available only through the end of 2001, this analysis focuses on the period before any families reached the five-year lifetime limit. And because work requirements, time limits, and other policies do not apply to child-only cases, the analysis is limited to cases with adults.

The analysis summarized below compares groups of cases in which adults received welfare payments between January 1993 and March 1997 with later groups of welfare recipients. If the behavior of the later groups differed markedly from what was expected based on the behavior of the earlier groups, this suggests that TANF had an effect. For example, if the reforms contributed to the decrease in caseloads after March 1997, then either people should have left welfare faster than expected after that point or fewer people than expected should have begun receiving welfare. The main findings of the analysis are summarized in Table 2. Although welfare recipients left welfare and went to work faster in 2001 than they did in 1992, the results imply that welfare reform was responsible for only some of those changes. Many of the changes began before the reforms were implemented, and the patterns of change before and after 1997 were often similar.

Although the goal of this analysis is to understand the likely effects of welfare reform on welfare receipt and employment, it is impossible to separate the effects of reform from the effects of other factors, such as the growing economy, the expanded federal EIC, a reduction in out-of-wedlock births among teenagers, and the aging of the population. The results should therefore be interpreted with caution. However, no sudden changes in the other factors occurred in March 1997, when the state began implementing welfare reform in Philadelphia, or in March 1999, when families began reaching the two-year time limit. If welfare reform had large effects on welfare receipt and employment, there should be some evidence of change after those dates.

- **Welfare recipients left the rolls sooner and were more likely to go to work in 1999 than in 1993.**

About 18 percent of new welfare cases that included adults in 1993 were closed within six months, compared with 27 percent of such cases that were new in mid-1999. Likewise, 39 percent

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Table 2

**Estimated Trends and Effects of TANF
for Welfare Exits, Welfare Entry, and Employment**

Outcome	Trend from 1992 to 2001	Estimated Effect of TANF
<u>Welfare exits</u>		
New welfare recipients	Rate of exit increased slowly prior to TANF but remained steady after 1996	Compared with the ongoing trend, TANF resulted in a small decrease in the rate of exit
Long-term welfare recipients	Rate of exit increased slowly throughout the period but increased faster after 1996	TANF increased exits among long-term recipients, particularly after families began reaching the two-year time limit
<u>Welfare entry</u>		
New welfare recipients	Entry declined throughout the period	TANF had little effect on the number of new welfare cases
Returning welfare recipients	Recidivism decreased slightly prior to TANF but increased after TANF	TANF increased recidivism
New food stamp recipients entering welfare	Entry was fairly steady prior to TANF but decreased somewhat after TANF	TANF slightly reduced the number of people moving from food stamps to cash assistance
<u>Employment among new welfare recipients</u>		
All employment	Employment was steady prior to TANF but increased after TANF was implemented	TANF increased employment among current and former welfare recipients

of adults in the former group of cases were working a year later, compared with 55 percent of the latter group. Many fewer people began receiving welfare in the late 1990s than at the beginning of the decade. For example, only 435 new welfare cases that included adults opened in July 1999, compared with more than 1,000 for an average month in 1993. All these changes began to occur before the 1996 welfare reform, however, suggesting that they were not caused by reform alone but might reflect other factors, such as the growing economy, the expanded federal EIC, a reduction in out-of-wedlock births among teenagers, and the aging of the population.

- **Pennsylvania's welfare reforms appear to have increased the rate at which long-term recipients leave the rolls in Philadelphia, but the reforms have had little effect on the exit rate of new cases.**

As mentioned above, the rate at which new cases with adult welfare recipients left the rolls in Philadelphia gradually increased throughout the 1990s. Because this increase occurred at a similar rate before and after 1997, the 1996 welfare reform is unlikely to be its primary cause. In fact, there is some evidence that the state reforms caused a small number of recipients to stay on the rolls longer, perhaps because of Pennsylvania's more generous earnings disregard. This is a result that has also been seen in random assignment studies of earnings disregard policies. However, among long-term welfare recipients (those who had remained on the rolls for 18 of the 24 months after first receiving welfare), the change in welfare exits accelerated after 1997, implying that welfare reform had a larger effect on the behavior of long-term recipients. This effect was particularly striking just after the two-year work-trigger time limit was first encountered, in March 1999. The present analysis contains too little information after that date, however, to understand whether the acceleration is a permanent phenomenon. It is important to remember that these estimates of the effects of TANF do not include the effects of the state's 60-month lifetime limit, which families did not begin to reach until after the period covered by this analysis.

- **Pennsylvania's reforms may have reduced slightly the number of food stamp recipients who subsequently received cash assistance in Philadelphia.**

The likelihood that a new food stamp recipient would soon begin receiving cash assistance was steady through most of the study period but decreased by about 5 percentage points after 1997. In contrast, the likelihood that a case would end and then begin again was decreasing prior to TANF but increased after 1997, implying that welfare reform increased recidivism slightly. The increase in recidivism might imply that Pennsylvania's reforms were encouraging some recipients to leave welfare for work before they were able to sustain employment.

- **Welfare reform increased employment among current and recent recipients, but much of the increase in employment was unstable.**

As mentioned above, new welfare recipients in Philadelphia were more likely to go to work quickly at the end of the decade than in 1993. This increase occurred almost solely after 1996, suggesting that TANF was responsible for greater employment among new welfare recipients. The finding that welfare reforms in Philadelphia increased employment but had little effect on welfare receipt in the pre-time-limit period suggests that the state's simplified and expanded earned income disregard played an important role. However, much of the increase in employment was unstable, which is consistent with the finding that TANF increased recidivism, and it suggests that greater attention be paid to employment retention services and to helping recipients find good jobs.

The Experiences of Former and Ongoing Welfare Recipients

One of the Urban Change project's principal objectives is to understand how the well-being of low-income families has evolved since welfare reform. The experiences of 638 single mothers who were on welfare in May 1995 and who were living in Philadelphia's poorest neighborhoods were studied through survey interviews conducted after welfare reform got under way, first in 1998 and again in 2001. The two waves of surveys were supplemented by ethnographic interviews with 32 welfare mothers in three poor neighborhoods from 1997 through 2001. Readers should keep in mind that observed changes over time are not necessarily attributable to welfare reform but are likely to reflect a combination of factors, including the strong economy, the effect of other policies like the EIC, and the aging of these women and their children.

Welfare and Employment Experiences

- **Almost all respondents had worked for pay after welfare reform, and most were working without receiving welfare in 2001.**

Among women in the survey, welfare receipt declined from 100 percent in May 1995 (baseline) to 62 percent in 1998 and to 32 percent at the time of the 2001 interview. Although 49 percent were employed and not receiving cash assistance in 2001, the percentage of women who had neither work nor welfare as a source of income nearly doubled, from 11 percent in 1998 to 19 percent in 2001. Moreover, the percentage who reported no source of income increased significantly, from 0.3 percent in 1998 to 1.7 percent in 2001.

- **Most respondents did not work steadily.**

Employment stability among these women was similar to what has been found among welfare recipients in other studies: One out of three worked in 36 or more months out of a 48-month period. Some women, however, experienced considerable employment instability, having taken a series of short-term low-wage jobs that resulted in great fluctuations in earnings (and therefore benefit eligibility) from month to month. Ethnographic and survey data suggest that many respondents quit their jobs, and the ethnographic respondents cited such reasons as poor treatment by an employer, poor working conditions, problems with the job's location or schedule, lack of benefits, low pay, and health problems affecting them or their children.

- **Over time, the employment situations of most respondents improved.**

In both 1998 and 2001, most of the women who worked had full-time jobs. Average hourly wages for their current or most recent job increased from \$7.52 in 1998 to \$9.12 in 2001, and the proportion of women who were working at jobs that paid the minimum wage or less fell by nearly half. The result was an increase in average weekly earnings, from \$254 to \$339. Re-

spondents were also more likely to be in jobs with fringe benefits (such as sick pay, vacation, and health insurance) in 2001 than in 1998.

- **Regardless of improvements in employment, most respondents had poor jobs that paid close to the minimum wage, lacked fringe benefits, or were part time.**

The percentage of women who worked full time in jobs that paid \$7.50 per hour or more and that offered employer-provided health insurance increased from 1998 to 2001 (Figure 4), but only about two out of five working women had such a job in 2001. Despite the strong economy, most women worked in jobs that offered them few or no benefits and that provided earnings that would keep their families at or near the poverty level.

- **Although many respondents moved off welfare into work, the majority faced multiple barriers to employment, and the barriers were substantially worse among women who were not working.**

Most women in the study had barriers that could constrain their ability to get a job or that could limit the kinds of jobs for which they qualified. For example, three-quarters of the women overall (and 84 percent of those who were not working in 2001) did not have a driver's license or did not have access to a car — a considerable barrier when most new jobs were in the suburbs. Nearly one-third of survey respondents (nearly half of those not working in 2001) were at risk for clinical depression. And more than a quarter (more than half of those not working in 2001) had a physical health problem.

- **Although most employment barriers did not improve over time, there was significant improvement in respondents' educational attainment.**

Most barriers to employment did not improve over time, but a few did, and no barrier became worse. Of particular note was growth in the percentage of women who had a GED or high school diploma (up from 53 percent in 1995 to 61 percent in 2001) and a decline in the percentage who had an ill or disabled child who constrained their ability to work (down from 25 percent in 1998 to 17 percent in 2001).

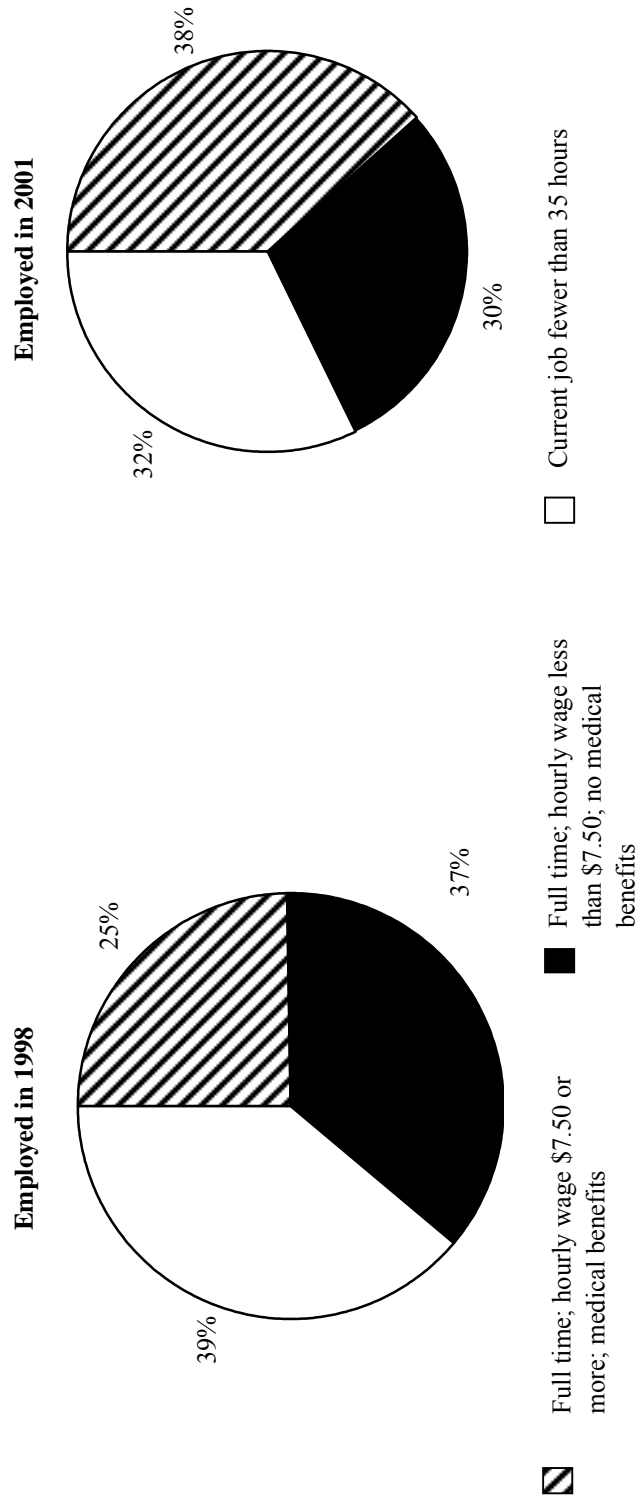
- **Employment outcomes were better for the respondents who had a high school credential.**

As noted above, nearly half the survey sample had neither graduated from high school nor earned a GED by May 1995. Not surprisingly, these women fared worse than high school graduates in the labor market. On average, the respondents who had a diploma or GED certificate worked more often, had higher-paying jobs, and were more likely to have such fringe benefits as health insurance. The women who lacked a high school credential were also more likely

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Figure 4

Job Characteristics for Those Currently Employed in 1998 and in 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Calculations for 1998 are based on 240 of the 270 respondents who were working for whom wage and benefit information was available. Calculations for 2001 are based on 355 of the 377 respondents who were working for whom wage and benefit information was available. Rounding may cause slight discrepancies in calculating sums and differences.

to suffer a range of other employment barriers, so it is not clear whether lack of education or some other barrier was primarily responsible for their difficulties in the world of work.

Economic Circumstances and Material Hardship

- **Over time, the composition of respondents' total household income changed substantially.**

From 1998 to 2001, there was a large reduction in the percentage of families who received TANF, and there were significant increases in the percentage of households that had income from earnings, child support, and Supplemental Security Income (SSI). Although about one-third of the families were in households that received TANF in 2001, more than half were still getting food stamps and Medicaid.

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

Overall, average total monthly household income increased from \$1,203 in 1998 to \$1,683 in 2001 — corresponding to an average annualized income of \$20,196 in 2001 (not including the EIC, which added an estimated \$1,351 to the average household's income). The percentage of poor households consequently declined, from 74 percent of the sample in 1998 to 57 percent in 2001. Despite this decline, the vast majority of families were poor or near poor, and many shifted from being welfare poor to working poor.

- **The use of safety net programs decreased over time.**

Respondents' use of food stamps, Medicaid, and the Women, Infants, and Children (WIC) program declined over time, although there was no change in their use of subsidized housing and energy assistance. A majority of the families who were receiving food stamps and Medicaid were still receiving cash assistance, and about one-fourth of the families who were not receiving food stamps remained eligible for them. In July 2002, because of concern that eligible families were not receiving food stamps, Pennsylvania gave families who were leaving welfare five months' automatic eligibility for food stamps, but this policy change could not be captured in the 2001 Urban Change interviews.

- **Over time, respondents' assets increased, but so did their debt.**

More women in the study owned cars in 2001 than in 1998 (32 percent, compared with 21 percent), but a majority of the sample still had to rely on public transportation to get to and from work, resulting in long average commutes. Home ownership also increased (25 percent, compared with 16 percent), and more families had savings in excess of \$500 (10 percent, compared with 4 percent). Along with increased assets, however, came increased debt: 34 percent of

households owed more than \$2,000 in 2001 (not including car loans and mortgages), compared with 26 percent in 1998.

- **Despite overall economic improvements, there was little change in material hardship.**

Between 1998 and 2001, there was little change in a range of measures of respondents' material hardship, including food insecurity overall, having "worst-case" housing needs (spending more than 50 percent of household income on rent and utilities, without subsidy), having gas or electricity shut off in the prior year, doubling up with another family, or living in a crowded house. Likewise, health care coverage was largely unchanged. There were a few more promising signs, however. Hunger significantly declined (from 15 percent to 11 percent of the sample); respondents reported living in neighborhoods that were less dangerous and less violent; and there were significant declines in the proportion of respondents who were evicted in the past year and in the number who witnessed a violent crime in their neighborhood.

- **Despite improvements in income, material hardships remained high among these families.**

At the time of the 2001 interview, families were experiencing two hardships, on average, out of eight specific hardships considered. About four out of five respondents reported at least one hardship, and about a third of the women reported three hardships or more. About two out of five respondents reported food insecurity; three out of ten reported spending more than 50 percent of household income on rent and utilities; one out of three reported that they lived in a dangerous neighborhood in 2001; and about one out of five lacked health insurance in the year before both interviews.

In summary, data from this study indicate that, overall, there were improvements over time with regard to employment and the economic well-being of women in Philadelphia who had been welfare recipients in 1995. However, most of these women were in jobs that continued to leave them poor or near poor, and material hardship remained widespread.

Welfare Reform and Neighborhoods

As legislation to reform welfare took shape in Pennsylvania, questions were raised about the effects of reform in the state's largest city, especially in its low-income communities. On the one hand, critics conjectured that welfare reform would undercut the progress that was being made on such urban problems as housing deterioration, crime, and drug trafficking. Further, some anticipated that families who remained on welfare might become increasingly isolated in urban areas of greatest disadvantage. Proponents of welfare reform, on the other hand, expected positive spillover effects for communities. One point of view suggested that rising lev-

els of employment among welfare recipients could benefit neighborhood economies and institutions. This section summarizes findings from the Urban Change project's neighborhood indicators component, which asked: What were the conditions of Philadelphia's neighborhoods before and after welfare reform, and did poor neighborhoods get better or worse after reform?

The Residential Patterns of Welfare Recipients

- **In the early 1990s, families in Philadelphia who were receiving cash assistance were concentrated in a set of neighborhoods in a few parts of the city. Although welfare caseloads substantially declined after 1994, the concentration of welfare recipients remained high.**

Before welfare reform, many of Philadelphia's neighborhoods (defined as census tracts) had high concentrations of families receiving welfare cash assistance (Figure 5). The concentration of welfare recipients was most pronounced in Central and South Philadelphia and was more severe for African-American than for white welfare recipients. Because of residential patterns, most welfare families were geographically isolated from working-poor and middle-class families who were not on welfare. Despite the steady decline in the welfare caseload beginning in 1994, this picture did not change much by the end of the study period (Figure 6). Even though Philadelphia's caseload declined by nearly 50 percent, more than one in five residents in most of the poorest neighborhoods remained on welfare.

- **Although the number of welfare recipients in Philadelphia fell by about half during the study period, people who remained on the rolls were residentially segregated and socially isolated from nonrecipients.**

Pockets of welfare concentration have led to serious concerns about the isolation of Philadelphia's welfare poor and the resulting limitations on their opportunities. Commonly used indices of segregation, isolation, and concentration show that while falling caseloads have lowered the number and percentage of welfare recipients living in high-welfare tracts, recipients remained relatively segregated and isolated.

Neighborhood Conditions

The Urban Change project monitored aggregate social and economic indicators for high-welfare neighborhoods and the balance of Philadelphia to assess whether neighborhood conditions — especially undesirable conditions — had become more prevalent in particular neighborhoods since the implementation of welfare reform. Indicators were selected that were relevant to concerns about the potential effects of the reforms on children, families, and neighborhoods. Unlike the earlier discussion of the effects of welfare reform on welfare receipt and employment, this analysis is purely descriptive of trends from 1992 through 2000.

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Figure 5

Concentration of Welfare Recipients Before Welfare Reform,
by Census Tract

Philadelphia, 1992-1995



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

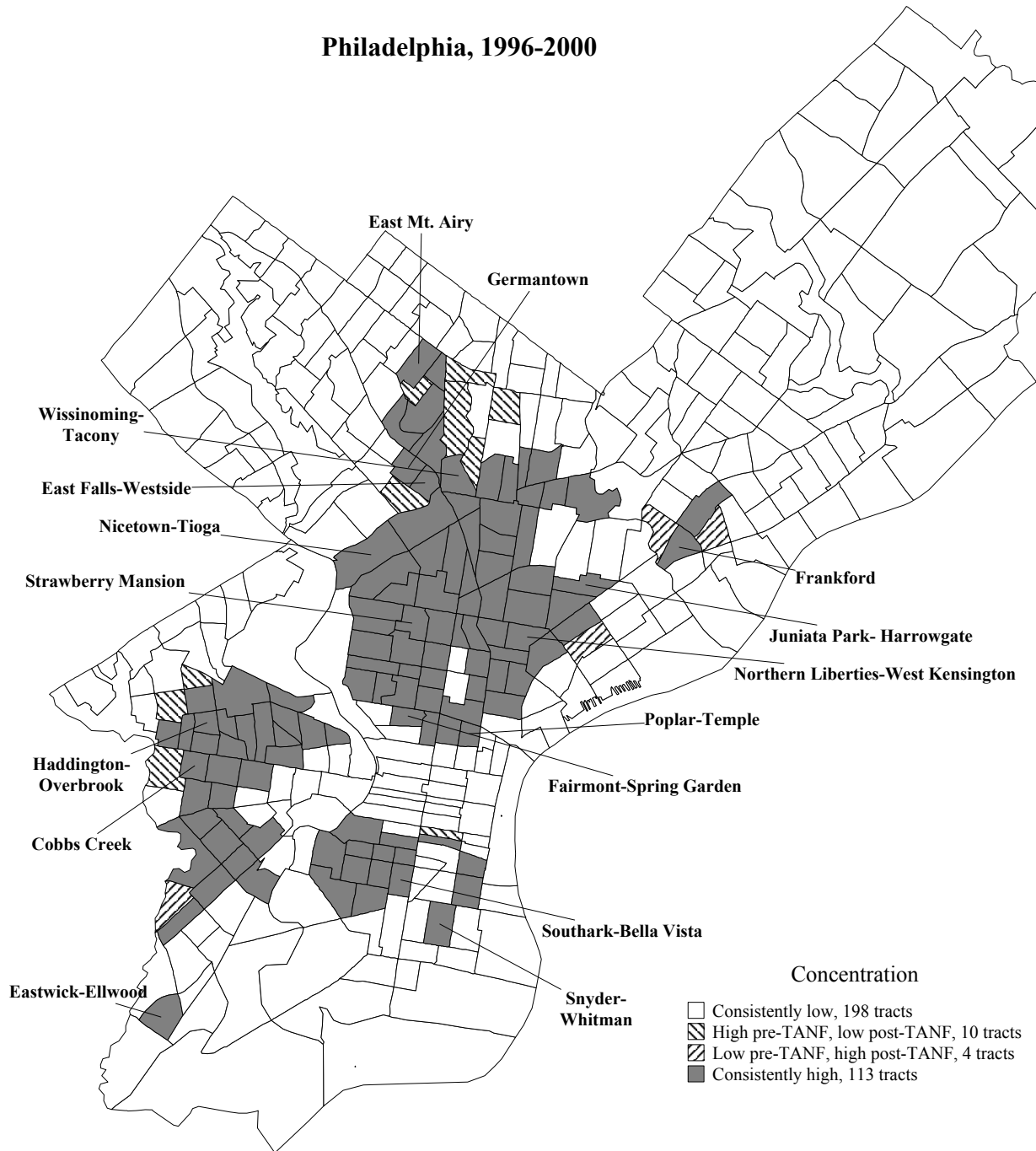
NOTE: High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

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Figure 6

Concentration of Welfare Recipients After Welfare Reform,
by Census Tract

Philadelphia, 1996-2000



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTE: High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

- **Over a nine-year tracking period, most indicators of neighborhood conditions improved. Since welfare reform was implemented, the indicators have not shown a pattern that is consistent with a negative change.**

Overall, social and economic conditions improved in Philadelphia’s high-welfare neighborhoods (Table 3). Similar to national trends, most of the city experienced decreases in teen childbearing, violent crime, homicides, property crime, and drug arrests, and those changes were more striking in high-welfare neighborhoods. In addition, more pregnant mothers in high-welfare neighborhoods received adequate prenatal care, and housing values increased somewhat

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Table 3

Summary of Trends in Neighborhood Conditions

Indicator	Trend from 1992 to 2000
<u>Birth trends</u>	
Teen births	Declines countywide and particularly in high-welfare neighborhoods
Nonmarital birth ratio	Slight increases countywide
Adequacy of prenatal care	Slight increases in high-welfare neighborhoods; slight declines in the balance of the county
<u>Child well-being</u>	
Child abuse and neglect	No change in high-welfare neighborhoods; increases in the balance of the county
<u>Crime</u>	
Violent crime	Declines countywide and particularly in high-welfare neighborhoods
Homicide	Declines countywide and particularly in high-welfare neighborhoods
Property crime	Declines countywide and particularly in high-welfare neighborhoods
Drug arrests	Declines countywide and particularly in high-welfare neighborhoods
<u>Economic factors</u>	
Median housing value	Slight increases countywide

citywide. Although the proportion of births that were out of wedlock increased over time, this reflected an absolute reduction in the number of out-of-wedlock births and an even greater reduction in the number of births to married women. Most of these changes predated welfare reform, however. It is consequently unclear what effect the reforms had, if any, on social conditions in poor neighborhoods.

- **Fewer of Philadelphia's neighborhoods were highly distressed at the end of the study period than at the beginning, and a smaller proportion of welfare recipients lived in highly distressed neighborhoods.**

The number of highly distressed census tracts declined by more than half during the study period. A neighborhood was considered highly distressed if it was more than twice as bad as the city median on four of five social and economic indicators. Throughout the 1990s, the percentage of welfare recipients living in these tracts also decreased, from 39 percent to 17 percent, suggesting that conditions were improving over time in the neighborhoods where welfare recipients lived. By the end of the decade, the few remaining distressed neighborhoods had substantial concentrations of site-based public housing.

- **Although the trends in high-welfare neighborhoods were generally stable or improving, the absolute levels of distress in such neighborhoods were consistently higher than in other neighborhoods.**

On every indicator examined, conditions in the city's poorest neighborhoods were less favorable than in other areas. For example, throughout the study period, teen birthrates in high-welfare neighborhoods were about twice as high as in the balance of the city, and the incidence of homicides at the end of the study period was nearly four times greater in high-welfare neighborhoods.

Welfare-to-Work Transitions and Neighborhood

The patterns of economic opportunities and social relationships within and across neighborhoods might promote or impede the employment and self-sufficiency goals of welfare reform. These possibilities raise the question whether employment outcomes for current or former cash assistance recipients differ by neighborhood.

- **Despite the clustering of welfare recipients in Philadelphia's disadvantaged neighborhoods, where they lived did not seem to affect whether current or former recipients went to work.**

Welfare recipients in the high-welfare neighborhoods of Philadelphia were just as likely as other recipients to combine work and welfare or to leave welfare for work. This suggests that recipients in high-welfare neighborhoods were not prevented from leaving welfare for work by

high crime rates, by high rates of teen births, or by the other adversities that are implied by the array of social and economic indicators described earlier.

Comparisons of Philadelphia and Cuyahoga County

As the following summary implies, changes in welfare receipt, employment, and families' economic well-being were larger in Cuyahoga County (Cleveland) than in Philadelphia during the period covered by this report, but TANF appears to have affected more welfare and employment outcomes in Philadelphia. The larger changes over time might reflect Cuyahoga County's greatly expanded welfare-to-work program, its stricter work requirement, or its more rigidly enforced time limit. Alternatively, the changes might have been smaller in Philadelphia because its economy was substantially worse than Cuyahoga County's, with slower economic growth and higher unemployment rates. Table 4 focuses on the two counties' implementation of welfare reform and compares the resulting outcomes for welfare recipients and their neighborhoods.

Welfare Reform Policies and Their Implementation

- **The essential features of welfare reform were similar in Cuyahoga County and Philadelphia.**

Both counties' welfare-to-work programs were transformed from de facto voluntary education and training programs to ones that tried to move welfare recipients quickly into work and that enforced work requirements with financial sanctions. In both places, the earned income disregard was expanded to encourage recipients to work. And, of course, welfare benefits were time-limited in both places.

- **Cuyahoga County ran a tougher welfare program than Philadelphia.**

Ohio Works First (OWF), the state's TANF program to replace AFDC, adopted one of the nation's shortest time limits on cash assistance — 36 months — and the time limit was enforced rigidly. Cuyahoga County also enforced a stricter work requirement than the one that was enforced in Philadelphia: From the time adult welfare recipients began receiving TANF, they were required to spend 30 hours per week either working or engaging in welfare-to-work activities. The percentage of adult recipients who participated in work-related activities in Cuyahoga County was generally higher than in Philadelphia.

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Table 4

Comparison of Welfare Reform and Welfare-Related Outcomes in Cuyahoga County (Ohio) and Philadelphia

Outcome	Cuyahoga County	Philadelphia
<u>Implementation</u>		
Policies	Three-year time limit, 30-hour work requirement, work-focused welfare-to-work program, expanded earned income disregard	Two-year work-trigger time limit, five-year lifetime time limit, work-focused welfare-to-work program, simplified and expanded earned income disregard
Implementation	Widespread organizational change; rigorous enforcement of time limits and work requirements	Initial use of independent job search; many extensions for families reaching time limits; subsidized work for families reaching two-year time limit
<u>Administrative records</u>		
Welfare exits	TANF increased the rate of exit, particularly for long-term recipients.	TANF increased exits of long-term recipients, especially after two-year time limit.
Welfare entry	TANF reduced movement from food stamps to cash assistance.	TANF increased recidivism, reduced movement from food stamps to cash assistance.
Employment	There is no evidence that TANF increased employment.	TANF increased employment, particularly unstable employment.
<u>Experiences of recipients</u>		
Economic outcomes	Earnings and income increased over time. In 2001, the average hourly wage was \$8.60.	Earnings and income increased over time but not as much as in Cuyahoga County. In 2001, the average hourly wage was \$8.90.
Material hardship	Material hardship remained high and largely unchanged over time.	Material hardship remained high and largely unchanged over time.
<u>Neighborhoods</u>		
Concentration and segregation of welfare recipients	Welfare recipients tended to live in a few neighborhoods; the number of high-welfare neighborhoods declined substantially over time.	Welfare recipients tended to live in a few neighborhoods, but the number of high-welfare neighborhoods remained steady over time.
Social indicators	Most improved over time, but drug arrests increased. High-welfare neighborhoods had much higher levels of distress than other neighborhoods.	Improved over time, especially in high-welfare neighborhoods. High-welfare neighborhoods had much higher levels of distress than other neighborhoods.

- **Cuyahoga County radically transformed its welfare operations.**

In implementing reform, Cuyahoga County split its former welfare agency into two parts, one to work exclusively with people receiving cash assistance and the other to serve everyone else — senior citizens, the disabled, and the working poor. To rid the old agency of its impersonal, bureaucratic image and to do a better job of connecting clients to jobs and other resources, the single downtown welfare office that existed prior to reform was decentralized late in 1998 to 11 neighborhood family service centers. In addition, the county implemented a new case management model that combined income maintenance and employment functions, and a special division was created to focus on time-limited cases.

- **Cuyahoga County placed a strong emphasis on trying to divert welfare applicants from going on cash assistance.**

Cuyahoga County's Self-Sufficiency Coaches (case managers) met with welfare applicants to try to understand why they needed cash assistance and to offer alternatives, including food stamps, Medicaid, and child care assistance. Starting in late 1999, the county began offering grants of up to \$3,000 in a 12-month period to keep families from going on cash assistance, to help them find work, and to meet emergency needs.

- **Cuyahoga County rigidly enforced its 36-month time limit.**

The 36-month time limit began to be enforced in Cuyahoga County in October 2000. Within the next 12 months, approximately 4,000 families who had used up their months of cash assistance were cut off. Before cash assistance was terminated, families were called in for a pre-time-limit interview to make sure that they understood that their cash benefits were about to end, to determine whether they had a realistic plan to replace OWF income, and to ensure that they continued to receive noncash benefits for which they were eligible — namely, food stamps, Medicaid, and child care. Clients who needed employment were referred to job developers and other employment resources.

- **Clients had similar experiences in the two counties.**

Despite differences in the way reform was implemented in the two counties, clients had similar experiences in many respects. As in Philadelphia, welfare recipients in Cuyahoga County were sometimes confused about the details of welfare reform, especially whether they could receive food stamps and Medicaid if they stopped receiving cash assistance. Also as in Philadelphia, recipients had mixed feelings about welfare staff. Many thought that their case managers pushed them to get jobs even before they felt ready and that case managers just wanted to enforce the rules. Compared with recipients in Philadelphia, clients in Cuyahoga County had greater understanding of time limits but less understanding of earnings disregards. What they knew might have been affected by the simplicity of policies and messages. Although

the earnings disregard in Philadelphia was made simpler than the policy in Cuyahoga County, there was only one time limit to explain in Ohio, compared with both work-trigger and lifetime limits in Pennsylvania.

Effects of Welfare Reform on Welfare Receipt and Employment

- **The overall trend in welfare and employment outcomes was similar in Cuyahoga County and Philadelphia.**

In both places, welfare recipients were more likely to leave welfare quickly at the end of the study period than earlier, were more likely to work at the end of the period, and were less likely to begin receiving welfare or to return to the rolls at the end of the period. These changes generally happened at a slower pace in Philadelphia than in Cuyahoga County.

- **The estimated effects of TANF on welfare receipt were similar in Cuyahoga County and Philadelphia in the pre-time-limit period, but only in Philadelphia did TANF appear to increase employment.**

In both places, TANF appeared to increase the rate at which long-term recipients left the rolls, and TANF appeared to reduce the likelihood that people would move from food stamps to cash assistance. In Philadelphia, however, TANF was associated with an increase in recidivism and an increase in employment — results not found in Cuyahoga County. Longer follow-up is needed in both counties to examine the effects of welfare time limits.

The Experiences of Welfare Recipients

- **Although economic outcomes improved over time for survey respondents in both places, the changes were greater in Cuyahoga County.**

Compared with survey respondents in 1998, respondents in 2001 in both counties were more likely to be working and to earn more, were less likely to receive cash assistance, had more overall income, and were less likely to be poor. However, changes in these outcomes were greater in Cuyahoga County than in Philadelphia. For example, the proportion of women who were working increased from 38 percent to 67 percent in Cuyahoga County and increased from 28 percent to 49 percent in Philadelphia. Likewise, 32 percent of the women in Philadelphia were still on welfare in 2001, compared with only 12 percent in Cuyahoga County.

- **Although most of the jobs that survey respondents in both counties obtained were low-paying, the jobs were better, on average, in Philadelphia than in Cuyahoga County.**

Among survey respondents who worked, average hourly wages were higher in Philadelphia than in Cuyahoga County (\$9.12, compared with \$8.68 in 2001); and Philadelphia workers were more likely to have jobs that paid \$7.50 or more per hour, were full time, and included fringe benefits (38 percent, compared with 32 percent in 2001). These findings might reflect Philadelphia's generally higher wage levels, or they could suggest that Cuyahoga County's stricter work requirements and richer job search services helped a more disadvantaged group of women find work than in Philadelphia.

- **The average number of barriers to employment was similar in Philadelphia and Cuyahoga County, but welfare recipients in Philadelphia were more likely to have severe barriers.**

From a list of 13 barriers to employment, survey respondents in both places indicated having about 2.5 barriers in 2001. But respondents in Philadelphia were more likely to have such severe barriers as being at high risk of depression (32 percent, compared with 23 percent), having a health problem that limited work (28 percent, compared with 20 percent), and not having access to a car (75 percent, compared with 48 percent). Each of these barriers was much more prevalent among women who were not working, and they might help explain why Philadelphia's survey respondents were less likely to work.

- **The use of safety net programs dropped more in Philadelphia than in Cuyahoga County.**

In both places, families were less likely to receive food stamps in 2001 than in 1998, but the drop-off was larger in Philadelphia, especially among families who stopped receiving cash assistance. While Medicaid receipt held steady over time in Cuyahoga County, it dropped substantially in Philadelphia. In both counties, many families who were no longer receiving these forms of benefits remained eligible for them. These differences might reflect Cuyahoga County's greater emphasis on ensuring that families leaving welfare continued to receive other benefits.

Welfare Reform and Neighborhoods

- **In both Cuyahoga County and Philadelphia, welfare recipients were isolated socially and were concentrated in certain neighborhoods, but the number of high-welfare neighborhoods decreased substantially in Cuyahoga County.**

In both counties, welfare recipients were relatively segregated and isolated in the metropolitan area at both the beginning and the end of the study period. The primary difference between the two counties was that the number of "welfare-dependent" neighborhoods decreased

by over 50 percent in Cuyahoga County, whereas most Philadelphia neighborhoods that were high welfare in 1992 continued to be high welfare in 1999.

- **Trends in both counties' social and economic indicators were similar. The one notable exception was in drug arrests, which declined precipitously in Philadelphia but increased over time in high-welfare neighborhoods in Cuyahoga County.**

In both counties, social and economic indicators generally improved: Teen births declined; the adequacy of prenatal care improved; violent crime declined; and housing values improved. In Cuyahoga County, however, drug arrests increased over time, whereas they declined in Philadelphia, particularly in high-welfare neighborhoods. In both counties, however, changes in these indicators occurred both before and after welfare reform, and there is little evidence to suggest that welfare reform affected them.

Conclusions and Policy Implications

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

The Urban Change project can now draw on evidence from two places — Philadelphia and Cuyahoga County — to assess whether these expectations of big change have come to pass. Although the experiences of the two counties differ in their details, both stories fall somewhere between the two extremes. As supporters of welfare reform predicted, the counties were innovative, and economic and social conditions generally improved. Both counties improved their employment-related benefits and services. Caseloads declined; many recipients went to work; and welfare reform policies appear to be at least partly responsible for these changes. The employment and economic situations of low-income women who had a history of welfare receipt and who lived in the poorest neighborhoods generally improved over time: Their average weekly earnings increased; they were less likely to be poor; and they acquired more assets (along with more debts). Likewise, most measures of social conditions improved in both counties as a whole and, in particular, in their low-income neighborhoods. The various procedures and ser-

vices that the counties put in place to help parents who were having difficulty finding jobs — and the safety net that was extended for families reaching lifetime limits on benefits — seemed to avoid immediate harm.

Despite the good news, there are three main reasons to refrain from declaring victory for welfare reform. First, welfare rolls were going down and employment was rising among recent recipients in both Philadelphia and Cleveland before TANF was implemented, suggesting that other factors — such as the strong economy — played an important role in these changes. Second, it is unclear how welfare reform will play out in a weaker economy. Even with the extraordinarily good conditions captured in this study, most former recipients ended up in low-paying jobs with few or no benefits, and some central-city neighborhoods remain highly distressed. Third, the time-limit policy — the feature that has most worried the critics of reform — was implemented at or near the end of studies in both counties, and it is still too early to know whether, in the long run, time limits will lead to positive or negative effects on low-income families and neighborhoods.

What lessons are policymakers to draw, and how does Philadelphia's experience contribute to those lessons? The answers depend largely on the goals that policymakers want welfare reform to achieve. Within the parameters set by the 1996 welfare reform, the following key observations and recommendations can be made.

- **A stricter welfare-to-work program might have generated larger and more sustained effects on employment and welfare use.**

Although Philadelphia's welfare caseloads declined during the study period and many recipients went to work, these changes were not as great as in other cities, such as Cleveland. Survey respondents showed smaller changes in employment and welfare use than in other places, and administrative records show only modest evidence that the 1996 reforms encouraged welfare recipients to leave the rolls. The approach in Philadelphia might be part of the reason for the relatively small changes. The city started further behind most other places because it began with fewer services, and although it made extensive changes to its program, it continued to lag behind other places. In Philadelphia, most welfare recipients had to look for work on their own; the minimum amount of time a recipient had to engage in activities during the first two years on the rolls was not specified; and sanctions were at first rarely used to enforce participation requirements. Other places have enforced stricter work requirements and have provided more help in finding work, and other studies have confirmed the importance of such help and requirements in creating change. The approach used in Philadelphia may have contributed to the difficulty that many women had in finding steady work and to their increased likelihood of returning to the welfare rolls. As discussed below, however, Philadelphia's relatively weak economy undoubtedly also played a role in these outcomes.

- **The nation's growing economy has played a central role in reducing caseloads and increasing employment. The importance of economic factors should not be overlooked.**

In both Philadelphia and Cuyahoga County, a growing economy during the study period made it relatively easy for welfare recipients to find work and leave the rolls. It also reinforced the logic of such program strategies as job search, designed to move welfare recipients into the labor market quickly. The significance of the economy as a determining factor might also partly explain the above-mentioned differences in outcomes between the two counties: Although welfare recipients in both places became, over time, more likely to work and less likely to receive welfare, those changes were less striking in Philadelphia than in Cuyahoga County. This might reflect the fact that Philadelphia's economy grew relatively slowly during the 1990s and still suffered from very high unemployment even at the end of the decade. Moreover, even with a growing economy, Philadelphia found it necessary to help recipients who have had difficulty finding jobs, by providing subsidized work and training. In a softer economy, these more intensive activities may be required to help welfare recipients (and agencies) meet federal and state participation requirements and to improve the ability of recipients to compete for jobs. A softer labor market would also likely increase the demand for cash benefits and other services (from families who have reached the time limit), and it remains to be seen how many families Pennsylvania will be able to accommodate through its Extended TANF program. It is important to note, however, that caseloads in Philadelphia have not increased during the early years of the recent national economic downturn.

- **Fixed funding under the TANF block grant, combined with reduced caseloads, helped expand services in both Philadelphia and Cuyahoga County. This makes a case for maintaining the current size and structure of the block grant.**

As mentioned above, the welfare-to-work program in Philadelphia was not as rich in services as the programs in some other places, because Philadelphia started out with fewer services in 1996. Nevertheless, state officials and welfare administrators responded to greater requirements under TANF by expanding their welfare-to-work efforts and improving service delivery. Their achievements include the creation of a new unit for welfare-to-work staff and the concentration of resources in that unit; a large increase in the percentage of welfare recipients enrolled in welfare-to-work activities; the expansion and simplification of the earned income disregard to help ensure an increase in the income of recipients going to work; the development of one of the country's largest subsidized work programs; and the widespread use of extensions for families who reached the five-year lifetime limit on welfare receipt. In expanding and increasing the funding for welfare-to-work services, and in focusing those services on employment, Philadelphia's experience was similar to Cuyahoga County's. On balance, the level of

services offered to welfare recipients and low-income working families in both counties went up, not down. It seems unlikely that this would have occurred without the added resources per recipient that were available because of the block grant system — or without the urgency the legislation provided for helping welfare recipients go to work.

- **Policymakers should strive to develop simple policies that can be easily explained and understood.**

Pennsylvania's simplified and expanded earned income disregard policy was widely understood by recipients, even though welfare staff did not stress this policy. Ohio's expanded earned income disregard was not as simple, and fewer recipients understood it. By contrast, recipients in Philadelphia were quite confused about the difference between the two-year work-trigger time limit and the five-year lifetime limit, whereas welfare staff in Cuyahoga County conveyed a very clear message about the county's one-time limit, and that message was heard loud and clear. These comparisons can be instructive: They suggest that although it can be tempting to devise complicated policies in order to attempt to subtly influence behavior, simpler policies might be more likely to have the desired effects.

- **Expanded earned income disregard policies can provide economic support to families who combine work and welfare, without putting them at risk of hitting welfare time limits.**

Pennsylvania's new earned income disregard policy provides a financial incentive for welfare recipients to go to work, and its simplicity makes it easy to understand and use. In the short run, this is a win-win situation: Recipients who work gain valuable experience and increase their monthly income, and the welfare agency gets to count such employment toward its welfare-to-work participation rate. However, enhanced earnings disregards often have an unintended consequence. By making it easier for recipients to stay on the rolls when they work, enhanced earnings disregards encourage recipients to use up months of assistance that they might need later if they lose a job or other source of income. Pennsylvania recognized this potential problem by instituting a program in 2000 that uses state funds to stop the clock for up to one year for certain recipients, such as single parents who work 30 hours or more per week. Likewise, Pennsylvania uses state funds to extend benefits to families who reach the 60-month lifetime limit. Other states might want to consider similar policies. To pay for these benefits — which would be smaller than regular welfare payments — states could take advantage of TANF's nonassistance provision by using state maintenance-of-effort dollars. In this way, benefits would not count toward the federal time limit on receipt of TANF. Research in several

states suggests that providing financial incentives to welfare recipients who go to work can increase employment, reduce poverty, and improve family and child outcomes.²

- **Many welfare recipients in Philadelphia took low-wage jobs without fringe benefits, increasing the importance of such benefits as the Earned Income Credit (EIC), food stamps, and Medicaid. More education and outreach might be needed to ensure that families are aware of these programs and receive benefits for which they qualify.**

Despite Philadelphia's growing economy, the survey found that many women worked in jobs that paid low wages and lacked health insurance. In addition, some of the women in the survey and ethnographic samples indicated that they did not fully understand which benefits they could receive if they took jobs and stopped receiving cash assistance, and some women in the ethnographic sample indicated that staff did not always allow them to take advantage of the benefits to which they were entitled. Perhaps as a result of this confusion, many women who took jobs and left welfare also stopped receiving food stamps and Medicaid, even though they continued to be eligible. This may help explain why many of the women reported food insecurity, even though they were working. Welfare staff and social service providers may need to make more concerted efforts to explain the economic supports and benefits that are available to low-income working families — and to emphasize that these benefits are not time-limited. They might also place greater emphasis on explaining the EIC, including how to ask employers to get a portion of the EIC advanced in one's paycheck. Pennsylvania is already making an effort: In 2002 — after the period covered in this report — the state automatically provided five months of food stamp benefits to families leaving cash assistance. It remains to be seen how successful such efforts will be.

- **Helping former welfare recipients stabilize their employment and gain access to better jobs may require specialized skill-building programs designed for working parents.**

Although working women in both Philadelphia and Cuyahoga County earned higher hourly wages over time, most still earned too little to lift their families far out of poverty. Transitional benefits provide crucial assistance to welfare recipients who go to work, but the long-term solution to lifting families out of poverty and encouraging self-sufficiency is to help them acquire better jobs. While some advancement may come with greater work experience, many former welfare recipients might need to upgrade their skills in order to land jobs with higher pay and benefits. Education and training providers might consider developing part-time or short-

²See, for example, Pamela Morris, Virginia Knox, and Lisa Gennetian, *Welfare Policies Matter for Children and Youth: Lessons for TANF Reauthorization* (New York: MDRC, 2002).

term programs specifically for low-income working adults, preferably in the evenings or on weekends. Welfare agencies can set aside funds to help former recipients who enroll in training programs to access child care, transportation assistance, and financial help with books and supplies. Employers can support workers' career advancement through in-house training, tuition reimbursement programs, and flexible work schedules.

- **Conditions in Philadelphia's poorest neighborhoods improved overall during the 1990s, but many neighborhoods remain highly distressed. Revitalizing these communities will likely require investments well beyond what the welfare system can provide — as well as the involvement of other public and private sector partners.**

On a number of social and economic indicators, Philadelphia's poorest neighborhoods improved during the 1990s. Nevertheless, the population who remain on welfare continue to be isolated geographically and to live in distressed neighborhoods. Addressing such inequalities may require a two-pronged approach, on the one hand promoting the revitalization of poor neighborhoods and, on the other hand, adopting transportation and subsidized housing policies that will make it easier for low-income families to move freely throughout the metropolitan area, where they can have equal access to opportunities.

TANF has moved the country and urban areas like Philadelphia toward a view of public assistance as a temporary hand up rather than a permanent handout, especially during the recent period of national economic prosperity. But a great deal of work remains to accomplish the more difficult goals of increasing income, reducing poverty, and in general improving the lives of poor people and the conditions of the neighborhoods in which they live.

Chapter 1

Introduction

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

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

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

Philadelphia is one of four metropolitan areas included in this multifaceted study. Three other counties — Cuyahoga County (Cleveland), Los Angeles, and Miami-Dade — are being studied in conjunction and have been or will be subjects of other Urban Change reports.

The Philadelphia study took place within a specific place and time and, in some ways, represents both the best of times and the most challenging of places for welfare reform. On the one hand, the study period of 1992 through 2002 was primarily a time of prolonged economic expansion and unprecedented decline in unemployment, both nationally and locally. In the latter

1990s, an influx of TANF funds also allowed welfare agencies to massively expand their employment training and related services. Finally, most of the information gathered for this study concerns the period before any families reached TANF’s five-year lifetime limit on federal welfare receipt. The study thus captures the most promising context for welfare reform — one of high labor demand and fully funded programs to support families in the process of moving from welfare to work. On the other hand, the study focuses on populations who are most vulnerable and places where it might be most difficult to move families from welfare to work before they exhaust their time limits. In Philadelphia, the study examines people and conditions in the poorest neighborhoods, where implementing welfare reform might have faced the most severe barriers.

The Policy Context

This nation has been reforming welfare for almost as long as there has been a welfare program. Policymakers have struggled to find ways to cover children’s basic needs without encouraging families to depend on public benefits. PRWORA can be viewed as a “fix” for problems that previous reforms failed to bring under control. It was a response in part to the sharp rise in caseloads that occurred in the early 1990s, although caseloads had already started to decline by the time PRWORA was passed (Figure 1.1).¹

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

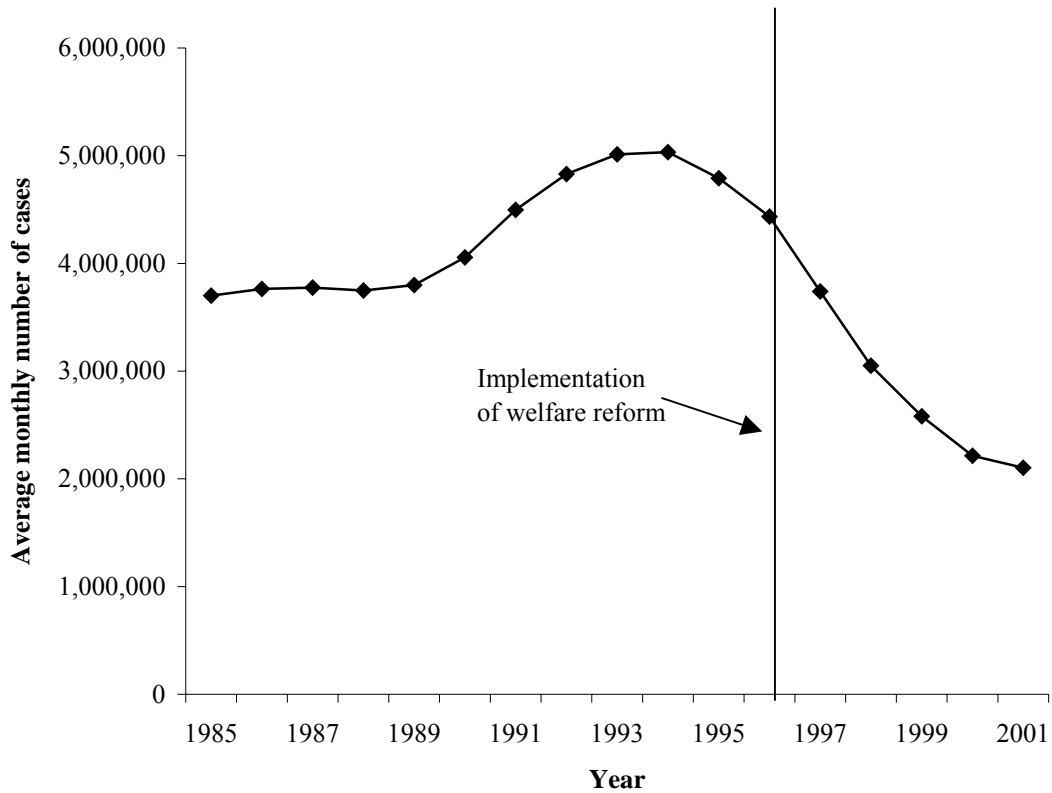
Under AFDC, states received open-ended federal funding to pay benefits, at “matching” rates that were inversely related to the states’ per capita income. States were required to pay a percentage of benefit costs (ranging from 22 percent to 50 percent in 1996) as well as 50 percent of administrative costs. Federal funding for AFDC came with many strings attached. Uniform federal regulations determined, for example, who was eligible for assistance, how income and resources were treated, what basic services and activities were available to participants in welfare-to-work program, and which families qualified for assistance under the AFDC-Unemployed Parent (AFDC-UP) program. States could deviate from the regulations only if they received special waivers. In the years immediately preceding the passage of PRWORA, the

¹The remainder of this section is adapted from Quint et al. (1999).

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Figure 1.1

National AFDC/TANF Caseload Trends, 1985-2001



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

U.S. Department of Health and Human Services (DHHS) granted waivers to 43 states so that they could experiment with new policies and programs for welfare recipients.

PRWORA consolidated and dramatically extended the decisionmaking power that the federal government had given to states under AFDC waivers. Many of the policies being implemented under PRWORA — including time limits — had previously been implemented under waivers. States generally implemented changes in a limited number of areas under their

waivers, however. PRWORA allows them to implement much bigger reforms and to change everything at once.

PRWORA entitles states to receive federal block grants in a lump sum amount in federal fiscal years 1997 through 2002.² Each state is eligible to receive an amount that depends on its pre-TANF spending for AFDC benefits and administration, the Job Opportunities and Basic Skills Training (JOBS) program, and Emergency Assistance. PRWORA's maintenance-of-effort provisions require states to spend at least 80 percent of their former spending level (or 75 percent, if the state meets the federal work participation rates, discussed below).

Together, the federal block grants and the state maintenance-of-effort funds, combined with falling caseloads, meant that most states had unprecedented amounts of money to spend on behalf of poor people and unprecedented freedom in deciding how to spend it. Thus, states could freely allocate their TANF block grants between cash benefits and services. They could set eligibility standards and work program requirements within broad federal parameters.³ They could also determine how much of recipients' earnings to disregard in calculating benefit amounts; establish diversion programs to keep families from going on aid; institute "family caps" that eliminate or curtail grant increases for additional children born to mothers on welfare; require participation in substance abuse treatment; and impose sanctions (that is, financial penalties) on recipients who lacked "good cause" for noncompliance.

The federal government can now control states only by reducing TANF funds for states that use their block grants to pay the welfare benefits of families who have exceeded their time limits, have failed to meet work program participation requirements established in PRWORA, or otherwise have not abided by regulations. States can spend their maintenance-of-effort funds with few constraints, but they are required to fund a broad range of services that are "reasonably calculated" to accomplish the purposes of the block grants and to assist families with children who are income-eligible for TANF (including those who would be eligible if they had not exceeded their time limits). If states choose, they can use maintenance-of-effort funds to pay benefits for families who have been on the rolls longer than five years. Two important issues, then, are how states implemented PRWORA and how those changes affected the welfare-reliant population.

²The five-year federal time limit for recipients already on the rolls started on the date that the states implemented their block grant program.

³For example, while federal legislation does not allow states to use TANF funds to support households without a minor child, states may set more narrow eligibility criteria. Similarly, while the federal law requires work participation of adult recipients whose youngest child is age 1 or older, states may require participation of adults whose youngest child is less than 1 year old.

The Urban Context of Welfare Reform

However welfare reform plays out, the fate of recipients living in large urban areas will be critical in determining the impact of the new policies. In recent decades, poverty and other social problems have become increasingly concentrated in central cities.⁴ If the new approach triggers dramatic changes in public assistance programs, residents of large urban areas will feel the impacts — positive or negative — in greatest numbers.

Big cities and counties face a challenge because poverty and welfare receipt are concentrated within their borders. This concentration has been exacerbated over the last several years as urban county caseloads have fallen more slowly than the national caseload. A recent study of 89 large cities and urban counties found that they contained 32.6 percent of the U.S. population but that their share of the national welfare caseload increased from 47.5 percent in 1994 to 58.1 percent in 1999.⁵ Philadelphia is no exception to this trend. With only 12 percent of Pennsylvania's population, its share of the state's welfare caseload increased from approximately 38 percent in 1993 to 49 percent in 2001.

Big cities face special challenges because of recipients' characteristics. Immigrants — whose access to benefits has been curtailed under PRWORA — are much more likely to live in big cities than in rural areas. Long-term welfare recipients are also disproportionately concentrated in big cities. Long-term recipients have had the least success in securing employment or otherwise getting off welfare, and they are the most likely to be affected by PRWORA's participation requirements and time limits.

The economic environment also poses a special challenge for big cities. Even in the healthy U.S. economy of the late 1990s, the majority of job growth occurred in the suburbs rather than in the central cities, and cities suffered from higher rates of unemployment than their surrounding areas. In many urban areas, employment prospects for workers with little education either declined sharply or failed to keep pace with employment for better-educated workers.⁶ One study found that unemployment in 20 cities has been especially high for groups that are most likely to turn to welfare.⁷ For example, more than one-fifth of African-American women with less than a high school diploma were unemployed between 1994 and 1996, and more than one-third were underemployed (a category that includes those working part time who want to work full time; those who want to work but are discouraged by their inability to find jobs; and those who are neither working nor seeking employment but who want to work and have looked for a job in the prior 12 months).

⁴Jargowsky, 1997.

⁵Allen and Kirby, 2000.

⁶Kasarda, 1993.

⁷Bernstein, 1997.

Many inner-city residents might find work and leave welfare only if they can secure suburban jobs, but they might have difficulty finding these jobs because of space and race. According to recent employer surveys in Chicago, Cleveland, Milwaukee, and Los Angeles, the majority of job openings for which welfare recipients were qualified were in suburban firms that had little experience in employing African-American workers and were located far from public transit stops.⁸ Although the surveys indicated that most job openings were in the suburbs, most recently hired welfare recipients worked for inner-city employers. Welfare recipients might be able to obtain the more plentiful suburban jobs only if adequate public transit systems or transportation assistance are in place and if the agencies charged with helping them find jobs tell them about suburban job opportunities and help them overcome racial discrimination. This kind of help may be especially important for inner-city welfare recipients, whose social networks are less likely to include stably employed neighbors who can act as informal sources of job referrals.⁹

Finally, big-city welfare agencies often have large caseloads, are constrained by union or civil service rules, and have aging physical plants. Perhaps for these reasons, some states exempted large urban areas when they implemented pre-TANF waivers.¹⁰ Rightly or wrongly, big-city welfare departments are often perceived as bureaucratic institutions that are resistant to change.

Despite these challenges, metropolitan America is not monolithic. Recent studies have shown that the opportunities and barriers for welfare recipients depend on local labor markets,¹¹ transportation routes,¹² and the characteristics of the population and housing.¹³ Moreover, devolution means that different cities might implement welfare reform in different ways. Studies like Urban Change that focus on a few places can be sensitive to when and how new policies are implemented. This report on Philadelphia and reports on the other Urban Change counties provide a view of how local decisions and urban context have affected welfare reform implementation and results.

Economic and Social Trends in the Philadelphia Metropolitan Area

Before drawing inferences from a study that focuses on one metropolitan area, some appreciation of Philadelphia's distinct urban context is required. This section provides that context, and it indicates that the city faces many demographic and economic challenges.

⁸Holzer, 1999; Holzer and Stoll, 2000.

⁹Wilson, 1996.

¹⁰Allen and Kirby, 2000, p. 16.

¹¹Holzer and Danziger, 2001.

¹²Holzer and Stoll, 2000.

¹³Coulton, Leete, and Bania, 1999.

Philadelphia's Population

Five hundred forty-eight feet above City Hall, at Broad and Market Streets in the center of the city, stands a 27-ton, 37-foot bronze statue of William Penn. Penn and a group of fellow Quakers founded the city in 1681 and wished it to be the "City of Brotherly Love," a "greene Country Towne, which will never be burnt, and allways be wholesome." Penn built the city as a refuge of religious tolerance for persecuted Quakers.¹⁴

What began as a religious experiment soon became the second-largest city in the colonies. In 1790, the first official U.S. census counted nearly 30,000 Philadelphians. Ten years later, the population had nearly doubled, and it did so again by 1850. European immigration and African-American migration from the South continued Philadelphia's growth, and the city's population peaked at 2.1 million in 1950. Following World War II, however, large numbers of residents moved to the suburbs, encouraged by federal highway construction, income tax policy, and generous financing for suburban residential construction.

The migration of Philadelphia's residents to the suburbs is reflected in Table 1.1, which compares recent demographic and economic trends for Philadelphia and the 14 counties of the consolidated metropolitan statistical area (CMSA). Between 1970 and 2000, the population of the CMSA grew by 9 percent, while the population of Philadelphia declined by 22 percent. The proportion of metropolitan residents who were Philadelphians declined from over a third in 1970 to less than a quarter in 2000.

Ethnically, Philadelphia became more diverse after World War II. Black Philadelphians now are nearly equal in number to the white population. The city is home to a relatively small but increasing number of Hispanic residents and foreign-born residents primarily from the Soviet Union, Vietnam, China, India, Jamaica, Poland, Korea, the Philippines, the Dominican Republic, and Albania. As in other older metropolitan areas, immigrants have helped revitalize Philadelphia's urban culture, cuisine, and commerce by repopulating neighborhoods, renovating houses, and replenishing the tax base. Relative to other large metropolitan areas, however, Philadelphia has few foreign-born residents. Among the largest 23 cities in 1989, Philadelphia ranked eighteenth in the number of arriving immigrants and twenty-second in the percentage of the population who are foreign-born.¹⁵

¹⁴Weigley, 1982, p. 1.

¹⁵Madden and Stull, 1991, p. 18.

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Table 1.1

Demographic and Economic Trends, Philadelphia Metropolitan Area

Trend	1970	1980	1990	2000
Population				
Philadelphia	1,948,609	1,688,210	1,585,577	1,517,550
CMSA	5,673,378	5,649,290	5,892,937	6,188,463
Percentage of CMSA population in central city (%)	34.3	29.9	26.9	24.5
Poverty rate (%)				
Philadelphia	15.1	20.2	19.8	22.2
CMSA	9.9	11.6	9.9	10.6
Percentage who are African-American (%)				
Philadelphia	33.6	37.8	39.9	43.2
CMSA	16.9	18.0	18.4	19.6
Percentage who are Hispanic (%)				
Philadelphia	1.4	2.0	5.3	8.5
CMSA	1.0	2.6	3.6	5.6
Percentage who are foreign-born (%)				
Philadelphia	6.5	6.4	6.6	9.0
CMSA	4.9	5.0	5.0	7.0
Total employment				
Philadelphia	763,520	587,699	657,389	585,353
CMSA	2,201,649	2,286,503	2,735,398	2,875,123
Percentage employed in manufacturing (%)				
Philadelphia	28.2	22.2	13.5	8.8
CMSA	30.6	24.9	17.1	11.7

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

NOTES: The Philadelphia CMSA includes fourteen counties. The five counties in Pennsylvania are Bucks, Chester, Delaware, Montgomery, and Philadelphia. The seven counties in New Jersey are Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem. The county in Maryland is Cecil, and the county in Delaware is New Castle.

Philadelphia's Economy

Philadelphia's economic history mirrors the city's early population growth and more recent decline. Early in the nineteenth century, the city lost most of its sea trade to New York City, but enterprising Philadelphians turned the city into the leading industrial city in America.¹⁶ By the twentieth century, Philadelphia was the largest producer of textiles in the world, and it was a leading producer of machine tools and hardware, shoes and boots, paper and printing, iron and steel, lumber and wood chemicals, glass furniture, and shipbuilding as well as a host of other products. In 1909, the city limits contained 211 of the 264 classes of industry determined by the Bureau of the Census.¹⁷

In 1950, the industrial workforce made up 46 percent of the city's laboring populace,¹⁸ but industry in Philadelphia declined thereafter. Streets considered straight and wide for horses and carriages proved too narrow and congested for trucking. The city's loft-style manufacturing plants could not compete with the new, sprawling, single-story plants of the suburbs and Sunbelt.

As shown in Table 1.1, the proportion of jobs in manufacturing declined between 1970 and 2000 from 31 percent to 12 percent in the CMSA and from 28 percent to 9 percent in Philadelphia. Less-educated workers were especially hurt by the industrial decline in northern cities like Philadelphia, where manufacturing jobs are highly unionized and have fewer formal education requirements than the service jobs that have replaced them.¹⁹

Although Philadelphia lost more manufacturing employment during the 1970s and 1980s than most large metropolitan areas, manufacturing industries such as high technology, printing and publishing, construction materials, and machinery have grown faster in Philadelphia than in the nation.²⁰ Nevertheless, the fastest-growing employment sector in Philadelphia, as in most metropolitan areas, is producer services, especially insurance and legal services. Also strong are health care services, which employ one out of ten workers in the Philadelphia metropolitan area.²¹ Unlike the stereotypical service jobs — which are often perceived to offer low wages, benefits, and hours — health service workers are less likely than their counterparts in other service industries to earn persistently low wages.²²

In addition to losing industrial jobs, Philadelphia lost jobs to the suburbs. While total employment in the CMSA grew by 31 percent, total employment in Philadelphia declined by 23 percent (Table 1.1). Although regional unemployment rates declined precipitously from 1990 to 2000, Philadelphia's unemployment rate was consistently higher than that of the CMSA (Figure

¹⁶Warner, 1981.

¹⁷Adams, 1997.

¹⁸Licht, 1992, p. 12.

¹⁹Jargowsky, 1997.

²⁰Stull and Madden, 1990.

²¹Stull and Madden, 1990.

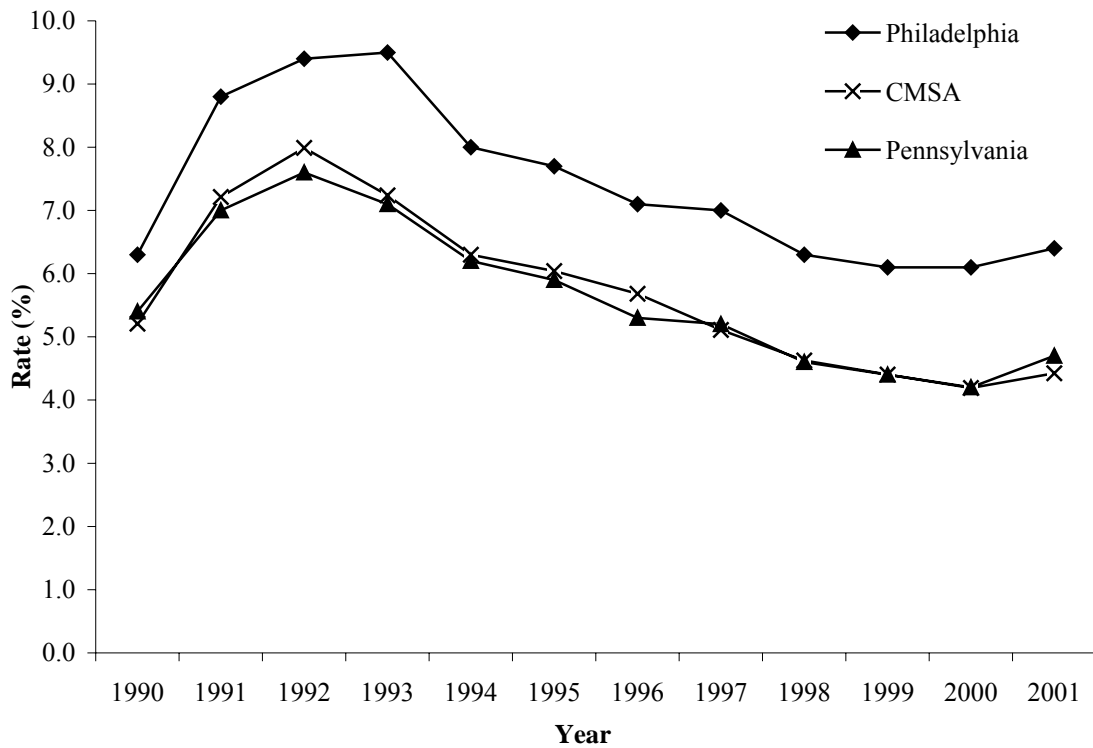
²²Holzer, Lane, and Anderson, 2002.

1.2). The Delaware Valley Regional Planning Commission has predicted concentrated job growth in seven primary centers of the metropolitan area, but the majority of job growth is expected to occur in four suburban areas²³ that are 30 to 90 minutes away from where most welfare recipients live.

The Project on Devolution and Urban Change

Figure 1.2

Unemployment Rates in Greater Philadelphia and Pennsylvania



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, 2002.

NOTES: The Philadelphia CMSA includes fourteen counties. The five counties in Pennsylvania are Bucks, Chester, Delaware, Montgomery, and Philadelphia. The seven counties in New Jersey are Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem. The county in Maryland is Cecil, and the county in Delaware is New Castle.

²³Delaware Valley Regional Planning Commission, 2003.

Philadelphia on the Eve of Welfare Reform

By the time President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, public assistance caseloads had already begun to decline in Philadelphia (Figure 1.3). For example, food stamp receipt declined from 180,000 cases in 1995 to about 160,000 cases in 1997 and about 115,000 cases in 2001. Likewise, cash assistance caseloads declined by nearly half, from about 82,000 in 1995 to about 74,000 in 1997 and about 44,000 in 2001. This drop followed a sharp rise in the caseload that began in the late 1980s. The turnaround between 1993 and 1994 coincided with the turnaround in unemployment rates in the city. Welfare reform was thus introduced into a context in which the dynamics of welfare reform were already undergoing positive change and the economic outlook for Philadelphia seemed to be the best it had been in a decade.

Despite the positive movement in welfare caseloads and the economy, Philadelphia faced substantial challenges when welfare reform was introduced. Forty years of movement of people and jobs away from the city had taken a toll on Philadelphia's revenue base, while abandoned properties, deteriorating infrastructure, and increasing poverty and social distress have exacerbated the need for government intervention. Moreover, federal retrenchment of the 1980s left Philadelphia more reliant than ever on local taxes, burdening remaining residents and workers. In short, the governance challenges facing the city were extraordinary. Concerning the material welfare of Philadelphia families immediately prior to welfare reform, four points are worth noting.

First, Philadelphia is a city of the working poor. Poverty inched downward nationally, from 13 percent in 1990 to 12 percent in 2000, but the movement of nonpoor residents away from the city increased poverty in Philadelphia from 20 percent to 22 percent of the population. In addition, 15 percent of Philadelphians were extremely poor, with incomes below half the federal poverty threshold, and 59 percent had incomes no more than twice the federal poverty threshold. Despite the high degree of poverty, there are two signs of relief on the horizon. Young parents head fewer families, so that fewer children have to depend on a less-skilled parent with low earnings. And unmarried parents head fewer families, leaving fewer children dependent on the resources of one adult.²⁴

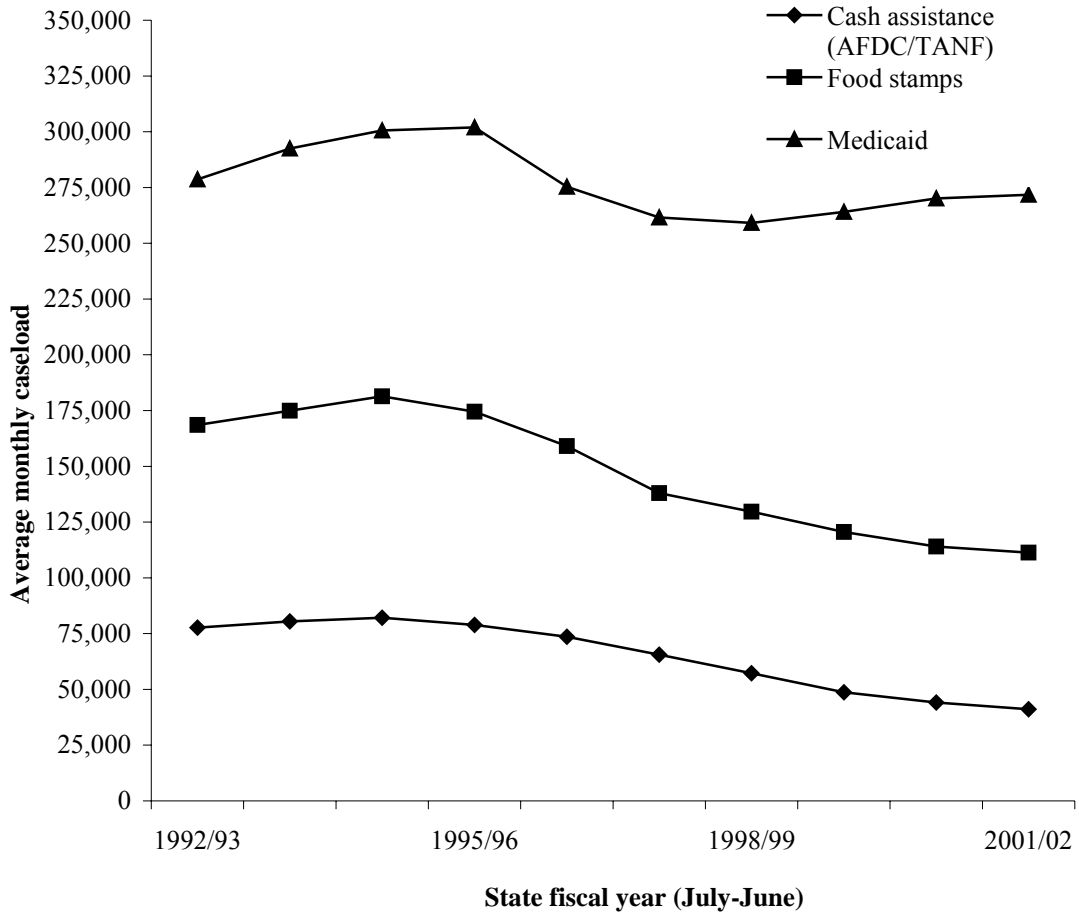
Second, the city and its suburbs are becoming more unequal. During the 1980s, the city had a growing share of the poorest fifth of metropolitan residents, while the suburbs had a growing share of the wealthiest fifth. Moreover, income grew faster for suburban residents than for city residents.

²⁴Madden and Stull, 1991.

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Figure 1.3

Monthly Cash Assistance and Food Stamp Caseloads
in Philadelphia, 1992/93 - 2001/02



SOURCE: Pennsylvania CIS (Client Information System).

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

Third, the material well-being of low-income families has been remarkably responsive to economic growth. In particular, low-income families in the Philadelphia region shared in the benefits of economic expansion. Employment increased among poor families. Service industries created employment opportunities for white women and for African-Americans of both genders. Wages grew fastest for the lowest-paid quintile of workers. Incomes of black, white, and Hispanic households in the poorest quintile increased. During the 1980s, wages for black and for white government workers became more equal, and, like whites, blacks who were employed by local government earned more than their counterparts in the private sector. Finally, welfare caseloads declined substantially, both in the suburbs and in city neighborhoods with high levels of welfare receipt.

Fourth, adults who have not completed high school are at an increasing disadvantage in the regional labor market. Although the prosperity of the 1980s increased employment, earnings, and income gains for historically disadvantaged groups of workers, adults without a high school education were an exception. Throughout the region, the economic restructuring of post-industrial Philadelphia has increased the skills required for blue-collar and white-collar positions. As a result, the gap in earnings between high school graduates and high school dropouts increased significantly for men in the Philadelphia metropolitan area.²⁵

By the advent of welfare reform in 1996, Philadelphia had suffered from nearly 50 years of economic decline. America's fifth-largest city was poor and struggling, with nearly a quarter of its citizens — and a third of its children — living in poverty. Eleven percent of the city's children lived in households that relied on some form of cash public welfare benefit to get by. In a city struggling to deal with reduced population, fewer jobs, and budget deficits, re-rigging the lifeboats on which so many depend is an extraordinary challenge with great risks for vulnerable families.

Components of the Study

To thoroughly analyze recent welfare policy changes and their effects in Philadelphia, the Urban Change project includes five major components:

1. *An implementation study* describes the policies and programs that Pennsylvania welfare agencies put into place in Philadelphia and the successes and obstacles that local agencies experienced in delivering benefits and services. As noted earlier, welfare reform gave state and local governments considerable flexibility in how they administered programs. The implementation study uses extensive field research, surveys of welfare staff, and analysis of program par-

²⁵Madden and Stull, 1991, p. 77.

ticipation and expenditure data to understand how local TANF programs operated and evolved and how welfare recipients perceived the programs.

2. *An analysis of state and county administrative records* measures the effects of welfare reform on welfare receipt, employment, and earnings. The study collected records for the universe of Medicaid, food stamp, and cash assistance recipients between 1992 and 2001. The analysis uses a multiple cohort comparison, which compares outcomes for similar groups of welfare recipients before and after welfare reform went into effect, to see whether the new policies led to significant changes in behavior.
3. *A longitudinal survey* gathered detailed information on low-income families' employment and income, economic hardship, quality and stability of living arrangements, marriage and childbearing, health, and receipt of services. The survey includes a random sample of about 800 single mothers who were between the ages of 18 and 45, lived in high-poverty or high-welfare neighborhoods, and received either food stamps or AFDC in May 1995.²⁶ They were first interviewed in 1998 and were interviewed again in 2001.
4. *An ethnographic study* provides an in-depth look at the experiences of 32 low-income families in Philadelphia. While the longitudinal survey yields aggregate statistical information, the ethnographic study provides qualitative data on similar topics. Ethnographic respondents were asked to discuss their welfare, employment, and other life experiences during a series of interviews conducted between 1997 and 2001.
5. *A neighborhood indicators study* develops statistical profiles of Philadelphia as a whole and of its low-income neighborhoods and determines whether conditions in low-income neighborhoods changed over time. The indicators include employment, poverty, residential mobility, births to unmarried women, births to teenagers, child maltreatment, infant mortality, access to health care, property values, crime rates, and others. The study investigates trends in neighborhoods from 1992 through 2000.

Table 1.2 summarizes the data sources used for this report. The combination of individual-level and neighborhood-specific data provides a comprehensive and rich description of how welfare agencies, low-income families, and poor communities have adapted to welfare reform.

²⁶High-welfare neighborhoods were defined as those with poverty rates of at least 30 percent in 1990 or welfare rates of at least 20 percent in 1995.

The Project on Devolution and Urban Change

Table 1.2

Data Used for the Philadelphia Study

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Program implementation	Field/observational research	7 rounds of interviews and observations conducted in 3 site offices	Conducted between 1997 and 2002	2
	Survey of intake and welfare-to-work staff in 10 regional welfare offices that serve 60% of Philadelphia's caseload ^a	Eligible intake staff completing interviews: 194 (90% response rate); eligible welfare-to-work staff completing interviews: 49 (88% response rate)	Surveyed in 2000	2
State administrative records: cash assistance, food stamps, Medicaid, and unemployment insurance records	Pennsylvania Department of Public Welfare; Pennsylvania Department of Labor and Industry	The universe of recipients who received food stamps, AFDC/TANF, or Medicaid in Philadelphia between January 1992 and July 1999 (513,031 individuals in 158,338 cases that had both adults and children)	Payment records for the period January 1992 to December 2001; unemployment insurance records for the period January 1992 to December 2001	3
Longitudinal surveys	2 waves of in-person interviews with current and former welfare recipients, conducted by the Institute for Survey Research, Temple University	Randomly selected recipients of cash assistance or food stamps in Philadelphia in May 1995 who were single mothers, between the ages of 18 and 45, and resided in neighborhoods where either the poverty rate exceeded 30% or the rate of welfare receipt exceeded 20%. In Wave 1, 79% of the sample completed a survey; in Wave 2, 82% of Wave 1 respondents completed a survey; 638 respondents completed both surveys.	Wave 1 completed between April 1998 and February 1999; Wave 2 completed between April and November 2001	2, 4, 5

(continued)

Table 1.2 (continued)

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Ethnography	3 rounds of in-depth, in-person interviews with current and former welfare recipients; conducted by on-site researchers from the University of Pennsylvania	32 women residing in 3 areas varying in ethnic composition and poverty: Germantown, Kensington, and North Central	Interviews conducted from 1997 to 2001	2, 4, 5
Aggregate neighborhood indicators	Social and economic indicators from administrative agency records, prepared by the Philadelphia Health Management Corporation (PHMC)	Census-tract-level annual indicators for 1992 to 2000	All residential census tracts in Philadelphia	6
	Work and welfare participation indicators	Vital records; tax assessor's property files; child welfare, crime, and welfare and wage records		

NOTE: ^aThe offices were in Alden, Elmwood, Federal, Girard, Kent, North, Ridge, Snyder, Tioga, and West.

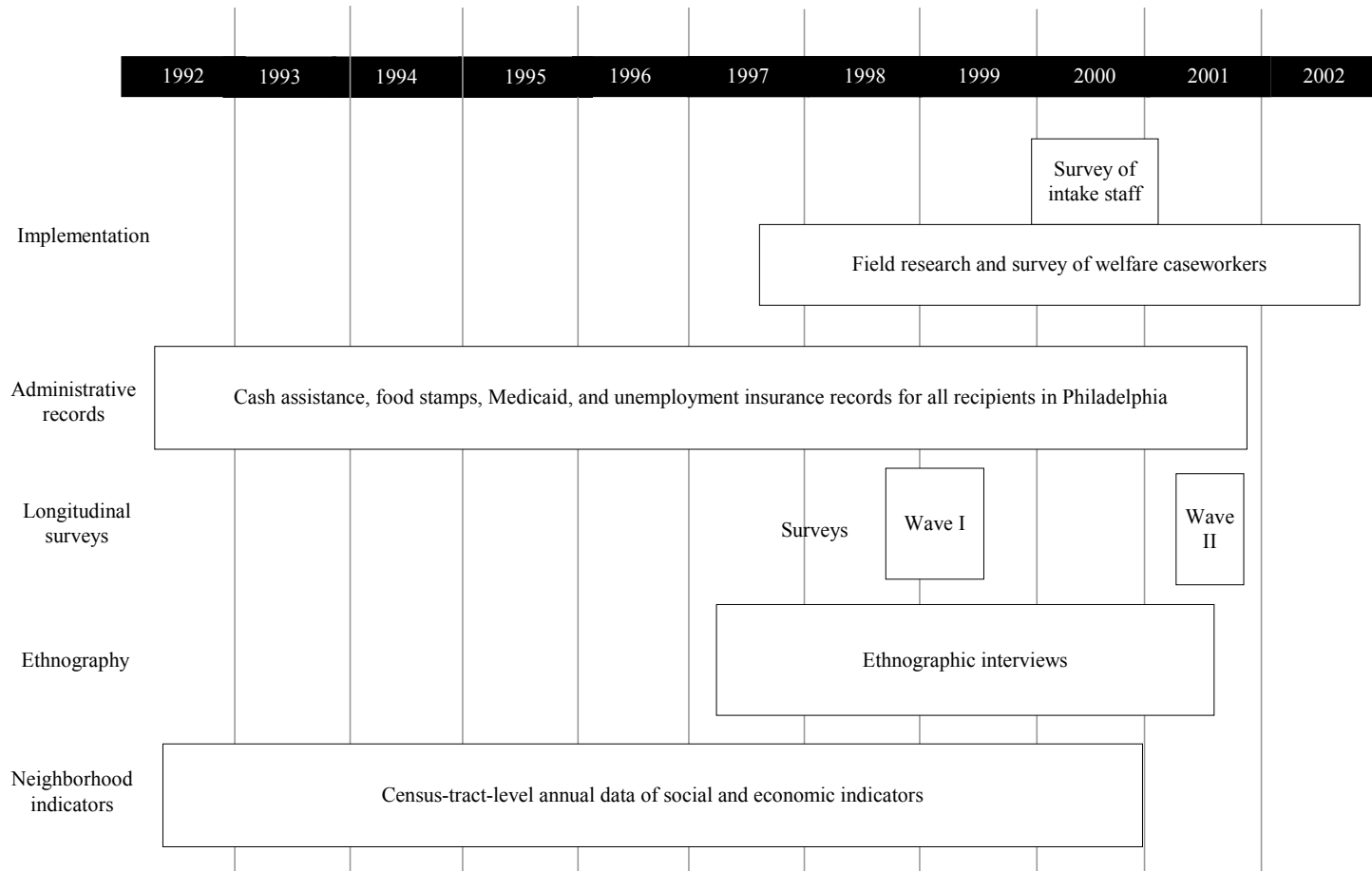
The longitudinal data offer insights into changes over time — and whether welfare reform may have contributed to these changes.

Figure 1.4 shows when various types of data were collected. Two points are worth noting. First, as mentioned above, administrative records and neighborhood indicators were collected beginning in 1992, so they can provide information on what happened both before and after TANF reforms began. Second, only the implementation study collected information after the five-year lifetime limit was first encountered, in March 2002. Thus, the study by and large describes welfare reform and its effects in the pre-time-limit period.

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Figure 1.4

Time Line of Data Collection



Although the rich array of data enhance the study's ability to understand welfare reform's implementation and effects, it is important to remember that this report covers perhaps the best of times for welfare reform. The study's focal period of the late 1990s through the early 2000s was one of prolonged economic expansion in Philadelphia. During that period, greatly reduced caseloads combined with stable block grant funding to leave the city with unprecedented amounts of money for welfare-to-work services. And most pieces of the study describe only what happened before families reached the five-year lifetime limit on welfare receipt.

The Organization of This Report

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

- Chapter 2 focuses on the policy and program changes introduced after welfare reform and the experiences of former and ongoing welfare recipients. Drawing on documents, observations, and key informant and client interviews, it addresses the question: *How has welfare reform been implemented in Philadelphia?*
- Chapter 3 uses administrative records on welfare participants between 1992 and 2000 to examine how patterns of employment and welfare use changed over this period. Using a carefully constructed cohort design, the chapter addresses the question: *Did welfare reform in Philadelphia have a measurable effect on rates of entering or leaving welfare and becoming employed?*
- Chapter 4 draws on surveys and ethnographic interviews with welfare recipients who lived in Philadelphia's poor neighborhoods. It addresses the question: *How did welfare families' employment situations change during welfare reform implementation and what barriers did they have to overcome to move from welfare to work?*
- Chapter 5 uses the same survey and ethnographic data as Chapter 4, but it focuses on the question: *What were the material and social circumstances of welfare families and how did these circumstances change as families moved from welfare to work or reached time limits on their benefits?*
- Chapter 6 shifts attention from individuals to the neighborhoods in which they live. By comparing trends in neighborhoods where welfare recipients reside and trends in other neighborhoods, it addresses the question: *How did conditions in Philadelphia's low-income neighborhoods change during the implementation of welfare reform?*

Chapter 2

The Implementation of Welfare Reform in Philadelphia

As described in Chapter 1, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) set the parameters for welfare reform, but it left a number of important decisions to state and local governments. For example, PRWORA limited federally funded cash assistance — known as Temporary Assistance for Needy Families (TANF) — to five years for most families, but states were allowed to set shorter time limits and to determine exemption policies. In addition, PRWORA set four goals: aiding poor families, ending dependence on government benefits, preventing out-of-wedlock pregnancies, and encouraging the formation and maintenance of two-parent families. States and localities decided how much to emphasize each objective.

This chapter examines how the 1996 welfare reforms played out in Philadelphia. The chapter begins with an overview of the state's legislative response to PRWORA. This is followed by a two-part discussion of implementation in Philadelphia, covering (1) the changes made in the organizational structure of the welfare agency and (2) the implementation of case management, welfare-to-work activities, and time limits. The chapter then analyzes how former and ongoing welfare recipients in the county experienced the 1996 welfare reforms. The data sources include seven rounds of field research conducted in Philadelphia's welfare offices between 1997 and 2002; a survey of welfare department staff that was administered in 2000; a longitudinal survey of past and current welfare recipients in 1998 and 2001; and a three-and-a-half-year ethnographic study of 32 families who received welfare when they were first interviewed in 1997.

Summary of Findings

- **Employment focus.** Pennsylvania's new policies, which went into effect in 1997, introduced a number of changes designed to encourage welfare recipients to move quickly to work. The state imposed a requirement to work after two years on welfare, expanded the amount of earnings not counted in benefit calculations, implemented a work-first approach to welfare-to-work services, and increased support services such as child care, transportation, and clothing allowances.
- **Increasing participation rates.** The new welfare policies transformed the welfare-to-work program in Philadelphia from one that enrolled only a small

fraction of the caseload. The percentage of recipients who either participated in welfare-to-work activities or were employed increased from 5 percent of the caseload in fiscal year 1993/94 to 36 percent of the caseload in 2000/01, with a peak of 46 percent in 1997/98.

- **Some flexibility during first two years of benefits.** Welfare recipients were required to complete an eight-week job search, but during their first two years on TANF they were allowed considerable subsequent freedom in choosing activities. They had to participate in something, but they could participate for as many or as few hours as they wanted. Many case managers in Philadelphia encouraged recipients who lacked a General Educational Development (GED) certificate or a high school diploma to pursue the GED, and staff commonly referred recipients to contracted providers offering job search and job development services.
- **Little flexibility after two years of benefits.** After two years, welfare recipients had to work or be in a work-related activity for at least 20 hours per week. Activities could not include education and training, but they could include paid work experience, transitional jobs, and community service positions that were offered through new programs created specifically to allow recipients to meet the work requirement.
- **Increasingly harsh sanctioning policies.** During the first few years of welfare reform in Philadelphia, few recipients were sanctioned, and sanctions removed only the adult from the cash grant. Over time, sanctioning rates for pre- and post-24-month recipients inched up (from 3 percent of cash assistance recipients in an average month in 1999/2000 to 6 percent in 2001/02), and sanctions have been used to terminate the grants of some post-24-month recipients.
- **Lenient implementation of time limits.** Initial messages about time limits implied that thousands of adults and children might lose benefits. The policies as actually implemented were more lenient. Recipients who were not working at the two-year work-trigger time limit were assigned to programs that provided 20 hours of work, thereby keeping them eligible for cash benefits. Recipients who reach the five-year lifetime limit will be granted extensions as long as they participate in assigned activities.
- **Work experience program.** As noted above, welfare recipients who were not working at the two-year work-trigger time limit were assigned to new programs that provided 20 hours of work through paid work experience,

transitional jobs, and community service positions. In late 2002, Philadelphia's work experience program — with 1,360 recipients enrolled — was one of the largest in the country.

- **An evolving policy.** Pennsylvania's welfare reform policies evolved over time to meet new challenges. When a substantial number of recipients reached the 24-month time limit in 1999, the state introduced programs that provided work through paid work experience, transitional jobs, and community service positions. Concerned that some parents would not be able to work, the state implemented a new program in 2001 to help recipients who had a medical or physical disability to participate in work activities. When families began reaching their lifetime limit on cash assistance in 2002, the state extended benefits for all families who were meeting their participation requirements.
- **Increasing frustration among recipients.** Although many recipients in Philadelphia welcomed the 1996 welfare reform initiative — expecting support from caseworkers in obtaining good jobs — their experiences in the system often left them disillusioned. Recipients had particular difficulties getting transitional benefits, which are benefits such as child care and health insurance that are available to families leaving welfare for work. In addition, some recipients indicated that the eight-week job search interrupted their ongoing educational activities, and few recipients subsequently took advantage of the program's flexibility to receive education or training.

Rewriting the Rules: Pennsylvania's Welfare Reform Policies

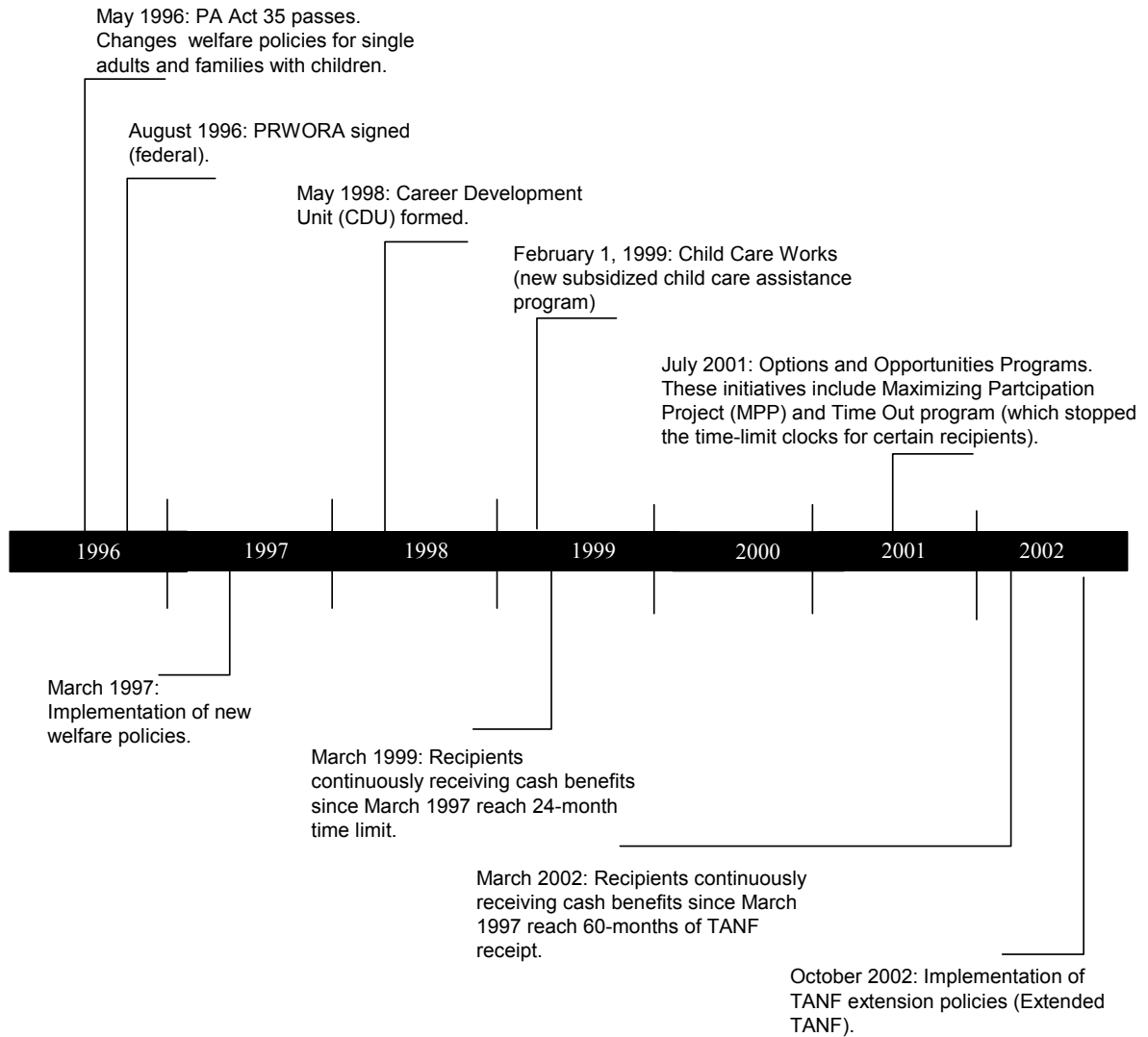
In May 1996, shortly before the passage of PRWORA on the federal level, Pennsylvania's Governor Ridge signed legislation authorizing major changes in the state's welfare policy (Figure 2.1). Although passed before PRWORA, this state legislation became the basis for the state's TANF policy. Because Pennsylvania's welfare program is administered by the state, county officials in Philadelphia had little discretion over the welfare reform plan or the programs they implemented.¹ As shown in Table 2.1, the state and federal laws introduced a number of important changes, which are described following the table.

¹Other counties in the Urban Change study had more flexibility to develop their own welfare reform plans. In Ohio, a state-supervised and county-administered system, Cuyahoga County made significant organizational changes in response to welfare reform (see Brock et al., 2002).

The Project on Devolution and Urban Change

Figure 2.1

Time Line of Welfare Reform in Philadelphia



The Project on Devolution and Urban Change

Table 2.1

Changes in Welfare Policies in Philadelphia Since Welfare Reform

Benefit Type	Pre-Welfare Reform (1993-1997)	Post-Welfare Reform (1997-2002)
<u>Cash assistance (AFDC or TANF)</u>		
Maximum grant, family of 3	\$403	\$403 ^a
Time limit on cash assistance	none	5 years; recipients must work or participate in a work activity for 20 hours a week after 24 months ^b
Diversion policy	none	none
Earnings disregard policy	\$90 work expense plus \$30 and 33 percent of earnings in first four months; the \$30 continued for an additional eight months	50% of income earned in a month
Income levels at which eligibility ends, family of 3		
First 4 months	\$725	\$806
After 12 months	\$493	\$806
Work requirements		
Point at which adults are expected to be working	Not specified	24 months
Age of youngest child for "mandatory" recipients	3 years	Single custodial parents caring for a child under age 1 (for maximum of 12 months in lifetime)
Number of hours of work activities required each week	0	20 (after 2 years)
Penalty for noncompliance	Termination of adult portion of grant until the individual complies	Termination of adult portion of grant (first 24 months on TANF); termination of family cash grant (after 24 months on TANF) ^c

(continued)

Table 2.1 (continued)

Benefit Type	Pre-Welfare Reform (1993-1997)	Post-Welfare Reform (1997-2002)
Child support enforcement Penalty for noncompliance	Termination of adult portion of grant	Termination of adult portion of grant, or family's grant reduced by 25%, whichever is higher ^d
Amount of child support collections "passed through" to recipient	Up to \$50	Up to \$50
<u>Food stamps</u>		
Maximum grant, family of 3	\$292-\$321 ^e	\$321-\$335 ^e
Income levels at which eligibility ends, family of 3	\$1,254-\$1,445 ^f	\$1,445-\$1,504 ^f
Penalty for noncompliance with work requirement or child support enforcement	Adult ineligible for 90 days if the principal wage-earner or head of household voluntarily quit job without good cause	Noncompliant adult removed from food stamp grant
<u>Medicaid</u>		
Coverage of children in poverty	Children under age 6 in households with income at or below 133 percent of federal poverty level, and children ages 6 through 18 born after 9/30/83 in households with income at or below 100 percent of federal poverty level	Medicaid coverage same as pre-welfare reform; CHIP covers children in households at or below 200 percent of poverty level.
Penalty for noncompliance with AFDC or TANF work requirement	No reduction in Medicaid coverage	No reduction in Medicaid coverage

(continued)

Table 2.1 (continued)

SOURCES: Bernard, 1998; Rosenbaum, 1996; Quint et al., 1999; Brock et al., 2002; State Policy Documentation Project; Pennsylvania Department of Public Welfare; U.S. House of Representatives, 1993, 1994, 1998, 2000.

NOTES:

^a\$421 is the maximum grant in Pennsylvania for a family of 3.

^b"Child-only" cases, in which the children receive cash benefits but the adult caretaker does not, are not subject to either the two-year work requirement or the five-year lifetime limit for cash benefits.

^cThe first sanction lasts 30 days or until compliance, whichever is longer. The second sanction lasts 60 days or until compliance, whichever is longer. The third sanction results in total loss of benefits.

^dThe 25 percent penalty has been implemented only for "child-only" budgets.

^e\$321 was the maximum food stamp allotment for a family of 3 in 1998.

^f\$1,445 was the income cutoff for food stamps for a family of 3 in 1998.

- **Time limits.** Consistent with federal policy, Pennsylvania established a lifetime limit of 60 months of cash assistance. In addition, the state set an interim limit at 24 months that required recipients to work or participate in a work activity for 20 hours a week in order to retain eligibility for benefits. Both time-limit “clocks” started ticking on March 3, 1997.
- **Earned income disregard.** To provide a financial incentive to work, Pennsylvania has for many years allowed a certain portion of earned income to be disregarded (that is, not counted) when determining eligibility for cash assistance. Before the 1996 welfare reforms, recipients could disregard a larger portion of their income during the first four months of employment, somewhat less for the next eight months, and even less thereafter. The calculations combined fixed amounts and percentages of earnings and were complicated to administer.² Pennsylvania’s 1996 reforms simplified and expanded the policy. Under the new rules, 50 percent of earnings (significantly more than the earlier levels) were disregarded for the entire period that families remained on cash assistance. A family of three in Philadelphia lost eligibility with earnings of \$806 a month.
- **Work requirements.** Before the 1996 welfare reforms, Pennsylvania’s welfare-to-work program primarily emphasized education and skills training.³ It allowed sanctions for adults whose youngest child was age 3 or older and who did not participate, but in practice participation was voluntary. After the 1996 reforms, Pennsylvania required all adults to work or to attend employment-preparation activities, enforced requirements through increased use of sanctions, and shifted the emphasis of the welfare-to-work program from education to job search and other activities designed to move recipients into the labor force.⁴ Recipients were expected to complete an eight-week job search upon first receiving benefits. After fulfilling this requirement, they had considerable freedom in choosing activities but were required to participate in something. This flexibility continued for the first two years of TANF receipt, but after two years recipients had to participate in a more restricted set of activities at least 20 hours per week.

²Although Pennsylvania’s TANF policies did not begin until 1997, this report refers to both the federal reform and the state reform as “1996” reforms.

³U.S. House of Representatives, Committee on Ways and Means, 1998.

⁴Parents caring for a child under age 1 were eligible for an exemption from the participation requirements for a maximum of 12 months in their lifetime.

- **Sanctions.** The 1996 state welfare reform toughened the financial penalties for not complying with work requirements. Prior to the reforms, a sanction removed the adult from the family’s cash grant, and the sanction stayed in place until the recipient complied. Under the new law, sanctions reduced the grant amount by the adult’s portion during the first two years of TANF receipt, but the family’s entire grant could be terminated after two years.⁵

These changes are substantial departures from prior policies. Unlike other states, Pennsylvania had not pilot-tested work-first or time-limit policies through federal waivers from the Aid to Families with Dependent Children (AFDC) rules. The new policies reflect the state’s emphasis on one of the four federal goals: ending dependence on government benefits.⁶

Pennsylvania’s efforts to reduce dependence on cash assistance likely increased the importance of noncash programs to welfare recipients and the working poor. Food stamps were not time-limited, and the amount of benefits increased to account for inflation. This was particularly important in Philadelphia, where the cash grant remained flat throughout the 1990s. (A family of three received \$403 a month in cash assistance.) Additional food assistance was provided through Pennsylvania’s State Food Purchase Program, which supported food pantries, food banks, homeless shelters, and similar organizations. Pennsylvania opted to continue to allow food assistance to be given to legal immigrants and able-bodied adults.

Pennsylvania also expanded access to health insurance for low-income families after the 1996 welfare reforms, owing to a combination of federal and state legislation. Pennsylvania’s Medicaid program — combined with the Children’s Health Insurance Program (CHIP) — made all children under age 18 in households at or below 200 percent of the poverty level eligible for medical coverage. In addition, Philadelphia operated 10 public health centers around the city that served all residents, including the uninsured. Thus, as Pennsylvania’s welfare reform effort encouraged recipients to leave TANF and seek employment, it was designed to provide continued noncash support for the working poor.

Implementation of the 1996 welfare reforms began across Pennsylvania on March 3, 1997, amid worries about the impact of the new policies on poor families and their communi-

⁵The sanction period for first occurrences was 30 days or until the recipient complied, whichever was longer; the sanction period for second occurrences was 60 days or until the recipient complied, whichever was longer; and the third occurrence resulted in permanent loss of cash benefits.

⁶Pennsylvania’s legislation also included a “learnfare” policy that held adult welfare recipients accountable for their children’s school attendance. Consequently, recipients were required to bring their children’s report cards to their caseworker. If they failed to do this (or if their meeting occurred during the summer months), the caseworker contacted the school for verification of the child’s attendance. In addition, state legislation required adults to have their children immunized, though enforcement of this rule required only that recipients sign a statement testifying that their children were immunized.

ties. In Philadelphia, expectations were low. Shortly after the state inaugurated the new policies in 1997, Mayor Ed Rendell predicted: “If we get jobs for one out of 10 welfare recipients we will consider that a tremendous victory.”⁷ The remainder of this chapter examines how welfare reform was implemented in Philadelphia.

Welfare Reform Challenges and Responses in Philadelphia

Community leaders and officials in Philadelphia feared that the city was not prepared to put thousands of welfare recipients to work. Despite gradual declines in the rolls since 1995 (see Chapter 1), more than 70,000 Philadelphia families depended on cash assistance and food stamps when welfare reform began. Unemployment remained relatively high in the city while job opportunities were concentrated in the outer suburbs, far from the central-city neighborhoods where most welfare recipients resided. The regional public transportation system was poorly equipped to get inner-city residents to suburban jobs.

Pennsylvania’s state-administered welfare system retained its top-down approach, with instructions on the philosophy, messages, and programs all coming from Harrisburg. Initially, Philadelphia-based welfare staff and officials expressed frustration that some policies and programs were not suitable for statewide application; they thought that the unique conditions in Philadelphia were overlooked or ignored. Harrisburg officials, on the other hand, thought that the Philadelphia advocate community who perceived the 1996 welfare reforms as being “anti-education and training” did recipients a disservice by advising recipients how to do “as little as saying they were looking for work.” Over time, however, communication between Harrisburg and Philadelphia improved. Although Philadelphia administrators had little opportunity to shape their response to the new mandates, they made a significant decision to reallocate staff and responsibilities by creating a frontline unit dedicated to employment.

The Philadelphia County Assistance Office included a central office to oversee and manage countywide operations and 19 district offices to serve recipients living within defined geographic boundaries.⁸ The 1996 welfare reforms did not bring about changes in the physical configuration of these welfare offices, but posters advertised the new emphasis on work: “Work Is Better Than Welfare”; “A Job . . . Any Job Is Good”; “Your Job Is to Get a Job”; “Work Experience Is the Best Training”; and “A Job or Better a Career.” Philadelphia retained the distinction between income maintenance staff, whose primary responsibility involved determining eligibility for cash assistance and other benefits; and employment staff, who handled welfare-to-

⁷Associated Press, 1997; reported in the *Philadelphia Inquirer* April 1.

⁸The implementation research interviewed senior staff in the central office and administrators and line staff in the three district offices serving the neighborhoods targeted for the ethnographic research.

work functions, including assigning recipients to education and training activities, monitoring participation, and approving child care and other support services.⁹

The paramount organizational change occurred in mid-1998 with the creation of a new unit called the Career Development Unit (CDU). The CDU replaced the small cadre of staff who had formerly handled referrals to education and training providers. The number of welfare-to-work staff grew by nearly 80 percent, from 138 before the 1996 welfare reforms to 247 staff dedicated to the CDU (in the fall of 2002). Citywide, the number of welfare staff remained constant; growth in the employment workforce occurred by reassigning income maintenance case managers to the CDU. The heightened focus on employment, pressure to get recipients in compliance with the work requirement, and the complexity inherent in new rules and policies changed caseworkers' roles. Even CDU workers who had been employment staff before 1997 felt the impact of the new policies. "It's a whole different side of welfare reform — The working part," said one. Another worker volunteered to switch to the CDU, where she felt she was "helping more." In her view, this type of work was also less taxing. "Whether kids eat and the rent is paid is more stressful than helping [recipients] find work," she commented.

Welfare office managers initiated further specialization among CDU staff. In some welfare offices, CDU workers were organized into two divisions: Some worked only with recipients who had not yet hit the 24-month interim time limit, and others worked only with the post-24-month group. All offices used one worker to focus on the cumbersome paperwork associated with sanctions for post-24-month recipients. Thus, over the course of receiving TANF, an individual recipient met with an intake worker who handled the application, with an ongoing eligibility worker, and, if employed, with a monthly reporting eligibility worker. Recipients who were not exempt from the work requirement met with a CDU worker. In some offices, recipients were seen by a rotating group of CDU workers (not necessarily one to whom they were "assigned"). Managers preferred this specialized staffing model because it controlled the amount of material that staff needed to master, made training easier, and helped staff become more comfortable in their new roles. The lack of a single case manager also had implications for recipients (discussed below).

Pennsylvania opted to keep the welfare-to-work program within the welfare system, rather than making it part of the system established by the Job Training Partnership Act (JTPA) and the Workforce Investment Act (WIA).¹⁰ Most of the services were delivered through contracts with local agencies. The welfare department's Bureau of Employment and Training in

⁹Eligibility staff included: intake staff who processed applications for all benefits; ongoing caseworkers who determined benefit eligibility on an continuing basis; monthly reporting workers who handled benefit eligibility for TANF clients with earned income.

¹⁰The Workforce Investment Act replaced the Job Training Partnership Act in 1998.

Harrisburg monitored these contracts, and the Philadelphia Workforce Development Corporation (PWDC) (formerly known as the Private Industry Council [PIC] of Philadelphia) held the bulk of the contracts.¹¹

Case Management and Service Delivery Under Welfare Reform

Interactions Between Recipients and Welfare Staff

As in most communities, welfare caseworkers in Philadelphia served as the primary communicators of policies and as the conduits for all benefits and services received through the welfare department. The vast majority of caseworkers had worked for the welfare agency prior to the 1996 reforms. As shown in Table 2.2, their average length of employment was 14 years for eligibility staff and almost 16 years for employment caseworkers in the CDU. Nearly all the caseworkers had at least some college; about half had a four-year degree or graduate-level training. Like the welfare recipients they served, most of the caseworkers were African-American women.

On a survey conducted in January 2000, line staff revealed excellent knowledge of the key tenets of the new welfare policies (Table 2.2). For example, virtually all the caseworkers responding to the survey knew that the new policies required recipients to look for a job, to work, or to participate in an approved activity and that the policies imposed a lifetime limit on cash assistance. The caseworkers were also aware of the earnings disregard policy.

Welfare administrators in Philadelphia devoted considerable time to training staff on the new policies and procedures. The specialized employment staff operating in the new structure handled a manageable range of new responsibilities. In fact, the vast majority of employment staff felt that they had the proper training to do their work, and about three-quarters said that their job functions were clearly described. Most eligibility staff also felt that they had received sufficient training and that their job functions were clearly described, although they reported somewhat lower rates of satisfaction with training than the employment staff reported.¹²

¹¹PWDC also played a key role in providing programs targeted at long-term and hard-to-employ TANF recipients — programs that were developed using the Welfare-To-Work (WTW) grant and were administered by the U.S. Department of Labor. See Brock, Nelson, and Reiter, 2002.

¹²There are several possible explanations for this discrepancy. Senior administrators paid considerable attention to creating the CDU. Training for CDU staff differed from income maintenance training because it all happened one-on-one, with no set curriculum or class. Perhaps this is a benefit, though one district administrator suggested replacing the system with standardized training. In addition, district administrators consistently reported that they stressed “accuracy” in determining benefit eligibility. Constant pressure on the eligibility staff to keep error rates low may have contributed to their feeling that they needed more training.

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Table 2.2

Knowledge, Practices, and Characteristics of Welfare Staff in Philadelphia

Characteristic	Eligibility Staff ^a	CDU Staff
<u>Knowledge of welfare policies</u>		
Staff who correctly reported that the county (%)		
Has a job search requirement	99.5	97.9
Requires adult recipients to work or participate in an approved activity	100.0	97.9
Has a lifetime time limit on cash assistance	96.8	93.8
Has an earnings disregard policy and understand the details	89.4	90.4
Has an earnings disregard policy but are unsure of the details	10.6	9.6
<u>Discretion in case management</u>		
Staff who report that agency rules, rather than personal judgment, guide the following decisions (%)		
What initial program or activity to assign a client ^c	n/a	85.7
What <u>subsequent</u> program or activity to assign a client	n/a	65.3
When to exempt clients from participation ^b	86.3	n/a
When to sanction clients ^b	68.2	n/a
When to sanction clients pre-24 months ^c	n/a	83.7
When to sanction clients post-24 months ^c	n/a	83.3
When to provide transitional benefits ^b	87.2	n/a
Staff who report that. . . (%)		
They had proper training to do their work	74.0	87.2
Their job functions were clearly described	65.1	73.9
<u>Assignments to work activities</u>		
Staff recommendation for clients <u>without</u> a high school diploma or GED (%)		
Get a job as quickly as possible ^c	n/a	28.9
Get more education or training ^c	n/a	69.6
Staff recommendation for clients <u>with</u> a high school diploma or GED (%)		
Get a job as quickly as possible ^c	n/a	70.2
Get more education or training ^c	n/a	29.8
<u>Monitoring and sanctioning</u>		
Average percentage of clients who staff report...		
are contacted each month	54.6	58.9
have been verbally warned about sanctions in the past 6 months		
Pre-24-month time limit	30.1	59.6
Post-24-month time limit	34.7	62.5
are assigned to job search/job club ^c	n/a	46.9
are in school or training ^c	n/a	26.9

(continued)

Table 2.2 (continued)

Characteristic	Eligibility Staff ^a	CDU Staff
Average percentage of clients who staff report were sanctioned in the past 6 months		
Pre-24-month time limit	2.6	26.7
Post-24-month time limit	2.4	27.9
<u>Staff characteristics</u>		
Gender (%)		
Female	71.2	65.9
Male	28.8	34.1
Race/ethnicity (%)		
Black, non-Hispanic	64.9	53.7
White, non-Hispanic	11.7	17.1
Hispanic	10.5	19.5
Other	5.9	0.0
Education (%)		
High school diploma/GED	12.6	11.6
Some college	40.5	37.2
Technical/2-year college degree	12.6	11.6
4-year college degree	32.2	34.9
Graduate coursework or degree	14.2	16.3
Years employed by the county (average)	14.1	15.6
Caseload size (average) ^d	196.6	194.2
Sample size	194	49

SOURCE: MDRC calculations using data from a staff survey in Philadelphia, administered in January 2000.

NOTES: N/a indicates that these survey questions were not applicable to staff.

^aEligibility staff include intake, ongoing, and monthly reporting staff.

^bQuestions pertain to income staff only.

^cQuestions pertain to CDU staff only.

^dCaseload figures reflect TANF clients only. Total caseload estimates, which also include clients receiving other benefits, were substantially higher.

Welfare staff in Philadelphia maintained very large caseloads. As of 2000, when the staff survey was conducted, TANF caseloads for both eligibility and employment staff averaged over 190 cases, and total caseloads including Medicaid and food stamps averaged over 400 cases per worker — among the highest in the country.¹³ The increase in the percentage of employed recipients (and the accompanying complicated monthly reporting process) and the rise in the medical assistance (Medicaid) caseload offset the significant decrease in the TANF caseload. As a result of the high caseloads, staff did not tend to have a deep understanding of each case's unique circumstances.

Welfare-to-Work Services

Implementation of welfare reform in Philadelphia placed a strong emphasis on getting recipients involved in work activities, which required an overhaul of the welfare-to-work program.¹⁴ In response to the new philosophy, employment staff abandoned their former emphasis on upgrading basic education and skills and focused attention on job search and job development. As the state contracted with a wider array of service providers and increased the number of slots, its expenditures on welfare-to-work activities grew from \$8 million in 1996/97 to \$42.5 million in 2000/01 (Figure 2.2). The city's average expenditures per recipient increased from \$109 in 1996/97 to \$964 in 2000/01. (These figures do not include child care costs — another major work-related expense.)¹⁵ Pennsylvania made a significant investment in support services to facilitate recipients' participation in welfare-to-work services. Recipients in approved activities were entitled to child care (for children younger than age 12), transportation allowances, and clothing allowances.

Several factors account for the dramatic increase in spending on welfare-to-work activities starting around 1999. In the first years of welfare reform, independent job search — a low-cost service strategy — was the most common activity for recipients. The push to get recipients into work activities grew more urgent when recipients began approaching the two-year work-trigger time limit in early 1999. The state therefore contracted with additional service providers, offering a range of more extensive (and more expensive) programs.

¹³A July 1999 report by the U.S. Department of Health and Human Services, Office of Inspector General, found a huge range of caseloads per caseworker. Among states selected in the study, the highest caseloads were found in Ohio (286), Texas (225), and California (212). Other MDRC evaluations found caseloads in the range of 150 to 300 clients, but rarely more. See Scrivener et al., 2002; Bloom et al., 2002; Farrell, 2000.

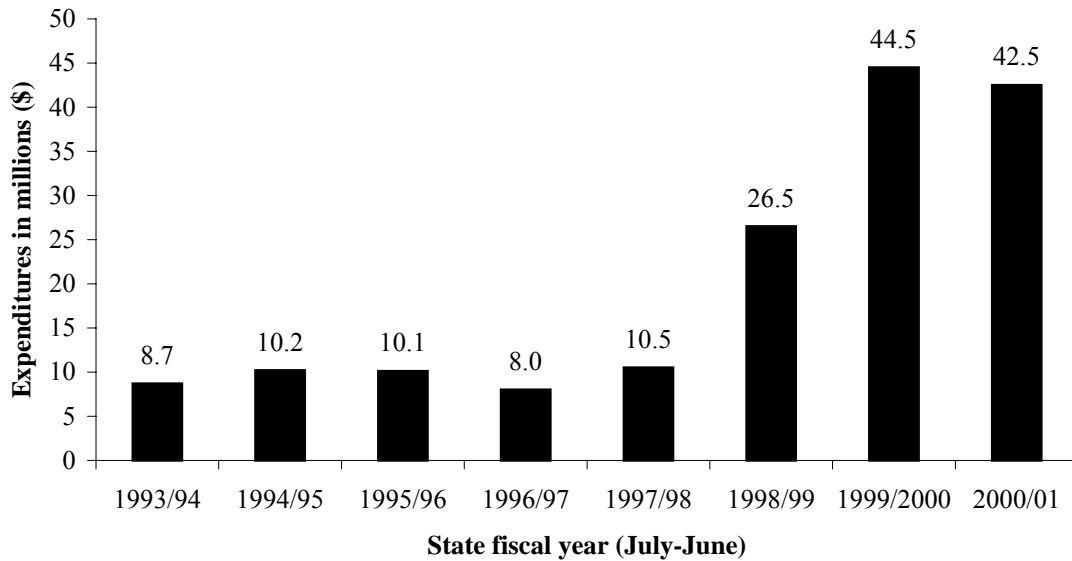
¹⁴The state's welfare-to-work program was officially known as the Road to Economic Self-Sufficiency through Employment and Training (RESET).

¹⁵Statewide total child care expenditures paid to TANF/AFDC recipients increased from about \$53 million in 1996/97 to over \$98 million in 2000/01.

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Figure 2.2

Welfare-to-Work Expenditures, Philadelphia



SOURCE: Pennsylvania Department of Public Welfare.

Job Search: The Initial Activity

As discussed earlier, the 1996 welfare reforms imposed a new eight-week job search requirement on the entire adult caseload. When the law first went into effect, 70,000 cases were on the rolls — a number far exceeding existing program capacity. As a result, the majority of welfare recipients were asked to meet the initial job search requirement by looking for jobs on their own.¹⁶ Once this initial bulge of participants in mandatory job search worked through the system, independent job search became less common, and the bulk of recipients were referred to contracted providers. By then, these programs had plenty of available job club/job search slots. In the years since the 1996 law was enacted, job search became the most common welfare-to-work service provided by the welfare department.

¹⁶See Quint et al., 1999.

Pre-24-Month Welfare-to-Work Activities

As discussed earlier, after recipients completed the initial job search, caseworkers had somewhat more leeway in assigning recipients to activities during the first two years of welfare receipt.

Recipients who failed to find a job were expected to enroll in another program, and they were called back to the welfare office to meet with a CDU worker for a new assignment. Philadelphia's welfare-to-work program relied largely on programs available through the consortium of contracted providers.¹⁷ Offices held "orientations" at which contractors recruited recipients for their programs. These contracted vendors — whose primary function was to help recipients find a job — usually offered several weeks of job readiness training.

Although the established procedures did not allow for in-depth assessment of recipients' needs, case managers reported trying to determine what type of activity the recipient wanted to pursue after the initial job search. A number of vendors provided occupational skills training in such areas as computer skills, Certified Nurse Assistant, truck driving, medical support, and clerical skills programs. The largest program, known as SPOC (Single Point of Contact), provided skills training in many different occupational areas in locations throughout Philadelphia.

Recipients' flexibility in the first two years allowed them to pursue education if they desired. Several case managers who were interviewed for this study placed a high value on educational credentials: "If they don't have a GED, I encourage them to get it. Many wait until it's too late." As Table 2.2 shows, 70 percent of the CDU staff recommended that pre-24-month recipients who lacked a high school diploma or GED certificate obtain more education or training before continuing to look for a job. Conversely, for clients who had a high school diploma or GED, seven out of ten welfare workers indicated that they pushed the clients to get a job right away. Even though staff publicized the state's new message that recipients needed to get a job, several staff said that the lack of emphasis on education was a weakness of the new policies:

It's harder to place individuals, because most of the individuals that are left now have been to programs, programs, programs. . . . They still have major barriers, and [the largest] is education. Most jobs require a high school diploma, and a lot fail to meet that [criterion].

Although education was an allowable activity in the pre-24-month period and was encouraged by some welfare staff, several case managers acknowledged that few recipients used educational services. When the 1996 welfare reforms began, there was a lot of confusion about

¹⁷Although participation in the first two years was mandatory, recipients were allowed (but not encouraged) to look for jobs on their own as a means of fulfilling this requirement.

whether and for how long recipients could pursue education and training.¹⁸ Thus, many recipients who were on TANF in 1997 and 1998 were not aware of the full range of available services. Over time, field research indicated that staff did a better job of informing clients about education and training.

Post-24-Month Welfare-to-Work Activities

When recipients in Philadelphia reached 24 months of welfare receipt, they faced a 20-hour work requirement, which could be met through 20 or more hours of unsubsidized or subsidized work. All contracted providers of welfare-to-work services modified their programs to include 20 hours of work for recipients who had crossed the two-year threshold.

Caseworkers had little choice in assigning post-24-month recipients to activities. The set sequence began with another month of job search and job club, followed by programs providing subsidized employment, and it ended with volunteer work. As one worker explained: “It’s not a big determination process. I look at what [activities] the client has already done. There are only certain things they can do.” Beyond two years, education and training activities did not satisfy the participation requirement. Recipients who wanted to enroll in education or training had to do it on top of 20 hours of approved work activity.

Recipients who could not find a job in the regular labor market were eligible for six months of subsidized employment (also referred to as “paid work experience”). In late 2002, 1,360 post-24-month recipients were in paid work experience. One of the main programs for these recipients was a redesigned SPOC program that offered part-time work (paying \$5.15 per hour) and part-time training opportunities. Another leading program for post-24-month recipients — the Transitional Work Corporation (TWC) — placed recipients in transitional jobs, usually in government or nonprofit offices.

Recipients who used up their six months of subsidized employment without landing an unsubsidized job had to meet the work requirement through a community service program (that is, work in exchange for their welfare grant). This program of last resort was created to provide an option for the substantial number of recipients who were finishing their six-month subsidized work program without finding a job. The state did not want to cut off these recipients, who were “playing by the rules.” Welfare staff acknowledged that community service jobs have not always led to employment and that there have been problems with record keeping (welfare staff often did not have accurate attendance data).

In 2001, Pennsylvania implemented a new program option for recipients who had barriers to employment. The Maximizing Participation Program (MPP) targets recipients who are

¹⁸See Quint et al., 1999.

exempt from the work requirement because of a medical or physical disability. CDU workers, however, occasionally referred nonexempt recipients who appeared to have substance abuse problems, mental illness, or extremely low literacy. This program was well received by advocates and welfare staff (one caseworker described it as a “great” program with “heavy-duty counseling”). The welfare department also helped recipients who had serious disabilities get Supplemental Security Income (SSI). In the last year alone, welfare staff assisted over 3,000 adults and children — not all of whom were TANF recipients — obtain SSI.

Monitoring Participation in Welfare-to-Work Activities

Caseworkers in Philadelphia indicated that they monitored their recipients’ employment and work activities closely. On the staff survey, they reported being in contact with the majority of their clients at least once each month (Table 2.2), which is surprising, given their relatively large caseloads.¹⁹ The system for monitoring progressed over time, and the increasing rigor with which staff tracked recipients’ behavior reflects the priority accorded this process by senior administrators.

Developments in the computerized tracking system facilitated CDU caseworkers’ ability to keep on top of recipients. Pennsylvania created a computerized management information system that is accessible to both welfare staff and contracted service providers. Another technological development — the introduction of voice mail — also reportedly made a big difference in communication between recipients and caseworkers.

CDU staff reported that they often discovered quickly when recipients failed to participate in their assigned activity; most said it took a week or less to discover this. However, welfare administrators and line staff depended on information entered into the system by the service providers, and they complained that some providers failed to update the system in a timely fashion, leaving staff unaware of recipients’ absence and nonparticipation. One administrator commented that caseworkers’ inability to track clients on a real-time basis limited their ability to learn about recipients’ participation problems early enough to help:

I’ve always wanted more information about what happens to clients that we refer to training providers. . . . Knowing they are in a program does not mean that they are attending the program. If we see them and they say, “Yeah, I’m going,” we let them out without further discussion.

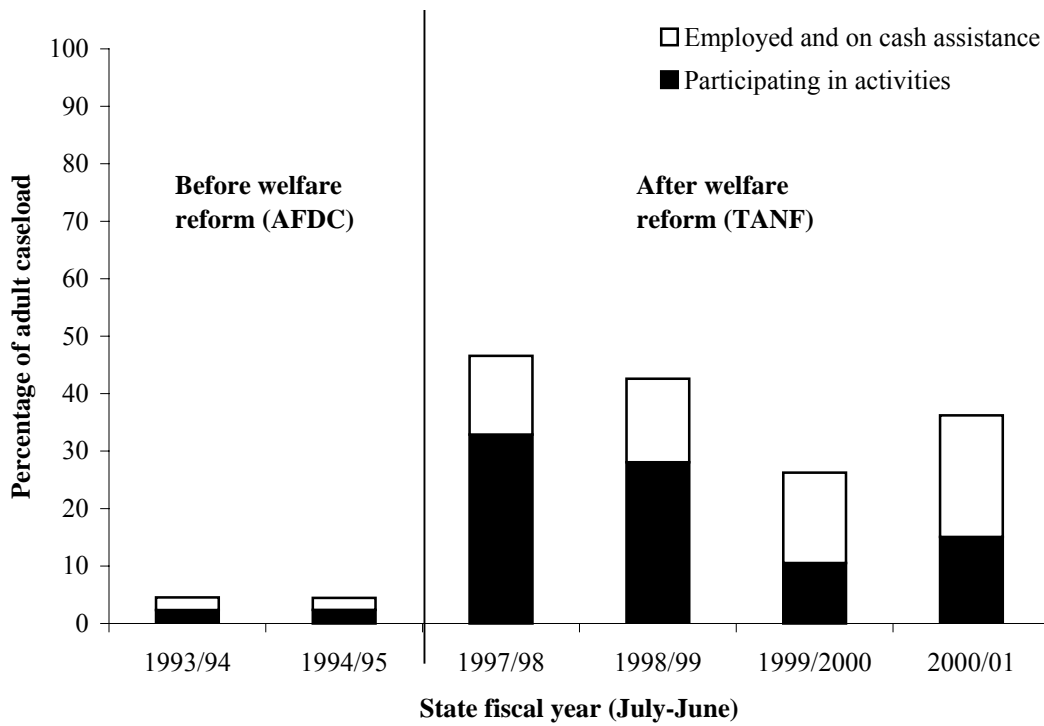
¹⁹The survey provides evidence that staff more closely monitored post-24-month clients: 96 percent said that post-24-month clients were monitored very closely, compared with 78 percent who said that pre-24-month clients were very closely monitored (not shown in table).

Judging from trends in the proportion of welfare recipients engaged in work activities, efforts to move Philadelphia recipients into work activities and employment paid off (Figure 2.3). The trend is seen most dramatically when comparing conditions before and after the 1996 welfare reforms. For example, the percentage of adult cash assistance recipients who were working or participating in welfare-to-work program activities increased more than eightfold,

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Figure 2.3

Trends in Participation in Welfare-to-Work Activities Before and After TANF



SOURCE: Pennsylvania Department of Public Welfare.

NOTE: Data were unavailable for 1995/96 and 1996/97 due to a change in Pennsylvania's automated system.

from 5 percent in fiscal year 1993/94 to 46 percent in fiscal year 1997/98. Particularly noteworthy is the sharp increase in the percentage of welfare recipients who were employed while on cash assistance: from 2 percent of all adults on welfare in fiscal year 1993/94 (before the state's new earned income disregard policy went into effect) to 21 percent in fiscal year 2000/01.²⁰ Part of the increase in people combining work and welfare is the result of the new earnings disregard policy that allows employed recipients to remain on the rolls longer with more earnings than they could have under the old disregard rules.

Sanctions for Failure to Comply with Welfare-to-Work Requirements

Through the monitoring process, Philadelphia's CDU workers learned about welfare recipients who completed, failed to participate in, or were terminated from their work activity. Recipients who were terminated or failed to participate were called in for a conciliation meeting at which the CDU worker determined whether the recipient had "good cause" for not participating in work activities. Official policy calls for sanctioning all recipients who fail to show good cause.

Pennsylvania cautiously imposed sanctions for failing to comply with the work requirement, especially sanctions that affected whole families. According to one administrator, "We bend over backwards" to make sure that recipients have every opportunity to comply before imposing a sanction. In practice, most case managers said that they usually gave clients a second chance — especially "first-time offenders" — but would eventually sanction recipients who did not comply with work requirements. Some case managers acknowledged their discretion in sanctioning recipients: "If they don't have documentation, it depends on how reasonable the story." Table 2.2 reveals that almost 20 percent of the employment staff relied on their professional judgment in deciding whether to sanction.

The state's reluctance to impose severe sanctions led to time-consuming procedures to make sure that post-24-month recipients were not sanctioned in error. In each welfare office visited as part of this study, administrators assigned one of the CDU workers to focus exclusively on handling the sanction paperwork for post-24-month individuals. These sanctions also required the approval of a supervisor and manager. Originally, sanctions for post-24-month recipients were reviewed by central welfare administrators and then by officials in Harrisburg. A central office administrator noted: "We still do a thorough review, and send to Harrisburg in the case of a lifetime sanction." Although recipients could appeal sanctions, administrators noted that few did so.

Recent interviews indicate that staff were increasingly willing to sanction recipients. Administrators in one office confirmed the impression that sanctions had become more common: "In

²⁰Brock, Nelson, and Reiter, 2002.

1999, we only sanctioned them if they ignored us [did not show up for their conciliation meeting]. . . . Back then, we didn't look for good cause. If they came in [in response to a conciliation letter], we'd reenroll them." One case manager reported that, in some cases, programs took individuals back (and the recipients thus avoided sanctions), but otherwise: "If we can't show good cause, I need to sanction them, or we're out of compliance and I would get in trouble."

Administrative data confirm that sanctioning for both pre- and post-24-month recipients in Philadelphia increased over time: In an average month in 1999/2000, 3 percent of cash assistance recipients were sanctioned; this rate increased to 6 percent in 2001/02.²¹ Figure 2.4 shows the increasing number of sanctions since January 2000. In Pennsylvania, a third sanction for failing to comply with the work requirement resulted in a lifetime ban on receiving cash assistance — a penalty far harsher than reaching the lifetime limit on benefits, as explained below. As of October 2002, a total of 68 families in Philadelphia (and 90 families across Pennsylvania) had lost TANF benefits forever because they had received a third sanction in the post-24-month period.

Procedures and Services Related to Time Limits

The Philadelphia community — including welfare staff, city officials, advocates, and recipients — were apprehensive about the time limits, especially the 24-month work-trigger time limit that began to affect clients in March 1999. The initial message about this time limit from welfare staff at all levels was that, at two years, recipients had to be working 20 hours to retain eligibility for cash benefits.²² Many feared that insufficient jobs in the city and inadequate preparation to join the workforce would leave recipients "on the streets." In the time leading up to implementation of the work-trigger cutoff, the media, welfare officials, and advocates produced varied estimates of how many thousands of recipients were at risk of losing benefits when that happened.

In the end, Pennsylvania's officials permitted a broad definition of work that includes subsidized employment, work experience, on-the-job training, and community service or workfare, and they contracted for a sufficient number of slots so that no one was at risk of losing benefits because of an inability to meet the work or participation requirements.

As noted above, however, recipients faced significantly restricted choices of allowable work activities after 24 months, as well as more intensive monitoring and harsher sanction penalties.

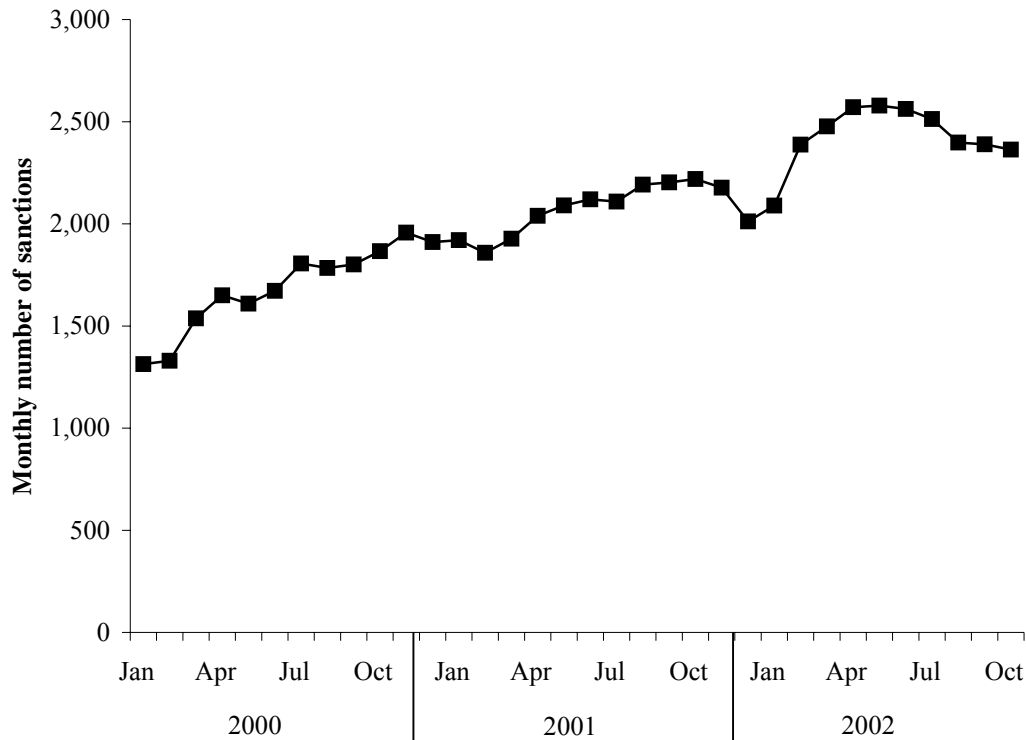
²¹There was wide variation in the Urban Change sites' sanctioning policies and practices. Sanction rates were quite high in Miami. Philadelphia's rates were a little higher than the rates in Cleveland and Los Angeles (Brock, Nelson, and Reiter, 2002).

²²In Philadelphia, the term "time limit" was applied both to the two-year work requirement and to the five-year limit.

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Figure 2.4

Number of Sanctions in Philadelphia, January 2000 - October 2002



SOURCE: Pennsylvania Department of Public Welfare.

NOTES: Data represent a one-day count of individuals in sanction status on the day that the report is run. It is possible for the same individual to be counted in consecutive months.

Five-Year Lifetime Time Limit

This report examines the behavior of welfare recipients who thought that they faced a five-year lifetime time limit. Late in 2002 — seven months after the first cohort of TANF recipients reached the five-year point — Pennsylvania issued policies allowing recipients to receive TANF for the foreseeable future, even after reaching the time limit. The new policies allow recipients to receive extensions as long as they work or participate in assigned programs for

30 hours per week.²³ These rules for receiving “Extended TANF” were a few weeks from being implemented when the field research for this report was completed.

Although the new five-year rules mean that few recipients are expected to lose benefits, some recipients will experience a new participation mandate at that point. Between the second and fifth years, recipients working 20 hours (or more) satisfied the work requirement. Under the new rules, once recipients reach five years, the work requirement increases to 30 hours. Recipients working between 20 and 30 hours will be referred to programs geared to helping them obtain additional hours (either in the same job or in a new job). Recipients would be required to participate in these “retention” programs to stay in compliance.

Under the new five-year time-limit rules, recipients who had verified medical or physical disabilities that limited their ability to work were also likely to experience significant changes. Until the five-year point, these recipients were exempted from the work requirement, and though they had been invited to participate in programs on a voluntary basis, participation in services was not a condition for benefit eligibility. At five years, however, they will be required to participate in the Maximizing Participation Program (MPP), which is designed to identify and remove barriers to employment.

From the start, caseworkers in Philadelphia focused on time limits, but their emphasis on the two-year versus the five-year time limit fluctuated. Early on, workers stressed the work-trigger time limit, because it was the first limit to affect recipients. Once most recipients had passed two years, however, caseworkers emphasized the five-year limit.

Caseworkers reported that they lost credibility in the eyes of recipients because they sent a message that threatened recipients with the loss of benefits and this did not occur. At this point, the messages about time limits became especially “awkward”:

We told them five years in a lifetime. The work programs take you beyond five years.

When this first started five years ago, the twenty-fourth month was doomsday. Media [focused on it]. The 24-month point came and went. Now, I feel like they cried wolf too much.

Recipients are hearing that it’s not going to happen [people getting cut off at the five-year time limit]. So, when you tell them what’s available to them

²³State TANF funds will be used to pay cash assistance for recipients who accumulate more than 60 months of TANF receipt.

and what they should do, they don't believe you, because we passed our five years in March and no one has been cut off.

To keep track of how many days of TANF recipients had used, caseworkers used an automated system that recorded time on TANF in terms of days. Although it was somewhat confusing to translate days into years, the workers adjusted and said that they retrieved the information easily. Each time CDU workers met with clients, they recorded the number of days of TANF used on clients' Agreement of Mutual Responsibility (AMR). Thus, at various points each year, recipients received a record of the number of TANF days they had used. In addition, the state has sent mailings indicating the number of days or months of TANF.

In 2001, Pennsylvania instituted the Time Out program, allowing certain recipients to stop their time-limit clocks while receiving benefits (essentially freezing the number of TANF days they had used) for up to one year.²⁴ The time-out policy was designed so that fewer recipients who "play by the rules" would reach the two- and five-year time limits. Employed recipients could stop their time-limit clocks if they worked 30 hours per week or worked 20 hours or more per week and also attended an education and training program for 10 hours per week. Two-parent cases who were employed a minimum of 55 hours per week (combined for both parents) qualified for the Time Out program, as did recipients who completed the eight-week job search and then participated in approved programs with contracted vendors for 30 hours per week. Other "time-outs" were geared to recipients with specific barriers to employment: victims of domestic violence, recipients who were exempt for verified medical reasons and who volunteered for the Maximizing Participation Program (MPP), and kinship caregivers. The welfare department publicized these options through welfare staff and also by providing grants to community-based, faith-based, and other local agencies to conduct outreach.

Perceptions and Experiences of Former and Ongoing Welfare Recipients

To this point, the chapter has described implementation of welfare reform in Philadelphia chiefly from the standpoint of program administrators and staff. This section turns to the people who were the main targets of 1996 reform efforts in the city — former and ongoing welfare recipients — to understand their perceptions and experiences. It draws on two independent data sources:

- A survey of over 600 randomly selected women who, in May 1995, were single mothers between the ages of 18 and 45, lived in high-poverty or high-

²⁴Cash assistance was paid from state TANF funds for recipients in the Time Out program.

welfare neighborhoods, and received cash assistance in Philadelphia.²⁵ These women were surveyed at two points after the 1996 welfare reforms began — in 1998 and in 2001 — to capture changes in their situations and experiences over time.

- Focused, in-depth ethnographic interviews with 32 low-income, single-parent families, conducted over three and a half years starting in 1997. At the time of the first interview, all the families received cash assistance and lived in three high-welfare Philadelphia neighborhoods.²⁶

The survey and the ethnographic study are explained in detail in Chapter 4, which also shows the characteristics of both groups of respondents. Although everyone in the two groups received cash assistance at the point of being selected for the study, the majority in both groups left welfare over the course of the follow-up period. As a result, some respondents in each group had a longer period of “exposure” to the ongoing process of welfare reform in Philadelphia than others.

Knowledge of Welfare Rules

One of the main topics addressed by both the survey and the ethnographic study was how much the respondents knew about several major features of the new welfare policies, including time limits and such transitional benefits as health insurance and child care, which are intended to help welfare recipients move into the workforce. Table 2.3 shows how often survey respondents had a correct understanding of several major policies in 1998 and in 2001.

Time Limits

One of the main messages of the 1996 welfare reforms was that cash assistance would not continue indefinitely. On this point, the survey revealed a high level of awareness: Almost 90 percent of survey respondents in 1998 were aware of the time limit, and this percentage increased over time. The percentage of survey respondents who could identify the precise length of the time limit — 60 months — was considerably lower, although it grew substantially over time, from 35 percent in 1998 to 51 percent in 2001.

When the 32 families who participated in the ethnographic study were first interviewed in 1997, nearly every parent knew that some kind of time limit existed, and most knew that they had to get a job within two years or be cut off. But not all understood that they could continue to receive partial benefits for an additional three years, provided they worked at least 20 hours a

²⁵About 200 additional survey respondents were receiving food stamps in May 1995.

²⁶Three of the welfare offices serving these neighborhoods were the focus of the Urban Change implementation study (Quint et al., 1999).

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Table 2.3

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

	First Interview (1998)	Second Interview (2001)	Difference
<u>Understanding of welfare rules</u>			
Percentage of clients who knew that:			
There is a time limit on cash assistance	88.7	92.3	3.6 *
The time limit on cash assistance is 60 months ^a	35.3	50.5	15.2 ***
They could keep part of their grant even if they got a job	60.4	63.1	2.7
If they left welfare to work, they would continue getting medical benefits	73.9	78.6	4.7
If they left welfare to work, they would get help paying for child care	59.7	58.6	-1.1
If they left welfare for work, they would continue to get food stamps ^b	n/a	68.9	n/a
Sample size	638	638	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Rounding may cause slight discrepancies in sums and differences.

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

^aThere were 115 respondents who said that their time limit on cash assistance was 24 months at the first interview. There were 67 respondents who said that their time limit on cash assistance was 24 months at the second interview.

^bThis question item was not included in the first interview.

week. Furthermore, few understood that if they left welfare but subsequently lost a job, they could return to welfare as long as they had not exhausted their 60-month lifetime limit.

Denise's story illustrates the stress sometimes felt by those who moved to work but were unaware that they could return to the rolls later. Shortly after the first round of ethnographic interviews, Denise found full-time work that paid enough to make her ineligible for cash assistance. However, she was very worried about whether she could make it economically over the long term without some sort of safety net: "Right now . . . the only thing I worry about is . . . maybe three, four years down the line, my job might close, and it might be hard for me to find a job, and then I wouldn't be able to get welfare. . . . Who is to say that something [bad] might not happen down the road [with my job]?"

By late 1998 and early 1999, the ethnographic sample knew more about the new welfare policies, including time limits and their requirements. Recipients learned about the policies when they met with caseworkers to formulate and sign the Agreement of Mutual Responsibility. But recipients were just as likely to credit their new knowledge to local news coverage of welfare reform, to an informational campaign launched by a local welfare rights union active in one of the neighborhoods, and to word of mouth.

Despite confusion about the lifetime time limit, almost all ethnographic respondents understood the “two years and a job” message and how it might affect their case. Their knowledge was due primarily to a mass mailing from the welfare department that informed each welfare recipient of how much time remained on the 24-month “clock,” illustrated by a vivid graphic showing sand flowing in an hourglass. However, recipients interpreted this information in a variety of ways. Some correctly understood the two-year limit, but some thought the mailing meant that they were close to reaching their lifetime limit, and others thought it meant that the entire welfare system would be abolished in short order.

By early 2000, parents in the ethnographic sample who continued to interact with the welfare department showed substantial gains in their understanding of the rules, even of more complex concepts like the banking of benefits. Kathryn — a mother of two from Kensington who worked full time at a low-wage job that left her eligible for cash assistance — explained: “The little money that they give me, I’ve got the right to turn that money down, [to say] I don’t want it. And then when I’m out of work later, I can collect, you know, the full amount.” Kathryn was grateful for this new piece of information. However, some clients felt betrayed by the welfare system because they weren’t fully or accurately informed from the beginning, and so they had lost months on their lifetime clock. Sarah, from Kensington, claimed a small amount of cash assistance while she worked full time. Just before the final ethnographic interview, she learned that her continued receipt of a few dollars each month had reduced her 60-month time clock by 24 months:

I knew already I had [to find a job within] two years, but I was working [when the 24-month time limit hit]. [When my caseworker told me about the 60-month time limit a few months ago,] I told her, “Listen! I was working [this whole time]! It’s not like you were really giving me [much] money. . . !” She like, “Well, we still gave you money, so you still [lost time on your clock].” I don’t think that’s really fair.²⁷

²⁷In July 2001 — after this interview took place — Pennsylvania instituted the Time Out program (described above) to stop the clock of recipients who were working as required.

The ethnographic research also sheds light on how seriously recipients took time limits. Nearly every parent believed that the time limits were real and would be enforced. Some saw the changes as a harbinger of harsher changes to come, namely, the abolition of the welfare system. Pennsylvania's decision to soften the 24-month work-trigger limit had no discernable effect on clients' belief that an eventual lifetime limit would be imposed.

Earned Income Disregard

In 1996, Pennsylvania simplified and expanded the earned income disregard policy to provide a financial incentive for welfare recipients to go to work. As noted earlier, nine out of ten welfare caseworkers understood the policy. Although most survey respondents (about 60 percent in both waves of the survey) were also aware of this policy, a significant minority did not understand that they could keep part of their grant if they went to work. Welfare staff acknowledged that they did not often discuss the disregard with recipients, although a computer system automatically calculated the disregard for any recipient who reported earnings.

Respondents in the ethnographic sample had a better understanding of the earnings disregard. Most understood that they could keep some of their earnings if they worked, and most understood that they could keep half of their earnings. As mentioned above, many recipients credited their knowledge to local news coverage, to a local informational campaign, and to word of mouth. In addition, many respondents understood the disregard policy because it was fairly simple and could be passed easily from client to client without elaborate explanation.

Although the disregard policy mandated only part-time work and many parents in the ethnographic sample believed that they would lose food stamps, Medicaid, and child care subsidies if they worked full time, almost all ethnographic respondents were determined to find full-time work. When asked why, they explained that as long as they were going to lose benefits eventually, they were better off trying to resettle their lives as quickly as possible. Nearly all also wanted to escape the stigma of the welfare system. Whereas they saw welfare as demeaning, they believed that work would garner them the respect of their friends and neighbors, especially if it was a "real" or full-time job. The desire to trade welfare for work and to be "independent" of the welfare system was so strong that a few respondents chose to forgo ongoing cash assistance just so they could leave welfare behind, even though some of them had no idea that such a strategy allowed them to bank benefits for future use.

Transitional Benefits

When welfare recipients in Pennsylvania left the rolls for work, they were eligible for such benefits as health insurance and child care subsidies that were designed to help them make the transition to work. Nevertheless, recipients expressed concern that finding work would leave them and their children without health insurance. They also worried about child care costs.

Pennsylvania attempted to counteract these fears by publicizing the availability of transitional benefits, and the survey suggests that these efforts were fairly successful. About 75 percent of recipients knew that they would continue getting medical benefits; almost 70 percent knew they could continue to receive food stamps if they left welfare for work; and about 60 percent knew they could get help paying for child care.

The ethnographic interviews also suggest that recipients' understanding of transitional benefits increased over time. When the study began in 1997, the ethnographic sample showed little or no understanding of transitional benefits. Respondents consequently expressed a great deal of concern about how they were going to cover the costs of food, child care, and health care when they left welfare for work. About a year and a half to two years later, ethnographic respondents showed better understanding of the benefits, especially concerning transitional Medicaid. However, accurate knowledge about the specifics of these programs remained rare, and few knew how to go about securing these benefits for themselves and their children. Danielle's views were quite typical: "I don't know. See that's, that's the whole thing. I don't know if . . . you're allowed to keep medical [when you get a job] or if they're gonna cut medical too. Basically what welfare [decides], you gotta live [with]."

As was found in the survey, ethnographic respondents gleaned information about transitional benefits from a variety of sources, especially through job search orientations, job clubs, word of mouth, and the efforts of the local welfare rights organization. Very few said that their welfare caseworker had offered information on any of these benefits. Furthermore, when recipients approached caseworkers and asked whether they were eligible for these benefits, a substantial number were erroneously told that they were not eligible or that they would have to fulfill an extra requirement, such as forgoing a transportation allowance or agreeing to forgo all cash assistance for a year. Others, however, managed to secure transitional benefits — often only through repeated efforts.

Even clients who managed to secure transitional benefits for themselves and their children learned over time that the administrative barriers to maintaining the benefits were steep — and sometimes too burdensome for recipients who were juggling work and solo parenting. For example, about one in five workers lost their food stamp benefits due to administrative hassle.

Administrative barriers nearly always involved problems with paperwork and the monthly reporting requirement. While it may not seem like a burden to put into the mail each month a completed form and copies of a pay stub, a rent receipt, and a utility bill (and, occasionally, additional documentation, such as verification from an employer that one has been laid off or fired), respondents who worked often said that they had routine problems with the monthly reporting requirement. Some problems stemmed from their own inability to keep up with the paperwork or to fill out the forms correctly (the forms *were* fairly complicated). Ac-

According to the ethnographic sample, caseworker error was more often the cause of problems. A number of respondents, for example, reported that their caseworkers “lost” or misfiled paperwork that they claimed they had submitted on time. At Round 2 of the interviews, Lynn, from Germantown, was baffled by the caseworker incompetence she had to deal with regularly. She was fighting for medical benefits that were cut because of an inept caseworker — who was known for such errors and reportedly was fired. Lynn said:

I don't know what they're doin' there. They're all freaks. They even wiped out our medical. I said, “Why can't we get medical?” . . . And the guy that we had, they said that he, um, he had messed with so many people's paperwork, they gonna have a long stretch to get it all together. [*Interviewer: This was your caseworker?*] Mm-hmm. And so they fired him, and now we got a new one. . . . And even though he got everything together, they say [the former caseworker] messed up so much stuff, they're so backed up, they don't know what to do.

Despite Lynn's experiences, only four of the working mothers in the ethnographic sample lost Medicaid benefits in the year prior to the last interview. Most recipients continued to receive Medicaid without difficulty even when they left welfare entirely — that is, until they were no longer eligible for transitional Medicaid (at which point the income eligibility threshold is reduced from 185 percent to 135 percent of poverty). Fewer than one-fourth of those in the ethnographic sample received CHIP, even though all of them appeared to be eligible.

Some might assume that recipients with less knowledge about transitional benefits would be less motivated to seek employment. As discussed earlier, however, parents in the ethnographic study expressed a strong motivation to work, and they struggled to get and maintain jobs regardless of whether they knew about transitional benefits. This is not to say that parents did not worry a great deal about how they would meet their family's food, child care, and health care needs after leaving welfare. In fact, they were very concerned about these issues. However, their poor understanding of transitional benefits played virtually no role in dampening their desire for employment or their efforts to secure work. Their motivation was simple: Welfare was ending, so they had no choice but to seek employment.

The Use of Services and Interactions with Welfare Staff

The survey and the ethnographic interviews also addressed sample members' interactions with welfare staff, their use of work-related services, and their experiences with sanctions. Table 2.4 presents survey results related to these questions. Unlike the items reported in the previous table, many of these questions were asked only of survey sample members who were currently on welfare or had been on welfare within 12 months of each interview. This subgroup —

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Table 2.4

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

	First Interview (1998)	Second Interview (2001)	Difference
<u>Interactions with welfare staff</u>			
Percentage of clients who report that welfare staff: ^a			
Took the time to get to know them and their situation	25.1	23.6	-1.5
Would help them deal with problems affecting their participation in welfare program activities	26.1	28.2	2.0
Pushed them to get a job quickly even before they felt ready or a good job came along	48.8	62.1	13.3 ***
Urged them to get education or training to improve their skills	34.4	42.6	8.2 *
Just wanted to enforce the rules	70.1	76.0	5.9
Helped them to find or keep a job	25.1	25.9	0.8
Urged them to save up their months of welfare for when they need/needed them the most	15.9	18.3	2.4
<u>Work-related activities</u>			
Percentage of clients who, in the last 12 months, attended:			
At least 1 work-related activity	67.7	52.3	-15.4 ***
Job club	43.8	35.8	-8.1 *
Independent job search	52.3	38.1	-14.2 ***
Unpaid work	13.5	5.8	-7.7 **
On-the-job training	7.3	2.7	-4.6 *
Vocational training	7.3	7.3	0.0
GED, ABE, ESL classes	9.6	6.5	-3.1
College	2.7	1.9	-0.8
<u>Sanctions, disputes, and time limits</u>			
Percentage of clients who said that:			
They were sanctioned in the last 12 months	30.9	27.4	-3.5
They had a dispute with the welfare agency in the last 12 months	27.3	24.6	-2.7
They were cut off welfare due to time limits ^b	n/a	1.6	n/a
They received an extension after reaching their time limit ^{b, c}	n/a	25.5	n/a
Sample size	260	260	

(continued)

Table 2.4 (continued)

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

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

Rounding may cause slight discrepancies in sums and differences.

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

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

^bTime limits went into effect in October 1999.

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

260 cases out of a total sample of 638 — represents women who had the most contact with welfare programs and staff after the 1996 welfare reforms went into effect and who, presumably, had the most difficulty finding employment. To avoid confusing this subgroup with the full survey sample, the following discussion refers to these women as “ongoing recipients.”

Interactions with Case Managers

Perhaps because the case management role involved a mix of responsibilities aimed at “helping” and “enforcing,” the survey and ethnographic respondents had mixed feelings about their case managers. The enforcement role made a bigger impression, however. On the 2001 survey, only 24 percent of the ongoing recipients said that welfare staff took the time to get to know them and their situation, and 28 percent said that staff would help them deal with problems affecting their participation in welfare-to-work activities. By comparison, 62 percent said that case managers pushed them to get jobs even before they were ready, and 76 percent agreed with the statement that case managers “just wanted to enforce the rules.” Overall, the survey revealed little change in the women’s impressions of welfare staff from 1998 to 2001, though more respondents reported that case managers pushed them to get a job quickly at the later date (62 percent, compared with 49 percent), and at 2001 survey more respondents reported that case managers urged them to get education or training (43 percent) than in 1998 (34 percent). Although these findings reinforce evidence presented above of caseworkers’ increasing efforts to get recipients into work or approved activities, they are less consistent with findings about the lack of emphasis on education and training beyond 24 months.

The ethnographic study offers more insight into how parents viewed their case managers and the welfare office. The majority of ethnographic respondents were still in contact with the welfare office more than three years after implementation. By the 2000/01 interviews, 14 of 32 families in the ethnographic study still had a household member receiving cash assistance, and another 13 were still receiving food stamps, Medicaid, or a child care subsidy.

Parents in the ethnographic study were initially quite hopeful that welfare reform meant they would get concrete assistance in securing stable employment at a “decent” wage. Over time, they learned that if their caseworkers felt they were abiding by the new rules and were diligently seeking to get and keep jobs, they could qualify for substantial help in meeting their food, child care, and health care needs. Most recipients thought that this “deal” was fair, and they diligently sought to obtain and maintain employment. For the most part, recipients believed that they had kept their end of the bargain.

When recipients perceived failures on the part of the welfare office, most lost faith in the new system. Paulette, from North Central, illustrated recipients’ sense of vulnerability as they dealt with the new welfare system. One month, her employer paid her late, and she did not have a pay stub to submit with her monthly report. She lost benefits as a result, and then she experienced considerable hassle and delay in getting back on the rolls. When asked how long it generally took for a client to be reinstated in this kind of situation, Paulette replied: “It depends on what kind of caseworker you have. If you have a nice one, it actually should just take 24 hours. If you don’t have a nice one, it could take anywhere from 24 hours to two weeks to a month.”

Toward the end of the ethnographic interviews, many parents said that they had learned that, in the new system, any small incident (such as an argument with a caseworker) could provoke the abrupt termination of a sick child’s Medicaid benefits; that an incompetent caseworker could cover for a case closure by claiming that the client’s paperwork had never arrived; or that an uncaring caseworker could, on a whim, decide to stand in the way of a child care subsidy for a family who desperately needed one. This perceived lack of predictability (which no doubt dramatically overstates the real level of discretion that caseworkers had) provided an additional impetus to leave welfare completely behind, but the perceived lack of clear guidelines also discouraged recipients from fighting to secure transitional benefits that they needed in order to move to employment without exposing their children to hardship.

Work-Related Activities

According to the survey, fewer ongoing recipients participated in work-related activities in 2001 than in 1998 (52 percent, compared with 68 percent, as shown in Table 2.4). This finding is inconsistent with the increased emphasis on preparing Philadelphia’s welfare recipients for work as the time limit drew nearer, but there are several possible explanations. For one thing, paid employment (including subsidized employment) is not included. Over time, an in-

creasing percentage of survey respondents had paid employment, as Chapter 4 demonstrates. Among survey respondents who were not working in paid jobs, the declining participation rate might mean that recipients were less willing to participate in structured activities. This is consistent with a sharp decline in independent job search between the two surveys. Finally, some non-participating recipients may have been exempt or under sanctions.

The ethnographic interviews offered a good deal of information about recipients' experiences with independent job search and job club. An ethnographic study of welfare recipients in Chicago found that those who were mandated to participate in independent job search routinely failed to apply for the required number of jobs, simply faking the names and addresses of employers, to appear compliant.²⁸ This was not the case among Philadelphia's ethnographic respondents. Although caseworkers with huge caseloads might be expected to have difficulty ensuring that recipients applied for all the jobs that they reported, virtually all job search participants said that they had applied as required. To get the needed signatures, many recipients went far beyond their local neighborhoods and applied for jobs that paid far less than they thought they needed in order to pay their bills. In their desperation to fulfill the job search requirement, recipients sometimes reported applying for jobs that required more experience or education than they possessed.

By the middle of the ethnographic interviews, most parents were required to participate in job search or job club. Some, like Celena, found the process frustrating. She repeatedly expressed interest in enrolling in a GED program. Accomplishing that and managing a family at the same time had, as yet, been impossible. One conversation with her occurred in the middle of the job search process, when she was engaged in what seemed to her a fruitless waste of time: She had completed 20 applications but had received no calls back. Based on what several prospective employers had told her when she applied, she had concluded that "they don't hire you without a GED or a diploma."

Lisa also complied with the job search requirement rather than continue in her GED program, but she thought that — for those with no training or skills, like herself — the job search process was useless: "I think [job search] is stupid because, like, for me, I was an addict for five or six years [and was busy] taking care of my kids before that. [So] I never really had no . . . training and no skills. And [at job club] they are, like, 'Any job is a good job,' and 'If you get a job in McDonald's, that is fine.'" Lisa granted that some of the exercises she had participated in at job club, such as role-playing an interview situation, could be helpful for some women. However, she believed that those skills had their limits. She explained: "But I felt as though, how are you going to send people with no skills on the job? How long are they going to last at that job? And if they lose that job, they still don't got no skills. How they are going to get another job?"

²⁸Edin, 1992.

Eileen, from Kensington, had numerous complaints about her multiple job club experiences. She was troubled because “the places that they were sending us to [are] far out of [the city].” She worried that the time required for a daily commute to the outer suburbs would add several hours to her workday. Another complaint centered on the welfare department’s practice of sending those clients who had failed to secure a job after one session in job club to be assigned to another session, where they merely taught the same skills as the first program.

As Lisa and Eileen predicted, very few ethnographic respondents reported getting jobs through the job search process, and most who did found low-wage part-time jobs. Some recipients said that when they asked for signatures to verify that they had applied, employers knew they were welfare recipients and rejected their application out of hand. Over the course of the study, however, most recipients found work on their own after job search — a process that may have been facilitated in some way by their job search experiences.

Initially, recipients were quite willing to attend job search programs, assuming that the programs involved some form of real “training.” But almost all respondents who participated in job club came to the conclusion that it was of little or no value, and they were bitter about the fact that this seemed to be the welfare department’s sole approach to helping them get jobs.

Pam dropped out of a training program to comply with participation requirements, and her comments in this regard were typical:

That job [club], that was a waste of money. They paid whoever this private contractor was all this money to train people, and it is not really [training]. I won’t say that I didn’t get anything out of it; I did. I learned what to do and what not to do on filling out the application, which was really helpful. I learned how to do a résumé; they did it for me. What to say and what not to say [in an interview]; I did learn that. Little minor things . . . like [learning that] if I wrote my phone number down, [I should] put the area code with it. . . . But it was really a waste, because it didn’t teach you a lot. . . . I think it was, and most of the people were there just to get a pay check, and that was it. *[Interviewer: What kinds of things would you think would have been useful?]* If they would have put money into people wanting to get school and college, it would have been better. But [instead] they cut a lot of [training] programs. They [told me I had to quit] mine.

Most parents in the ethnographic sample claimed that writing résumés, filling out applications, and learning about self-presentation and other soft skills were tools that they already possessed. Embittered by the “waste of time” (especially, some said, when “my clock is ticking”), recipients went to great lengths to avoid job search programs by fulfilling their participa-

tion or work requirements in some other way, even if it meant taking a part-time job at a fast-food restaurant requiring a lengthy commute while they searched for full-time work.

Sanctions, Disputes, and Time Limits

As described earlier, failure to attend required work activities could result in a financial sanction. For recipients who had accumulated 24 months of TANF, this meant closure of the entire family's cash grant for at least one month. The survey results in Table 2.4 show that 31 percent of the ongoing recipients had been sanctioned in the year before their 1998 interview and that 27 percent had been sanctioned in the year before their 2001 interview. In interpreting these results, it is important to bear in mind that this subgroup would, by definition, be at higher risk of sanctioning than the average recipient and that the survey captures sanctions imposed during the previous 12 months. Many ongoing recipients eventually suffered the consequences of noncompliance with welfare rules.²⁹

Both the survey sample and the ethnography suggest far higher rates of sanctioning than the Pennsylvania Department of Public Welfare's own records imply. The ethnographic data supply one possible explanation. Many of what recipients called "sanctions" were actually case closures due to paperwork problems related to monthly reporting and other requirements. As noted above, paperwork problems plagued not only ongoing cash welfare recipients but also welfare leavers who remained eligible for food stamps and other transitional benefits. Food stamp sanctions were nearly always imposed because the caseworker claimed the client had failed to complete the necessary paperwork correctly or on time.³⁰

Summary and Conclusions

The 1996 welfare reforms significantly changed welfare policies and operations in Philadelphia. State officials successfully expanded the welfare-to-work program and focused it on job search. As a consequence, both welfare staff and recipients heard the clear message that employment was the new goal. To further encourage recipients to work, the new policy included a simplified earnings disregard that was easy for recipients to understand. When it became clear that many would not meet work requirements despite these efforts, the state adapted. When a substantial number of recipients reached the 24-month work-trigger time limit without jobs, the state introduced a fairly large subsidized employment program. Concerned that some parents would not be able to work, the state introduced a program to help recipients with a medical

²⁹A prior report (Polit et al., 2001) notes that women who had substantial barriers to employment were significantly more likely to have been sanctioned than women without such barriers.

³⁰See Clampet-Lundquist and Edin, 2003.

or physical disability participate in work activities. And when families began reaching the lifetime time limit, the state extended benefits for families who played by the rules.

Despite these positive steps, Philadelphia's experience with welfare reform was mixed. The expanded welfare-to-work program initially required recipients to look for work on their own, and recipients' frustration with a perceived lack of substance in these activities dimmed their enthusiasm for the new policies. In addition, recipients felt vulnerable to caseworkers' whims and incompetence, which caused some to lose benefits. Clients' negative experiences might have resulted from high caseloads, which precluded individual caseworkers from adopting "customer-friendly" approaches. As a consequence, the environment of the welfare office did not dramatically change, remaining a place of harried, often-impatient workers burdened by paperwork despite significant technological advances. Finally, the state may have promoted needless anxiety and undermined its own credibility with regard to time limits by initially threatening a much tougher policy than was ultimately adopted, both at two years and at five years.

Chapter 3

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

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

Philadelphia's welfare caseloads did decline dramatically after 1992 (see Figure 1.1 in Chapter 1), but the declines began before TANF was implemented, which suggests that factors other than welfare reform are at least partly responsible. The growing economy might have made it easier for current and potential welfare recipients to find relatively high-paying jobs. The expansion of the federal Earned Income Credit (EIC) may have encouraged many people to leave welfare for work or to go to work instead of applying for welfare.¹ An aging population and declines in out-of-wedlock childbearing may have resulted in fewer families' being eligible for cash assistance.²

The presence of these other factors makes it difficult to find the independent effect of welfare reform. All the factors would be expected to reduce caseloads, and all were present both before and after March 1997, when welfare reform was implemented in Philadelphia. Only one important factor began with welfare reform: welfare reform itself. Using that fact, this chapter investigates the effects of TANF by comparing patterns of welfare receipt and employment over time.³ If TANF had an effect, the patterns after March 1997 should look different than the patterns before reform.⁴

¹Meyer and Rosenbaum, 2001.

²Sawhill, 2001.

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

⁴Some people consider the "gold standard" of policy evaluation to be randomly assigning people to either a program group, which is subject to the rules of the new policy (in this case, TANF), or a control group, which is subject to the old policy (in this case, AFDC). In a random assignment study, the control group represents what would have happened in the absence of the new policy. Unfortunately, a random assignment study of welfare reform was not practical, because the reforms were so well publicized that they might have influenced the behavior of control group members.

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

The data used in this chapter include information up to the end of 2001, and only for cases that had begun receiving cash assistance by July 1999. Therefore, the analysis does not cover the period after families began reaching the five-year lifetime time limit. Although it is possible that time limits had effects in this early period by encouraging parents to put greater effort into finding work or to leave welfare in order to preserve their eligibility for benefits at a later time, the direct effects of the time limit are not examined in this chapter. Understanding the full effects of TANF reforms in Philadelphia must wait until more follow-up data are available.

Summary of Findings

- **Trends during the 1990s.** The behavior of welfare cases in Philadelphia changed over time in ways that were consistent with reduced caseloads. Cases closed faster in 1999 than in 1993; fewer people came onto the rolls at the end of the decade; and recidivism was lower at the end of the decade than at the beginning. However, all these trends began before TANF began being implemented in March 1997.
- **Estimated effects of TANF.** The estimated effects of TANF in Philadelphia appear to be small for many outcomes. According to the best estimates in this analysis, TANF reform in Philadelphia kept people on the rolls slightly longer, increased recidivism by a small amount, and moderately increased the number of new cash assistance cases. For two outcomes, reforms in Philadelphia appear to have had larger effects: Employment increased dramatically among welfare recipients, and long-term welfare recipients left cash assistance substantially faster because of the reforms.
- **The link between policies and effects.** Some of the small effects of TANF might be the result of the policies that were implemented in Philadelphia. All welfare recipients were initially required to look for work on their own, with no minimum number of hours of work until after people had been on welfare for two years. Other studies have found that these types of policies are unlikely to have large effects. The state also expanded its earned income dis-

regard, and other studies have found that such a change is likely to increase welfare receipt — as was found in Philadelphia.

- **Long-term welfare recipients.** As mentioned above, the evidence suggests that reforms in Philadelphia caused long-term welfare cases to close substantially faster than they would have otherwise. This effect was especially strong after families began reaching the two-year work-trigger time limit. This may suggest that long-term recipients were affected more than other cases from welfare-to-work services — and from the work requirement, in particular — perhaps because they received more exposure to these policies.
- **Effects of lifetime time limit not measured.** The effects of TANF might be larger with a longer follow-up period. Welfare reform in Philadelphia evolved, but later changes are unlikely to be captured by the analysis in this chapter. Families did not reach the five-year lifetime time limit or lose benefits through full-family sanctions until after the period covered in this chapter. The state did not introduce richer welfare-to-work services and enforce the tougher work requirement until near the end of the period covered in this chapter, making their effects difficult to discern.

Expected Effects of Reform in Philadelphia

As mentioned above, this chapter covers only the period before families reached Pennsylvania's five-year lifetime time limit. The early implementation of welfare reform might nonetheless have affected behavior in several ways. Mandatory employment-focused welfare-to-work services should have helped people move to work and off welfare faster.⁵ Anticipation of the lifetime time limit might also have encouraged some people to leave welfare faster.⁶ Finally, the enhanced earned income disregard might have encouraged welfare recipients to work, but it would also have allowed more of them to stay on welfare and more of them to begin receiving welfare.⁷

Random assignment studies of welfare-to-work programs shed some light on the likely size of these effects.⁸ Most Philadelphia welfare recipients were initially required to look for work on their own. Although random assignment studies suggest that a work focus can produce substantial effects on employment and welfare receipt, welfare-to-work programs with more

⁵Bloom and Michalopoulos, 2001.

⁶Grogger and Michalopoulos, 2003.

⁷Moffitt, 1992.

⁸Bloom and Michalopoulos, 2001.

intensive services have larger effects than programs with less intensive services.⁹ An example is Florida's Project Independence, which asked welfare recipients to look for work on their own; the program had relatively small effects.¹⁰

Pennsylvania's TANF policy did not specify how many hours a welfare recipient should work until the two-year work-trigger time limit. This is similar to Vermont's Welfare Restructuring Project (WRP), which had a work-trigger time limit and an expanded earned income disregard but did not require participants to work a minimum number of hours until they reached the work-trigger time limit. A random assignment study conducted by MDRC found that WRP had small effects on welfare receipt and employment until families reached the work-trigger time limit.¹¹

Random assignment studies from the 1990s also provide information on the expected effects of enhanced earned income disregards combined with time limits and mandatory welfare-to-work services.¹² In particular, programs studied in Florida, Connecticut, and Minnesota offered expanded earned income disregards and required recipients to work or obtain short-term training. In Florida and Connecticut, the new programs also imposed time limits on welfare receipt.

In the Florida study, welfare recipients and welfare applicants in Escambia County (Pensacola) were assigned at random to either a new program called the Family Transition Program (FTP) or to AFDC.¹³ The new program limited families to either 24 or 36 months of welfare, required those who were considered job-ready to look for work, and provided a more generous disregard than under AFDC. In the period before any parent could hit the time limit, FTP neither increased nor decreased welfare use. In other words, families in the new program were just as likely to receive welfare as their counterparts in the control (AFDC) group.

Connecticut's TANF program, called Jobs First, limited families to 21 months of welfare (although families could receive extensions if parents were not earning much), required welfare recipients to look for work, and allowed welfare recipients who worked to keep their entire welfare check and food stamp benefit. In the period before any families could hit the time limit, Jobs First substantially increased welfare use and modestly increased employment.¹⁴

The Minnesota study sheds light on why TANF-like reforms might increase cash assistance use or leave it unchanged.¹⁵ The Minnesota Family Investment Program (MFIP) did not have a time limit on welfare receipt, but its other policies were similar to those in FTP and Jobs

⁹Riccio, Friedlander, and Freedman, 1994; Hamilton et al., 2000; Gueron and Pauly, 1991.

¹⁰Kemple and Haimson, 1994.

¹¹Scrivener et al., 2002.

¹²Bloom and Michalopoulos, 2001.

¹³Bloom et al., 2000.

¹⁴Bloom et al., 2002.

¹⁵Miller et al., 2000.

First. The program's earned income disregard allowed people to stay on welfare with earnings up to 140 percent of the federal poverty threshold. Many families who went to work under MFIP were consequently able to continue receiving cash assistance, while many of their control group counterparts who went to work under AFDC lost their eligibility for benefits. As a result, more families received cash assistance under MFIP than under AFDC.

The random assignment studies suggest that the effects of TANF in Philadelphia are likely to be small during most of the period covered in this chapter. The early use of independent job search and the lack of a strict work requirement for two years are likely to produce small effects, and the expanded earned income disregard might even increase welfare receipt. The effects might have increased when families began reaching the two-year work-trigger time limit, in March 1999, but this is near the end of the period covered by this chapter. The effects might have increased again after families began reaching the five-year lifetime limit, in March 2002, but that is beyond the period covered in this chapter. In short, the full story of TANF's effects in Philadelphia can be told only after more information has been gathered.

Data and Outcomes

The analysis in this chapter uses administrative records for all people in Philadelphia who received cash assistance, food stamps, or Medicaid between January 1993 and July 1999. This includes 778,510 recipients, including 513,031 recipients in 158,338 cases that began with both an adult and children. Individuals who had begun receiving public assistance by July 1999 are followed through administrative records until December 2001. The records contain information on Medicaid eligibility, food stamps and cash assistance eligibility and estimated payments, and earnings reported to Pennsylvania's unemployment insurance (UI) system. Because work requirements, time limits, and other welfare reform policies apply only to welfare cases headed by adults and because child-only cases became more important during the 1990s, the analysis in this chapter is limited to cases that contain an adult.¹⁶

Administrative data contain accurate information, but they have several limitations. First, they are limited to activity in Pennsylvania. If recipients move to another state, they are indistinguishable in the analysis from people who did not receive public assistance and did not work. Second, the UI data do not include information on workers who are self-employed, who provide informal child care, or do work that is "off the books." Third, UI records report earnings by calendar quarter and therefore provide only rough measures of employment duration and stability. For instance, people who began working or who changed jobs during a calendar quarter probably experienced weeks of joblessness that UI records do not capture. Fi-

¹⁶See Appendix Table A.1 for descriptive statistics of the full sample (which is not limited to adult cases).

nally, UI records report total earnings, not hours worked per week, weeks worked per quarter, or hourly wages.

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

- Did welfare reform in Philadelphia alter the likelihood that a case received cash assistance? This question is further divided into two parts:
 - Did the 1996 welfare reform cause welfare cases to close faster?
 - Did the 1996 welfare reform cause fewer cases to open or to reopen (return to welfare) once they had left?
- Did welfare reform in Philadelphia increase employment, and did it result in stable employment?

Did Welfare Reform Alter the Likelihood That a Case Received Cash Assistance?

Welfare caseloads could have declined in Philadelphia for two reasons: People could have left the rolls in greater numbers, or they could have come onto the rolls in smaller numbers. This section analyzes the two explanations separately. Some components of welfare reform were designed to affect one more than the other. For example, the mandatory welfare-to-work services were primarily intended to help people leave welfare, and enhanced earned income disregards were to be used in the short term more by people who are already receiving welfare. Exits and entry are also examined separately because increased exits and reduced entry have different implications for how the caseload changes over time.¹⁷

Descriptive Results

This section begins by looking descriptively at what happened to Philadelphia's welfare caseload and welfare exits over time. Figure 3.1 shows the number of open welfare cases with an adult each month and the number of unemployed individuals each month. The figure confirms what was shown in Chapter 1: Welfare caseloads peaked in the middle of 1994 and declined thereafter.

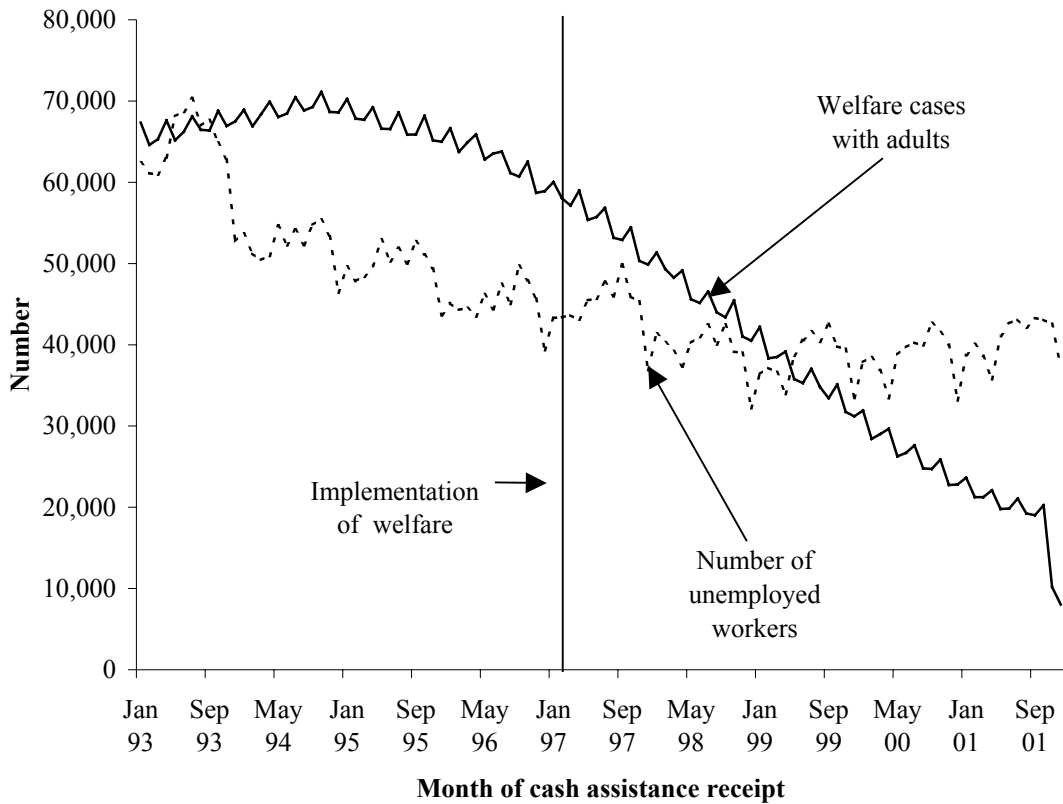
Figure 3.1 also shows that the caseload decline weakly mirrors the unemployment trend. The decline in the number of unemployed people between 1993 and 1999 was followed a few

¹⁷Klerman and Haider, 2001.

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Figure 3.1

Monthly Number of Open Welfare Cases and Number of Unemployed Workers,
January 1993 Through December 2001



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

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

Monthly unemployment data are for Philadelphia.

The vertical line represents the implementation of Act 35, Pennsylvania's TANF program, in March 1997.

months later by a decline in the number of open welfare cases. When the number of unemployed people began to increase in 1999, however, the caseload continued to decline. There are at least three possible explanations for the continuing decline in the caseload during the most recent downturn in the economy. First, it could represent the effect of welfare reform. Second, it could represent the ambiguous meaning of changes in the number of unemployed people. An increase in unemployment could be the result of more people looking for work — perhaps because of welfare-to-work services — or the result of more people losing their jobs. Finally, it is likely that an economic downturn will increase welfare caseloads only after some time — for example, while the newly unemployed take advantage of other resources, such as unemployment insurance benefits.

The vertical line at the center of Figure 3.1 represents the point at which welfare reform may have first affected behavior in Philadelphia; it represents March 1997, when TANF began in Philadelphia. The points to the right of this line represent the caseload and unemployment levels after TANF began; and the points to the left of the line represent the caseload and unemployment levels before TANF. Note that the welfare caseload began declining long before TANF was implemented in Philadelphia.

Caseloads might have declined because more people were exiting welfare or because fewer people were coming onto the rolls. For the period between January 1993 and October 2001, Figure 3.2 shows exits in Philadelphia, defined as the proportion of welfare cases headed by adults that closed each month. Consistent with the decline in caseloads, the likelihood that a case closed gradually increased over time, from about 1 percent of cases at the beginning of 1993 to nearly 2 percent of cases in the middle of 1999. But then the trend reversed: By the end of 2001, the likelihood that a case closed in any given month had declined again to 1 percent.

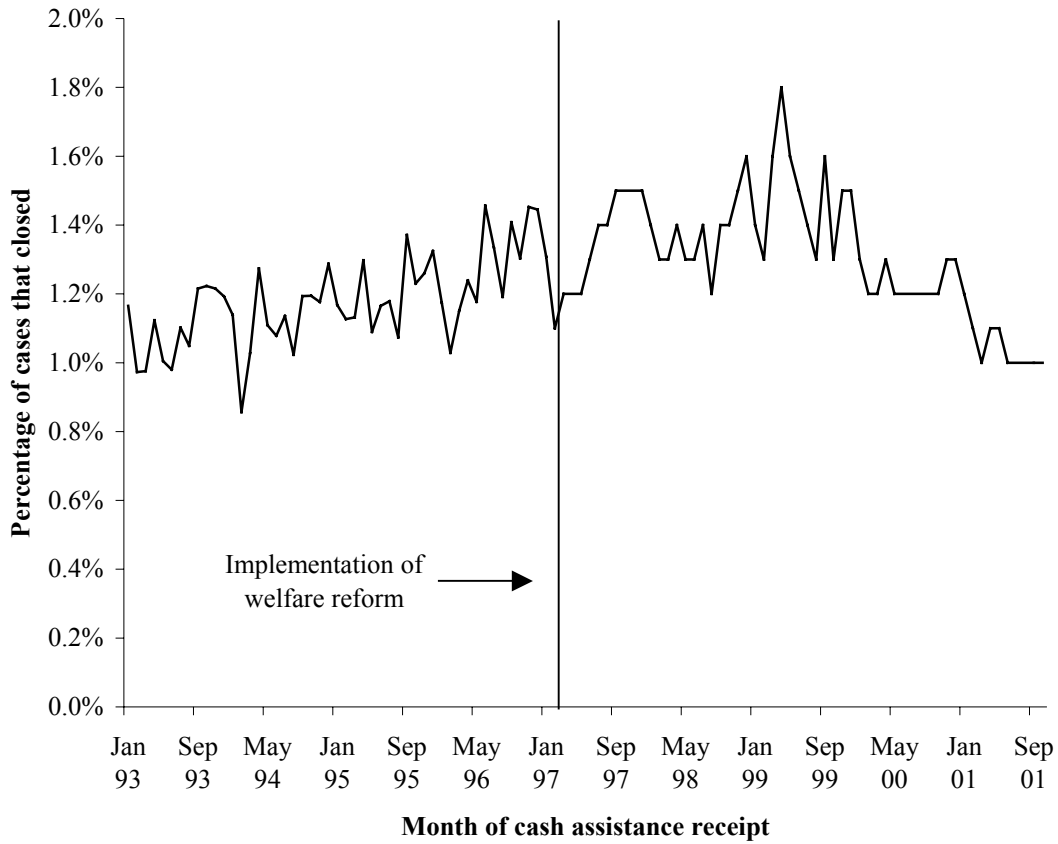
Why might exits have peaked in 1999? There are several possibilities. The growing economy — which probably contributed to the increase in exit rates prior to 1997 — had begun to peak as well. The number of unemployed people reached its lowest point near the beginning of 1999 and had risen slightly by the end of 2001.

Welfare policies in Philadelphia might also be responsible for the peak in exits in 1999. Recall that anyone who was on cash assistance in March 1997 and remained on the rolls for two consecutive years reached the two-year work-trigger time limit in March 1999, just before the peak in the welfare exit rate. Perhaps families who could easily leave welfare for work did so prior to or at the work-trigger time limit. Families who remained on the rolls after that point would consequently be harder to serve, on average, resulting in fewer exits from the rolls. Recall from Chapter 2 that the work-trigger time limit was not strictly enforced, out of concern that not enough had been done to help welfare recipients find jobs. Perhaps welfare recipients interpreted this lax enforcement as an indication that they did not really have to leave welfare for work, and this might have encouraged more of them to stay on the rolls.

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Figure 3.2

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



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

The vertical line represents the implementation of Act 35, Pennsylvania's TANF program, in March 1997.

This discussion points out a key problem with Figure 3.2: The characteristics of the caseload might have changed substantially over time, affecting monthly exit rates. If the caseload comprised a greater number of long-term recipients in 2001 than in 1997, this might be why a smaller proportion of cases were closing.

Did Welfare Reform Encourage New Welfare Cases to Close Faster?

As discussed above, looking at results for the overall caseload might be misleading, because the composition of Philadelphia's caseload probably changed over time. Figure 3.3 attempts to diminish this problem by showing exit rates for new cash assistance cases that were headed by adults. The figure also demonstrates how the impacts of welfare reform are inferred in this chapter. The line extending from January 1993 until July 1999 shows the proportion of new cases that closed within six months. For example, the point at the far left of the diagram indicates that 18 percent of cases that opened in January 1993 had closed by July 1993 (six months later). The point at the far right shows that 27 percent of adult-headed cases that opened in July 1999 closed within the next six months.¹⁸ In these calculations, a case that starts with an adult is considered closed only when the case as a whole stops receiving payments. It is not considered closed if it becomes a child-only case.

In Figure 3.3, the boxed area in the center represents the period when welfare reform may have first affected behavior in Philadelphia. The right vertical line represents March 1997, when TANF began in Philadelphia. The line to the left of the boxed area represents cases that opened less than six months before TANF began and therefore could have been affected by the early implementation of reforms.

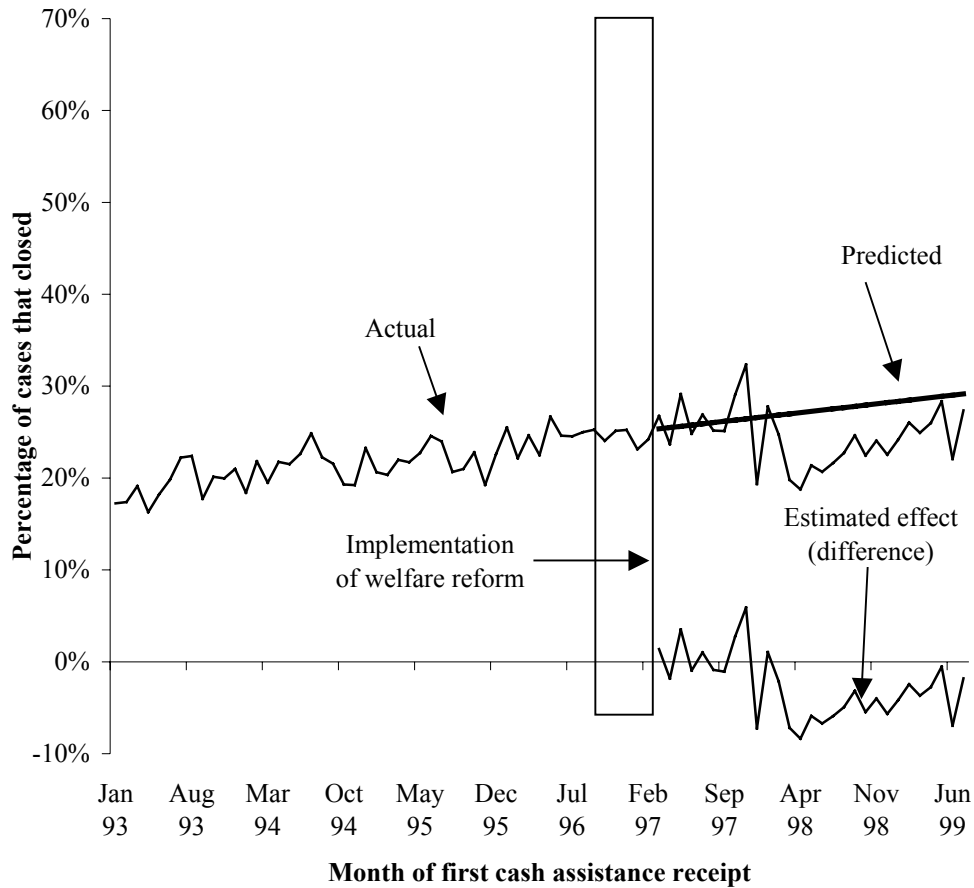
Figure 3.3 shows a clear increase in the proportion of cases that closed within six months, but was the 1997 implementation of TANF in Philadelphia responsible for some of that trend? To address this issue requires a *counterfactual*, which is an estimate of what would have happened if welfare reform had not been passed or implemented. In a random assignment study, the counterfactual is inferred from what the control group does, and the effect of an intervention is measured as the difference between outcomes for the program and control groups. Likewise,

¹⁸Because the data extend back only to January 1992, there is no way to know whether a case received benefits prior to January 1992. A case is therefore defined as new if it had not received benefits since January 1992. New welfare cases in January 1993 might have received benefits as recently as 13 months prior (in December 1991), while new welfare cases in January 1999 had not received benefits for at least seven years. Earlier groups of "new" welfare cases might therefore contain a fair number of relatively recent welfare cases. To diminish problems that might arise from this data limitation — and because cases that received benefits in 1992 had substantially different characteristics from other cases (that is, the average sizes of these groups are much larger, indicating that many cases may have in fact started earlier) — the analysis excludes cases that received benefits in 1992.

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Figure 3.3

Percentage of New Welfare Cases That Closed Within Six Months,
January 1993 Through July 1999



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

once the counterfactual is identified here, the effect of Philadelphia's welfare reform is estimated as the difference between what actually happened and what the counterfactual indicated would have happened without welfare reform.

Because the impact of TANF is estimated as the difference between actual outcomes and the counterfactual, determining the most likely counterfactual is the crucial step in the analysis. To determine the counterfactual, two assumptions are made. The first assumption is that the trend prior to welfare reform would have continued if welfare reform had not happened. This is a reasonable premise, because economic growth was strong both before and after 1997. In addition, other analyses of the effects of TANF indicate that the economy was responsible for a large chunk of national caseload reductions after 1997.¹⁹ The second assumption is that the relevant trend is the one that best fits data from the entire pre-TANF period.²⁰ This is also a reasonable premise, but it might not be the case if, for example, an important policy or economic change happened in 1995. Because the resulting estimates are only as good as these assumptions, the chapter includes a number of figures like Figure 3.3 to help the reader judge how plausible the assumptions and resulting conclusions are.

The counterfactual shown in Figure 3.3 is the straight line extending from March 1997 until the end of the period. From March 1997 until the beginning of 1998, the actual and predicted exit rates were quite close. Near the beginning of 1998, however, exit rates suddenly declined and remained below the predicted trend until the end of the follow-up period. This suggests that welfare reform reduced welfare exits more than was expected.

The estimated effect of welfare reform is illustrated in the lower right corner of Figure 3.3. The points are all fairly close to zero but are negative beginning at the end of 1997. This indicates that the predicted outcomes and the actual outcomes are very similar, suggesting that TANF had only a small effect on whether cases closed within six months of opening.

Table 3.1 presents estimated effects of welfare reform on exits by new welfare cases for three different periods of time: three months, six months, and a year after first receiving benefits. For each outcome, the table shows the actual value of the outcome, the predicted counter-

¹⁹Blank and Schoeni, 2000.

²⁰Several steps were involved in finding the best scenario. First, a linear trend was compared statistically with a quadratic trend to determine whether the trend was nonlinear. If a statistical test rejected the hypothesis that the trend was linear, then the trend was assumed to be semi-logarithmic; that is, the natural logarithm of the outcome was assumed to change linearly with time. A semi-logarithmic trend was assumed rather than a quadratic trend because the quadratic trend forces the counterfactual to change direction at some point, and this seemed implausible for most outcomes.

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Table 3.1

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

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
<u>Cases exiting welfare</u>			
Percentage of welfare cases closing in:			
3 months	11.1	12.5	-1.4 ***
6 months	24.6	27.3	-2.7 ***
12 months	48.1	46.0	2.1
<u>Long-term cases exiting welfare</u>			
Percentage of long-term welfare cases closing in:			
3 months	23.4	21.8	1.6
6 months	34.0	27.2	6.8 *
12 months	48.2	36.7	11.5 *

SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

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

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

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

factual, and the estimated impact.²¹ For example, 11.1 percent of new adult-headed cash assistance cases closed within three months in the average post-TANF month, but the counterfactual implies that 12.5 percent of cases would have closed in an average month if TANF had not been implemented. TANF is consequently estimated to have reduced the likelihood that a case would

²¹Appendix Table A.3 presents exit rates for this analysis and for analyses published in the literature. The table reveals that this study's estimates are similar to (albeit slightly lower than) estimates published using various data sources and over various time periods. The lower magnitude of these estimates may reflect that the unit of analysis in this study is a case rather than an individual.

close within three months, by 1.4 percentage points. The estimates likewise imply that TANF reduced the likelihood that a case would close within six months, by 2.7 percentage points, but it did not significantly alter the likelihood that a case would close within a year.

These results might seem surprising. Welfare reform was supposed to help people leave welfare, not encourage them to stay on longer. But recall the earlier discussion. The early welfare reform policies implemented in Philadelphia might have been expected to yield fairly small results; the enhanced earned income disregard was expected to keep people on the rolls longer; and no family had yet reached the five-year lifetime time limit.

It is also important to realize that these estimated effects are fairly small. For example, the Portland, Oregon, Job Opportunities and Basic Skills Training (JOBS) program that was studied in the National Evaluation of Welfare-to-Work Strategies (NEWWS) reduced welfare receipt by 8.3 percentage points in the first year after people entered the study, and the very successful Riverside, California, Greater Avenues to Independence (GAIN) program reduced welfare receipt by 7.2 percentage points in the year after people entered the study.²²

Did Welfare Reform Encourage Long-Term Cases to Close Faster?

Perhaps welfare reform had little effect on the behavior of new welfare cases in Philadelphia because many cases would have closed quickly anyway, reflecting recipients' ability to find jobs during the economic boon. Given their quick departure from the rolls, changes in welfare policies would have had little chance to influence their decisions about leaving. This section focuses on a group of recipients who were more likely to have been exposed to welfare reform policies, and it shows that the estimated effects of reform were still small.

This section analyzes long-term welfare cases, defined as cases that received cash assistance for 18 of the first 24 months after first opening. Parents in these cases may have faced barriers to employment that prevented them from leaving welfare until they received the richer set of services that were gradually introduced in Philadelphia — or until they were required to work, at the two-year time limit. Because they had received welfare for a long time, they might have been more aware of the changes in message and culture at the welfare office. For these and other reasons, welfare reform's effects for long-term cases might be expected to be larger than the effects for new cases. The liberal interpretation of the post-24-month work requirement, however, might have limited the program's effects if it allowed recipients to engage in activities other than work or to participate in a work experience program that kept them on the rolls.

²²Hamilton et al., 2001; Riccio, Friedlander, and Freedman, 1994.

Figure 3.4 shows the proportion of cases that closed within six months of becoming long term. For example, the point at the far left of the diagram, which is labeled January 1995, represents the outcome for cases that opened in February 1993 and received benefits for at least 18 of the 24 months between those two dates (that is, it represents the group that became new long-term recipients in January 1995). It indicates that nearly 23 percent of this group left welfare within the next six months, that is, between February and July 1995. The point at the far right of the diagram is labeled July 1999 and represents the same outcome for people who began receiving welfare in August 1997 and received welfare for 18 of the 24 months that followed.²³

Figure 3.4 shows that welfare exits for long-term cases slowly increased during the pre-TANF period. For example, the proportion of long-term cases that closed within six months varied from about 20 percent at the beginning of 1995 to about 25 percent in the winter of 1997. The counterfactual, therefore, indicates that the proportion of long-term cases closing would have continued to increase slowly in the absence of welfare reform.

In reality, the rate at which long-term cases left the rolls increased more sharply than expected after March 1997. In particular, for most groups of cases that became long term between the middle of 1998 and the middle of 1999, from 33 percent to 49 percent had closed within six months. Although there is some fluctuation from cohort to cohort, Figure 3.4 suggests that welfare reform sharply increased the likelihood that long-term cases would leave the rolls quickly.

Figure 3.4 also shows a noticeable spike early in 1999, just prior to the required two-year work trigger for cases continuously open since March 1997. The cohort represented by this peak is of particular interest, because it was one of the first groups to be subjected to the two-year work trigger. Almost 50 percent of these new long-term cases closed within six months. Interestingly, compared with the February 1999 group, the new long-term cases of April 1999 were about 14 percent less likely to leave within six months. This might suggest that the threat of the two-year work trigger initially encouraged exits, while the liberal interpretation of work requirements later lessened the effects of the work requirement.

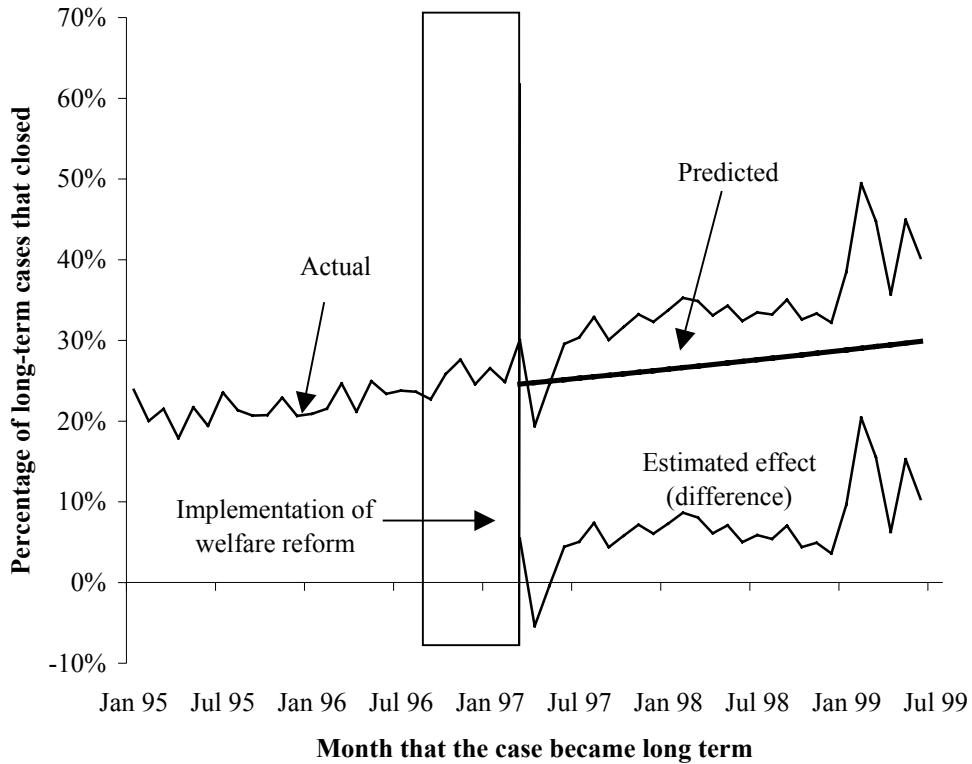
The bottom of Table 3.1 shows the estimated effects of TANF on whether long-term cases closed within three, six, or twelve months of becoming long term. Although the effect of TANF reforms on closures within three months was small, the effects grew with the time that long-term cases were followed. The results imply that TANF encouraged an additional 6.8 percent of long-term cases to close within six months of becoming long term (34 percent closed within six months, compared with the predicted rate of 27.2 percent); and they suggest that

²³There were 54 groups of cash assistance cases that became long term between January 1995 and July 1999. See Appendix Table A.2 for the number of cases in each annual group.

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Figure 3.4

Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term, January 1995 Through June 1999



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

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

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

TANF encouraged an additional 11.5 percent of long-term cases to close within 12 months (48.2 percent actually closed within 12 months, compared with the predicted rate of 36.7 percent). Thus, TANF appears to have substantially changed the behavior of long-term recipients.

Did People Who Were Most Likely to Come onto the Welfare Rolls Do So Less Frequently After the 1996 Welfare Reforms?

The previous section indicates that TANF reforms in Philadelphia helped reduce caseloads by encouraging long-term cases to close faster. This section explores whether the 1996 welfare reforms also reduced the caseload by decreasing the number of cases that opened. The question is examined in three parts: (1) Did TANF reduce the number of welfare cases opening for the first time (new entrants)? (2) Did TANF reduce the number of cases returning to welfare (recidivists)? (3) Did TANF result in fewer new welfare cases being opened by individuals who initially received food stamps without cash assistance?

New Entrants

The analysis of welfare reform's effects on welfare entry is again based on multiple cohorts. Looking at whether TANF changed the number of new entrants, for example, requires three essential steps: (1) counting the number of new cases that opened each month, (2) predicting a counterfactual from the pre-TANF trend, and (3) estimating the effect of TANF as the difference between the actual and the predicted outcomes after March 1997.

The trends for new welfare cases from January 1993 through July 1999 are shown in Figure 3.5. The number of new entrants declined substantially over time, from about 1,000 cases that opened in January 1993 to fewer than 400 cases that opened in March 1997, the first month of TANF in Philadelphia. After TANF began, however, the number of new cases remained fairly stable, at about 400 per month.

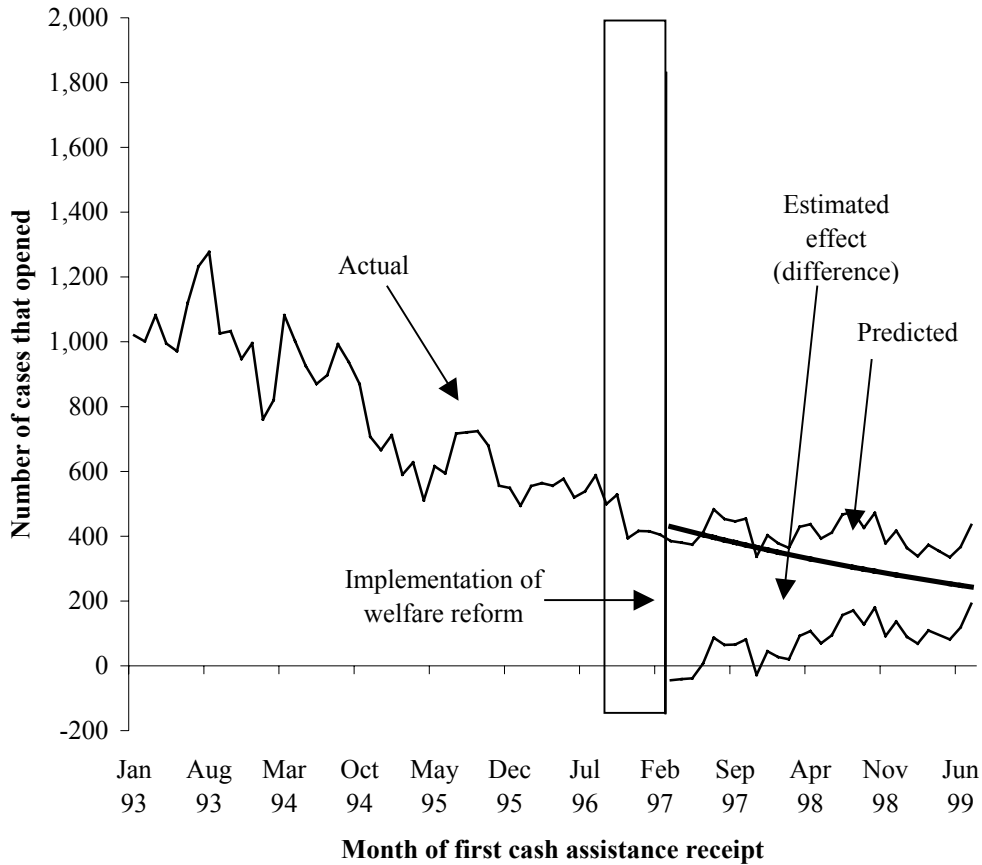
Because the number of new welfare cases declined over time prior to TANF, the counterfactual (the solid line at the right of Figure 3.5, labeled "Predicted") indicates that this decline would have continued, albeit more gradually. Because the actual number of new welfare cases did not decline over time, the results imply that more new cases started under TANF than would have been expected. This effect is verified by the first row of Table 3.2, which shows that 404.8 cases opened in an average month after TANF, compared with 328.1 that were predicted to open. The difference implies that TANF increased the number of new cases by 76.7 per month, an increase of nearly one-third over the expected level of entry.

The idea that TANF reforms would increase the number of new cases seems somewhat surprising. Recall, however, that enhanced earnings disregards would have made it easier for

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Figure 3.5

Number of New Welfare Cases That Opened Each Month, January 1993 Through July 1999



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

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Table 3.2

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

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
<u>Starting welfare</u>			
Number of cases starting welfare each month	404.8	328.1	76.7 ***
Percentage of cases reopening within 6 months (recidivist cases)	16.6	14.3	2.3 *
<u>Food stamp recipients starting welfare</u>			
Percentage of food stamp cases that open welfare cases within:			
3 months	21.2	21.5	-0.4
6 months	24.9	29.5	-4.5 **
12 months	28.4	33.1	-4.7 **
24 months	32.5	35.9	-3.4 **

SOURCE: MDRC calculations using Pennsylvania administrative records.

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

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

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

The percentage of cases reopening each month is calculated as the proportion of cases in each at-risk group who return to welfare within 6 months. See text for details.

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

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

people to combine work and welfare and might have encouraged some low-wage parents to come onto the rolls.

There are two alternative explanations for this finding, both reflecting the method that was used to estimate the impact of TANF. The counterfactual assumes that pre-TANF trends would have continued in the absence of welfare reform. In this case, it assumes that the 60 per-

cent decline in new entrants from 1993 to 1997 would have continued unabated in the absence of reform. Since the number of new entrants cannot decline below zero, this might be a case in which the trend would have leveled out more than predicted mechanically by the counterfactual.

The decline predicted by the counterfactual might also be too steep because of how new entrants are defined. Because data were collected beginning in January 1992, cases that are defined as new might have received benefits prior to January 1992. Cases that are identified as new in January 1993 could have received benefits as recently as 13 months earlier, in December 1991. Cases that are identified as new in January 1999, by contrast, were definitely off the cash assistance rolls in Philadelphia for at least seven years. In each month, the number of new entrants is overstated, but this problem is likely to be most severe early in the follow-up period. As a result, the pre-TANF decline may be overstated, and the decline predicted by the counterfactual may likewise be too steep.

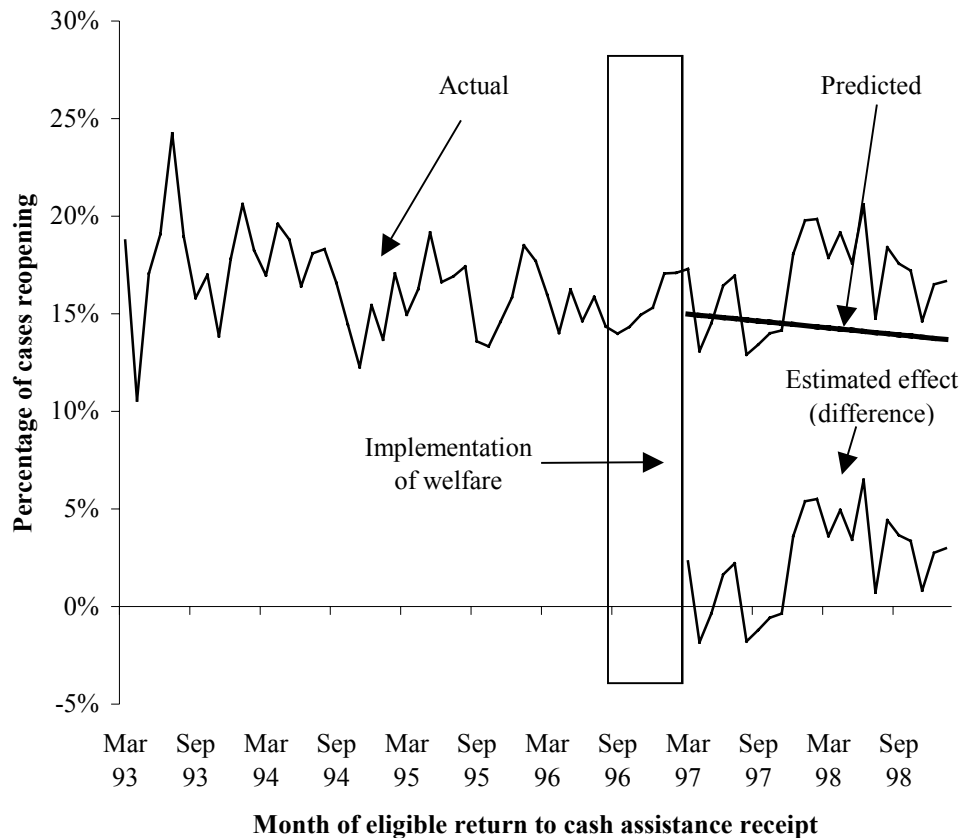
Recidivism

Caseloads can decline not only if the number of new entrants declines but also if fewer people return to welfare after they have left. It is unclear what effect TANF policies in Philadelphia would have on recidivism. Policies such as mandatory welfare-to-work services and time limits not only should encourage people to leave welfare but also should discourage them from returning to the rolls. Countering these effects is the possibility that welfare-to-work services and time limits might have encouraged some people to leave welfare before they were able to sustain employment.

Figure 3.6 shows what actually happened with regard to recidivism. In this analysis, a recidivist is someone who left welfare for at least two months but who returned to the rolls within six months of leaving. For example, a welfare case that opened in January 1993 and that closed in January 1994 would have been at risk of recidivism in March 1994 (having been closed for January and February 1994) and would be counted as a recidivist if the person began receiving cash assistance again before July 1994 — six months after the case closed. If a case cycled on and off welfare several times, then only its first welfare exit and only its first return to welfare are included in this analysis. By this definition, slightly more than 16 percent of all former welfare cases in Philadelphia reopened at some point during the period described in this chapter. A six-month period was chosen because most cases that reopen do so within a few months of closing and because a relatively short period was needed in order to follow enough post-TANF cohorts.²⁴

²⁴Coulton, Chow, Wang, and Su, 1996.

Figure 3.6
Percentage of Closed Welfare Cases That Reopened Within Six Months,
March 1993 Through January 1999



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

According to Figure 3.6, there was a slight decline in the rate of recidivism before TANF was implemented. For example, the leftmost point indicates that among cases that closed in January 1993 (and therefore became at risk for reopening in March 1993), 18.8 percent reopened within six months of leaving the rolls. By March 1997, this rate had declined to about 17.0 percent. The figure is “noisy” in the early years because a case would have to have opened in January 1993 and to have closed shortly thereafter in order to be at risk of recidivism early in the period.

The counterfactual indicates that the slow pre-TANF decline would have continued in the absence of welfare reform. Instead, the rate at which cases actually returned to the welfare rolls increased dramatically toward the end of 1997 and peaked in June 1998. In that month, 21 percent of cases that were eligible to reopen actually did so. This implies that the welfare reforms produced greater recidivism than was expected, which is consistent with the hypothesis that reform encouraged more individuals to leave welfare before they were able to sustain employment. The effect of TANF on the number of cases reopening within six months is verified by the second row of Table 3.2. According to this result, 16.6 percent of closed cases returned to the rolls within six months in the period after March 1997, compared with a predicted recidivist rate of 14.3 percent. The difference implies that the welfare reforms resulted in a recidivism rate that was 2.3 percentage points greater than expected.

Welfare Entry Among Food Stamp Recipients

Results reported earlier suggest that welfare reform in Philadelphia probably had little effect on the number of new cases opening. One difficulty with that analysis, however, is that it does not account for the number of families who were at risk of becoming welfare recipients, which may have changed over time.²⁵ As a result, the actual decline in new entrants might confound decreases in the number of at-risk families with decreases in the likelihood that an at-risk family began receiving welfare. Although reform was designed to directly affect the likelihood that an at-risk family would receive benefits, it would be expected to affect the number of at-risk families only over a very long period.

This section explores welfare entry among at-risk families by examining whether individuals who initially received food stamps without cash assistance subsequently began receiving cash assistance. The analysis examines only food stamp cases that include both adults and children. This group probably comprises working people whose income was too high to qualify

²⁵Sawhill, 2001.

for cash assistance benefits but who were at the risk of receiving cash assistance if they had a modest decrease in income.²⁶

Figure 3.7 shows the percentage of new food stamp-only recipients who began receiving cash assistance within six months of first receiving food stamps. For example, the leftmost point indicates that about 16 percent of people who began receiving food stamps without cash assistance in January 1993 had begun receiving cash assistance by July 1993. As in other figures in this chapter, points to the right of the rectangular area represent people who first began receiving food stamps after the 1996 welfare reform was implemented in Philadelphia; points to the left of the rectangular area represent people who began receiving food stamps before the reform was implemented; and points within the rectangular area represent people who began receiving food stamps while or shortly before the reform was first implemented in Philadelphia.

Figure 3.7 shows that the predicted percentage of new food stamp-only recipients who received cash assistance within six months very gradually increased from 1993 until welfare reform was implemented. Contrary to this predicted trend, the proportion moving onto cash assistance stayed fairly steady from 1997 until the spring of 1999, but then it dropped precipitously during the last few months of the period. The difference between the counterfactual (a slight increase after 1997) and what actually happened (a steady rate with a sudden decline in 1999) implies that the welfare reform caused fewer people than expected to move from food stamps to welfare, especially near the end of the follow-up period.

The lower portion of Table 3.2 shows the average effect of welfare reform on the likelihood of food stamp recipients' opening cash assistance cases. Results are shown for four different outcomes: receiving cash assistance within three months, within six months, within a year, and within two years of receiving food stamps. In each case, the results imply that the welfare reforms reduced the number of food stamp-only families who subsequently received cash assistance, with effects ranging as high as a reduction of 4.7 percentage points within one year. For the outcome shown in Figure 3.7, the table indicates that 24.9 percent of food stamp recipients moved to cash assistance within six months in the period after TANF began, compared with a predicted rate of 29.5 percent. The difference implies that TANF reduced the likelihood (by 4.5 percentage points) that a food stamp case would move to cash assistance within six months.

Effects of Welfare Reform on Employment

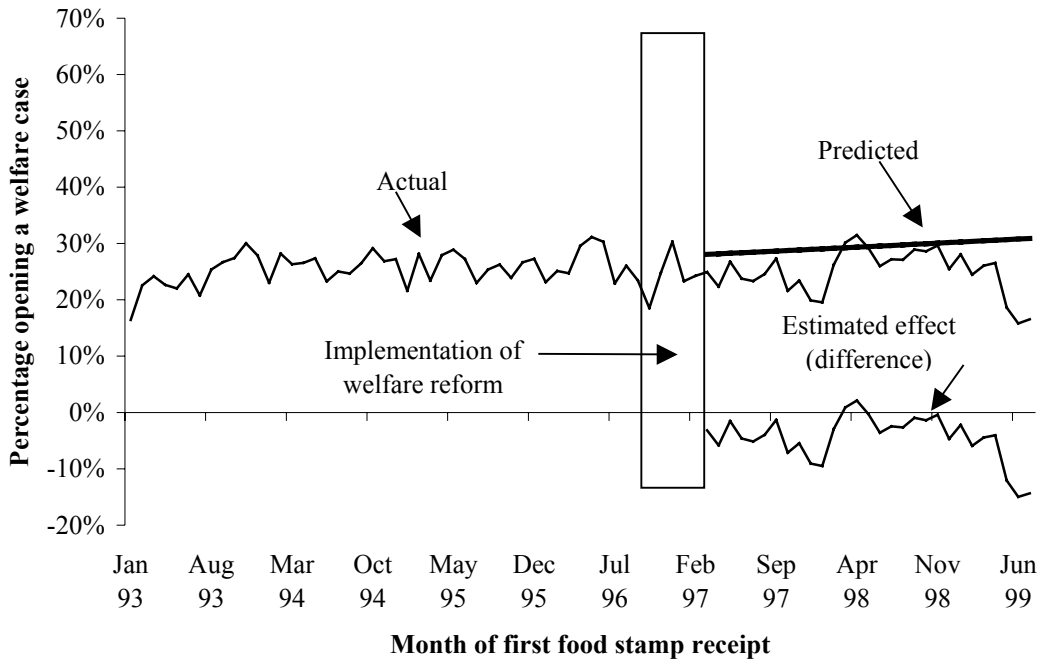
So far, the chapter has provided mixed results regarding the effects of welfare reform on Philadelphia's caseload. The reforms probably discouraged people who were at risk of receiving cash assistance from coming onto the welfare rolls in the first place and probably helped long-

²⁶See Appendix Table A.2 for the size of this group and its change over time.

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Figure 3.7

Percentage of New Food Stamp Recipients Who Opened Welfare Cases Within Six Months of Opening a Food Stamp Case, January 1993 Through July 1999



SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

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

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

term recipients leave the rolls faster, but the reforms also might have increased recidivism. One explanation for the contrary findings is that different policies counteracted one another to some extent. In particular, if welfare-to-work services helped people go to work, the more generous earned income disregard made it easier for them to stay on welfare while they worked.

Although different policies might have had different effects on welfare receipt, all the policies were designed to increase employment. This section investigates the effects of welfare reform in Philadelphia on employment among welfare recipients. Using employment and earnings data as reported to Pennsylvania's unemployment insurance (UI) system, the section examines two outcomes: employment and employment stability. Overall, the results suggest that the TANF reforms had large effects on short-term employment but that most of the additional employment was unstable.

Did Welfare Reform in Philadelphia Increase Employment?

This section explores whether welfare reform in Philadelphia increased the likelihood that any individual who was associated with a new welfare case worked within four quarters of first receiving cash assistance. As in the other analyses in this chapter, the choice of four quarters was somewhat arbitrary. However, results from NEWWS and other random assignment evaluations imply that mandatory job search programs — as in Philadelphia — have immediate effects on employment, while results from studies of financial work incentives indicate that they also tend to have immediate effects on employment.²⁷ Therefore, if welfare reform affected employment, it seems reasonable to expect that its effects would have occurred within a year.

Figure 3.8 shows the proportion of each group of new welfare cases that contained at least one member who worked within four quarters. The figure shows that employment among new welfare recipients increased over time. For example, 40 percent of cases that began receiving cash assistance in the second quarter of 1993 contained at least one member who worked before the second quarter of 1994. In contrast, over 55 percent of cases that began receiving cash assistance in the last quarter of 1998 contained a member who worked before the last quarter of 1999.

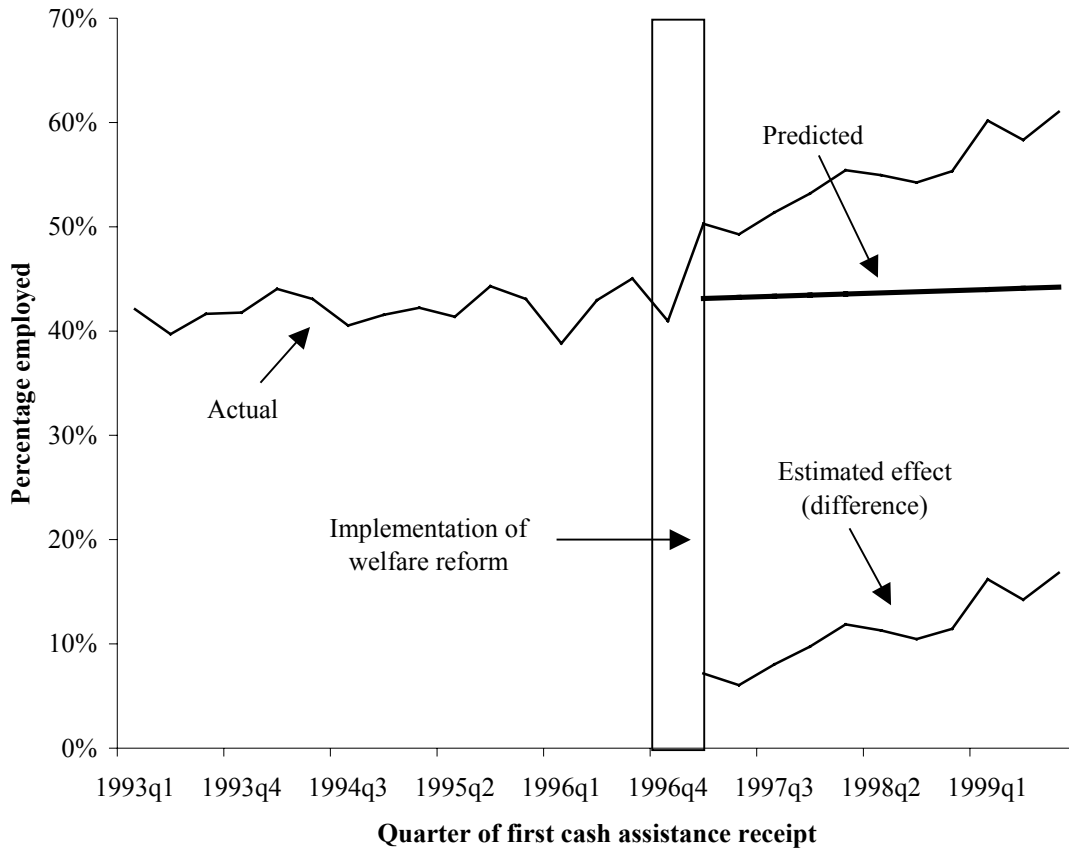
Because employment was fairly flat before TANF, the counterfactual implies that employment would have remained flat in the absence of welfare reform. In fact, the actual rate of employment increased dramatically, suggesting that the 1996 reforms had a large effect on employment among recent welfare recipients. Table 3.3 confirms this result. According to the first row of the table, 54.9 percent of new cases in the TANF period had a working member within four quarters, compared with a predicted rate of 43.7 percent. The difference of 11.2 percentage points is fairly large and statistically significant.

²⁷Hamilton et al., 2001; Bloom and Michalopoulos, 2001.

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Figure 3.8

Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF, January 1993, Quarter 1, Through December 1999, Quarter 3



SOURCE: MDRC calculations using Pennsylvania administrative welfare records and unemployment insurance records.

NOTES: The sample is limited to adults.

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

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Table 3.3

Estimated Effect of 1996 Welfare Reform on Employment and Employment Stability

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference
Percentage employed 4 quarters after start of cash assistance	54.9	43.7	11.2 ***
Percentage with first employment spell lasting (short-term stability):			
1 to 3 quarters	29.2	18.1	11.1 ***
4 quarters or more	25.7	25.2	0.5

SOURCE: MDRC calculations using Pennsylvania administrative welfare records and unemployment insurance records.

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

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

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

The increase in employment is consistent with the notion that welfare recipients were more likely to combine work and welfare after TANF began. Recall that this is one of the hypotheses for why welfare reform did not appear to increase case closings among new recipients. This also supports the evidence in Chapter 2, which presents information based on recipients' reports to the welfare office. Although clients may have a stronger incentive to report employment in the post-reform period, the evidence from UI records confirms that this incentive does not account for the increase in welfare and work that is reported in Figure 2.3.

Did Welfare Reform in Philadelphia Increase Short-Term Employment Stability?

Employment is likely to provide greater benefits if it is stable. For example, wages grow faster among people who work regularly than among people who work sporadically.²⁸ On the one hand, the job search assistance that was given to Philadelphia welfare recipients may

²⁸Gladden and Taber, 1999.

have helped them find more stable employment. On the other hand, requiring recipients to look for work may have encouraged many of them to take poor jobs just to fulfill the requirement.

Figure 3.9 shows the proportion of new welfare cases that had at least one member who found work within a year and who then worked for four or more consecutive quarters.²⁹ The figure shows that stable short-term employment increased over time. For example, 17 percent of cases that received welfare for the first time in the first quarter of 1993 had at least one member working steadily for a year or more, compared with 29 percent of cases that first received welfare in the first quarter of 1999. The increase in stable employment began before welfare reform was implemented, however, and it continued after the implementation began. The counterfactual therefore closely matches what actually happened, suggesting that welfare reform in Philadelphia did not substantially affect employment stability.

Table 3.3 provides greater detail. Its second row gives information about unstable short-term employment and indicates that it increased after the implementation of welfare reform. The table shows that the actual percentage of cases with at least one member engaged in unstable employment was 29.2 percent, compared with the predicted amount of 18.1 percent. As a result, unstable employment increased 11.1 percent after the implementation of welfare reform. This indicates that more than half the increase in employment within four quarters of starting welfare occurred as a result of the increase in unstable employment.

The third row of Table 3.3 indicates that, under the linear counterfactual, there is no marked difference in stable short-term employment. In other words, actual stable employment in the post-reform period does not differ from the predicted stable employment in the absence of welfare reform.

Summary and Conclusions

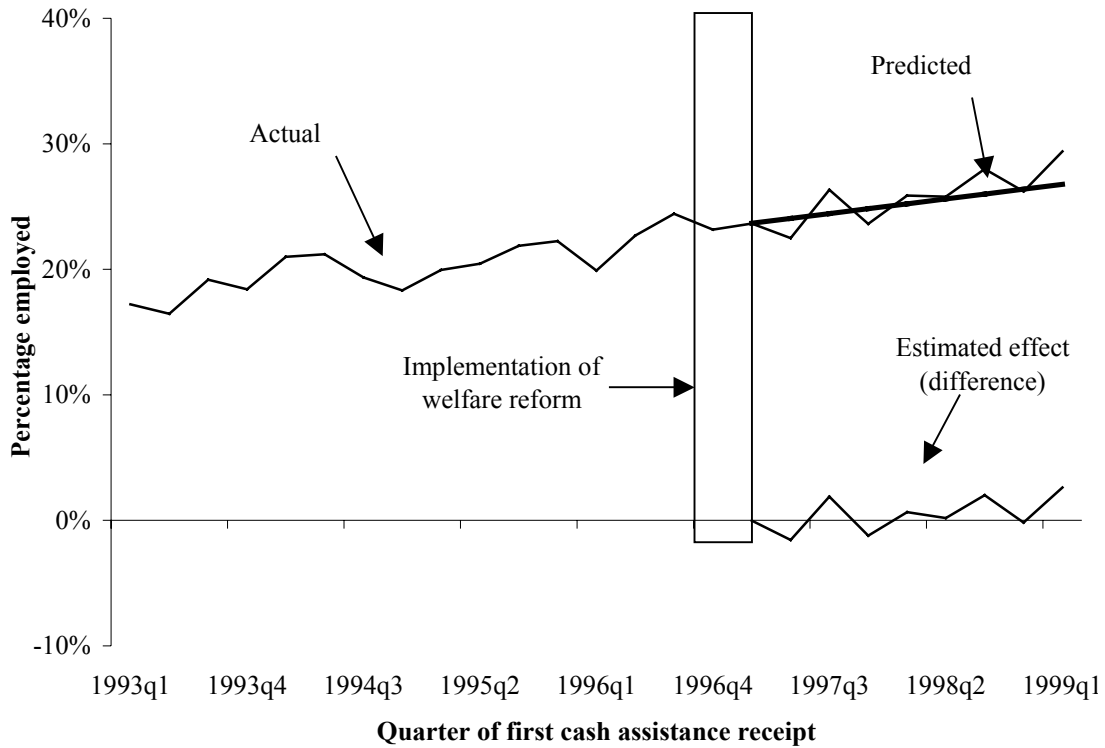
The results presented in this chapter are consistent in some respects with the notion that the 1996 welfare reforms reduced the caseloads in Philadelphia. The findings suggest that the reforms helped long-term recipients leave the rolls and discouraged food stamp recipients from beginning to receive cash assistance. In addition, they suggest that reforms in Philadelphia substantially increased employment among recent welfare recipients. In other respects, however, the results suggest that the effects of welfare reform were small. In particular, there is little evidence that reform in Philadelphia reduced welfare receipt generally.

²⁹Following Freedman (2000), short-term employment stability is defined as the first employment spell (after starting cash assistance receipt) that lasts four or more quarters in duration. Employment spells that last for fewer than four quarters are deemed unstable, short-term employment. This fairly complex definition is intended to capture the fact that many recipients leave employment within one year after they begin working (Rangarajan, Schochet, and Chu, 1998, pp. 15-23; findings cited in Strawn and Martinson, 2000, pp. 11-12).

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Figure 3.9

Percentage of Cases That Opened with at Least One First Spell of Employment That Lasted Four Quarters or More (Stable Employment), January 1993, Quarter 1, Through December 1999, Quarter 1



SOURCE: MDRC calculations using Pennsylvania administrative welfare records and unemployment insurance records.

NOTES: The sample is limited to adults.

The boxed area represents the time span over which welfare reform policies may have affected behavior. The area extends from September 1996 to March 1997, when Act 35, Pennsylvania's TANF program, was implemented. The groups in the boxed area are not included in the calculation of the predicted trend line.

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

Readers might be surprised at some of the small estimated effects. Since 1992, caseloads have declined by more than half nationally and by more than one-third in Philadelphia, and millions of low-wage working women have entered the national labor force. Scores of other studies — both nonexperimental, like this one, and experimental, like many MDRC studies — have found substantial effects of welfare reform and welfare-to-work policies. Are the results in this chapter believable? There are good reasons to think that they are.

First, TANF's effects on overall welfare exits in Philadelphia might have been small because the expanded earned income disregard kept recipients on the rolls when the employment-focused welfare-to-work services helped them find work. This would also explain why cases were more likely than expected to return to the rolls, and it is consistent with the increase in employment among people whose welfare cases opened after 1997.

A second reason why TANF's overall effects on welfare exits in Philadelphia might have been small is that this chapter examined only the period prior to the 60-month federal time limit, and the 24-month work-trigger time limit came near the end of that period. The more generous earned income disregard that was one of the primary early components of welfare reform in Philadelphia seems to have counteracted the effects of other policies on welfare receipt. Moreover, random assignment studies have found that the effects of time limits on welfare receipt are much greater after families actually reach the time limits. When more data are collected in Philadelphia, what happened after families hit the time limit will become clearer, and welfare reform policies in Philadelphia might then be found to have even more substantial effects.

Finally, reforms in Philadelphia might have had small early effects overall because the welfare-to-work program did not initially offer very rich services. Random assignment results suggest that the early focus on independent job search would yield relatively small effects on employment and welfare receipt. Nonexperimental research supports the notion that weak policies generate small effects. One study, in particular, looked in great detail at the 50 states' welfare reform policies.³⁰ Some states have short time limits, while others have no time limit. Some states have very generous earned income disregards, while other states have even less generous disregards than under AFDC. Some states impose harsh sanctions on families who fail to comply with new work requirements, while other states are more lenient. Comparing trends in a variety of outcomes such as welfare receipt and income, the study found that states that implemented strong welfare-to-work programs had much larger changes over time than other states. Perhaps Philadelphia — with its initial use of independent job search, its lack of a work requirement for two years, and its rare initial use of sanctions — is a place where welfare reform did not have much effect initially, whereas the effects found in other nonexperimental studies might reflect that other places immediately implemented stronger or harsher policies.

³⁰Blank and Schoeni, 2000.

Although some of the small estimated early effects in Philadelphia are plausible, they should be viewed with caution because of their nonexperimental nature. The effects were estimated by comparing what actually happened after the 1996 welfare reforms and what would have been expected to happen based on pre-TANF trends. The predicted counterfactual will be accurate only if the factors causing change prior to 1997 continued to cause similar change after 1997 and only if the preexisting trend was modeled correctly. If those assumptions are wrong, then the inferred impacts presented in this chapter are also wrong. If, for example, the effects of welfare reform began during the 1992 presidential campaign, when Bill Clinton promised to “end welfare as we know it,” then an examination of trends after 1997 starts too late to pick up the full effects of welfare reform. Likewise, because welfare reform in Philadelphia evolved over time, it might be better to look for an effect a couple of years into welfare reform rather than immediately after the law was passed.

Chapter 4

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

Data from administrative records do not provide information about the quality of jobs that welfare recipients took or the challenges they faced in managing family and work responsibilities. To complement the findings from the administrative welfare and unemployment insurance (UI) records, this chapter uses data from the Urban Change survey and ethnographic interviews to answer the following questions:

- How did employment experiences and challenges unfold over time among single mothers who were welfare recipients before the 1996 welfare reform?
- How did those experiences and challenges vary among recipients with different backgrounds?

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

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

This chapter examines the evolving circumstances of a sample of welfare recipients in Philadelphia with regard to employment and welfare receipt, and it analyzes outcomes for

groups of women who differed in terms of race and ethnicity and their educational attainment. Chapter 5 examines the economic well-being of these families.

Summary of Findings

- **Employment and welfare status.** Among women living in Philadelphia's poorest neighborhoods and receiving welfare in 1995, the majority (87 percent) worked for pay after welfare reform was implemented. About half were working and no longer getting welfare at the time of the 2001 interview, but one-third of the women still received cash benefits.
- **Employment stability.** Although most welfare recipients in Philadelphia had worked, employment stability varied widely. About one-third of the women worked fairly consistently over a four-year period prior to the 2001 interview, but the majority worked intermittently.
- **Job quality.** Over time, the employment situations of the recipients who worked typically improved. On average, the women in the sample worked more hours, for higher hourly wages, and with more fringe benefits in 2001 than in 1998. Nevertheless, only about two out of five of the women who worked in 2001 had full-time jobs that paid \$7.50 or more per hour and that offered medical benefits.
- **Work attitudes.** In the in-depth ethnographic interviews, many women who worked commented on their strong preference for work over welfare receipt, even if they held jobs they did not like. They were more apt to note the psychological and social benefits of working than the financial benefits.
- **Barriers to employment.** Survey respondents typically faced multiple barriers to employment, with a high percentage of the women having health problems and being at risk of clinical depression in both 1998 and 2001. Over time, however, there were some improvements, including a decrease in the percentage of women who lacked a high school diploma or General Educational Development (GED) certificate and who reported having a child whose illness or disability constrained their ability to work. Women who faced multiple barriers to employment were substantially less likely to be working than those with few or no barriers, but most working women did have at least one barrier.
- **Subgroup variation.** Women of Hispanic backgrounds were less likely than African-American women to have worked during the follow-up period, and

Hispanic women also faced more barriers to employment. In both groups, however, job characteristics were similar for the women who did work. Educational attainment, on the other hand, was consistently related to employment, employment stability, and job quality: Women who lacked a diploma or GED certificate at the outset fared worse on most employment outcomes than women who had basic credentials.

Data Sources

The Urban Change study involved data collected from multiple sources, including longitudinal survey interviews and longitudinal in-depth ethnographic interviews. This chapter uses data from the two rounds of the survey and multiple rounds of the in-depth interviews to describe employment patterns of women who had received welfare in Philadelphia and were potentially subject to the new welfare reform policies.

Survey Data

The Urban Change survey involved women who, in May 1995, were single mothers ages 18 to 45 who were receiving cash welfare, food stamp benefits, or both. Based on administrative records files, the survey sample was randomly selected from women who were living in census tracts where either the poverty rate exceeded 30 percent or the rate of welfare receipt exceeded 20 percent — that is, in the most economically disadvantaged neighborhoods of Philadelphia.¹

In the Wave 1 interviews, completed between April and December 1998,² a total of 1,013 women in Philadelphia were interviewed, representing a response rate of 79 percent of those randomly selected.³ In Wave 2, completed between April and November 2001, attempts were made to re-interview these same women. A total of 827 women (82 percent of those interviewed in 1998) completed the Wave 2 interview.⁴ In both waves of in-person interviews, the

¹The high-welfare neighborhoods are shown in Figure 6.5 (Chapter 6).

²Although 20 interviews were completed in early 1999, for simplicity this report refers to Wave 1 interviews as “1998 interviews.”

³In Wave 1, the interviewers could not locate 10 percent of the selected women, and another 10 percent declined to be interviewed. Note that survey response rates for state-initiated welfare leaver studies are generally under 75 percent and sometimes are as low as 51 percent (Acs and Loprest, 2001).

⁴An analysis of attrition bias revealed that those who participated in the 2001 interview were marginally significantly different from those who did not participate (p-value of 0.057) in terms of demographic characteristics measured in 1998, including race and ethnicity, age, marital status, educational attainment, gender, and welfare status. In particular, single women were significantly more likely to respond to the Wave II survey (regression-adjusted response rate of 81.8 percent) than were married women (regression-adjusted response rate of 69.4 percent), but they were significantly less likely than separated women to respond (regression-adjusted response rate of 92.4 percent). Keep in mind, however, that nearly two-thirds of the survey sample had never been married and that only 11 percent
(continued)

interviewers questioned the women on a wide range of topics, including employment, family circumstances, household income, health and material hardship, and the use of support and safety net services.⁵

This chapter and Chapter 5 focus on the 638 survey respondents who were welfare recipients at “baseline” (that is, in May 1995) and who completed both waves of interviews.⁶ As shown in Table 4.1, these 638 single mothers are mostly African-American or Hispanic, and they were, on average, just over 30 years old in May 1995 (and thus about 36 when they were interviewed in 2001). They had an average of 2.7 children living with them at baseline, and the age of the youngest child at that time was 5 years. Just under half the women (48 percent) had a high school diploma or GED certificate in 1995. Fewer than one out of four (22 percent) had formal sector earnings (as reported through UI records) in any of the four quarters prior to baseline.⁷ At the time of the final interview in 2001, only 11 percent were married, and nearly two-thirds of the women (66 percent) had never been married. About one-third of the women (32 percent) still had a preschool-age child at the time of the final interview.

In this report, the survey data are used to describe women’s employment patterns and experiences from a period prior to the implementation of Pennsylvania’s welfare reform policies until 2001, before the five-year time limit had been reached. None of the numbers presented in this chapter is adjusted for characteristics that might affect the outcomes, such as age, race, and ethnicity.

Ethnographic Data

The ethnographic study involved repeated in-depth, in-person interviews with 32 families over a five-year period. All ethnographic study participants were welfare-reliant at the first interview in 1997. Subjects were recruited from three poor neighborhoods that varied in terms of ethnic composition and poverty: Germantown (predominantly African-American, with mod-

were married at the time of the 1998 survey. No demographic characteristic other than marital status differed significantly between respondents and nonrespondents.

⁵Survey data were collected in 1998 and 2001 in the four Urban Change sites (Cleveland, Los Angeles, Miami, and Philadelphia). Data from the 1998 interviews in all four sites have been analyzed, and several reports have been prepared in which site comparisons were made (see, for example, Polit, London, and Martinez, 2001; Polit et al., 2001). However, at the time this report was written, only data from the 2001 interviews in Cleveland had been previously analyzed and reported (Brock et al., 2002).

⁶The remaining 189 cases in the full 2001 survey sample in Philadelphia who completed both waves of interviews were excluded from these analyses because the intent was to examine the trajectories of women who were all receiving welfare at a fixed point in time. The 189 excluded cases were food stamp recipients in May 1995.

⁷Unfortunately, it is not possible to determine how long these women had been receiving welfare at baseline. This is because the survey data are for individual women, while the administrative records data are for entire cases, and it is not always possible to determine the length of an individual stay based on case information.

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Table 4.1

Demographic Characteristics of the Survey Sample and Ethnographic Sample

Characteristic	Survey Sample	Ethnographic Sample
Average age at baseline	30.1	33.0
Racial/ethnic group		
African-American (%)	77.4	62.5
White (%)	4.1	37.5
Hispanic (%)	16.8	0.0
Other (%)	1.7	0.0
Average number of children at baseline	2.7	n/a
Average age of youngest child at baseline	5.0	n/a
Had a high school diploma or GED at baseline (%)	48.4	48.4
Had UI earnings, April 1994 to March 1995 (%)	22.3	n/a
Marital status at final interview		
Never married (%)	65.7	56.3
Currently married (%)	11.4	28.1
Was pregnant at final interview (%)	2.7	6.3
Average number of children in household at final interview	2.5	2.5
Had child under age 6 at final interview (%)	31.7	37.5
Sample size	638	32

SOURCES: Calculations from the Urban Change Respondent Survey, ethnographic interviews, and Pennsylvania unemployment insurance records.

NOTES: Baseline is May 1995 for the survey sample and 1998 for the ethnographic sample. The final interview was conducted between April and November 2001 for the survey sample and in 2001 for the ethnographic sample.

erate poverty); North Central (predominantly African-American, with high poverty); and Kensington (predominantly white, with moderate poverty).

The ethnographic interviews explored many of the same issues as the survey, but ethnographic respondents were engaged in open-ended discussions centered on each of these issues. Thus, the ethnographic interviews yielded rich narrative data about how the families were

coping with the new welfare rules and policies and about how the mothers were managing as they attempted to combine work with their parenting responsibilities.

The survey and ethnographic samples were drawn from overlapping but not identical populations (no women were in both the ethnography and the survey). Table 4.1 indicates that the ethnographic and survey samples were similar in terms of educational attainment but that ethnographic sample members were somewhat older and more likely to be married than women in the survey. It should also be noted that the survey sample includes women who had already left welfare by the time of the 1998 interview, whereas all ethnographic respondents were receiving cash benefits in 1998.⁸ Moreover, ethnographic respondents were living in even more disadvantaged neighborhoods, on average, than survey respondents.⁹ Thus, survey respondents are a more heterogeneous group of women representing a broader segment of the low-income population than the ethnographic sample. Both samples, however, were drawn from the poorer neighborhoods of Philadelphia, where the economic challenges for low-skilled single mothers are likely to be formidable.

The ethnographic data follow the lives of families over four to five years and shed light on processes that cannot be understood with the survey data available. The longitudinal ethnographic design permitted a monitoring of changes and also provided opportunities to ask directly about such changes as they occurred.

Patterns of Employment and Job Characteristics Over Time

Prior studies have found that most welfare recipients do eventually enter the labor force.¹⁰ Even in the absence of welfare reform, many recipients likely would have traded a welfare check for a pay check. Moreover, during the strong economy of the late 1990s and early 2000s, it might be expected that jobs would have been relatively plentiful. This section examines the employment patterns among welfare recipients from Philadelphia's poorest neighborhoods. Specifically, this section answers four key questions: (1) What were the women's employment patterns over time? (2) How stable was their employment? (3) What was the quality of the jobs that these women held? (4) Did the women who worked experience advancement in job quality and wages over time?

⁸Nearly two out of five women in the survey sample were no longer on welfare when they were interviewed in 1998.

⁹Ethnographic neighborhoods were in census tracts from which survey sample members were drawn, but the survey sampled women from dozens of tracts, some of which were less poor than those for the ethnography.

¹⁰See, for example, Harris, 1996; Acs and Loprest, 2001; Moffitt and Winder, 2003.

Employment Rates and Employment Stability

Among the 638 respondents in the Urban Change survey who received welfare benefits at baseline (May 1995), cash assistance declined dramatically over time, and employment increased. Cash assistance decreased from 100 percent at baseline to 62 percent at the time of the Wave 1 interview (in 1998) and to 32 percent at the time of the Wave 2 interview (in 2001). Figure 4.1 displays the following trends with regard to welfare receipt and employment over time, from the 1998 interview to the 2001 interview:

- A large increase in the number of women who were working and no longer receiving welfare (up from 28 percent in 1998 to 49 percent in 2001)
- A decrease in the number of women who combined work with welfare (down from 15 percent to 10 percent)
- A sizable decrease in the number of women who were still on welfare and not working (down from 47 percent to 22 percent)
- A noteworthy increase in the number of women who were neither working nor receiving welfare at the time of the interview (up from 11 percent to 19 percent)¹¹

Thus, about 68 percent of the women in the sample were “welfare leavers” who no longer received cash benefits in 2001, and 59 percent of the women in the sample (87 percent of the leavers) were working for pay at the time of the 2001 interview.¹² This employment rate is somewhat higher than what has been reported in earlier studies of women who were on welfare.¹³ However, among survey respondents in the Cleveland site of the Urban Change project (all of whom were also welfare recipients in May 1995), there was a higher rate of welfare exit (88 percent had left welfare by 2001) than in Philadelphia and a higher rate of employment (71 percent of the Cleveland sample were employed in 2001). Of note, however, is the fact that Cleveland experienced a similar increase in the percentage of sample members who had neither employment nor welfare income from 1998 (11 percent) to 2001 (20 percent).¹⁴

Indicators of employment stability (episodes of being employed) and job stability (episodes in the same job) were constructed from the survey’s employment history section, in which

¹¹The economic circumstances of these women (who are sometimes referred to as “no-nos” because they have neither employment nor welfare income) are described in Chapter 5.

¹²At the final interview, a somewhat lower percentage of ethnographic respondents (52 percent) were employed.

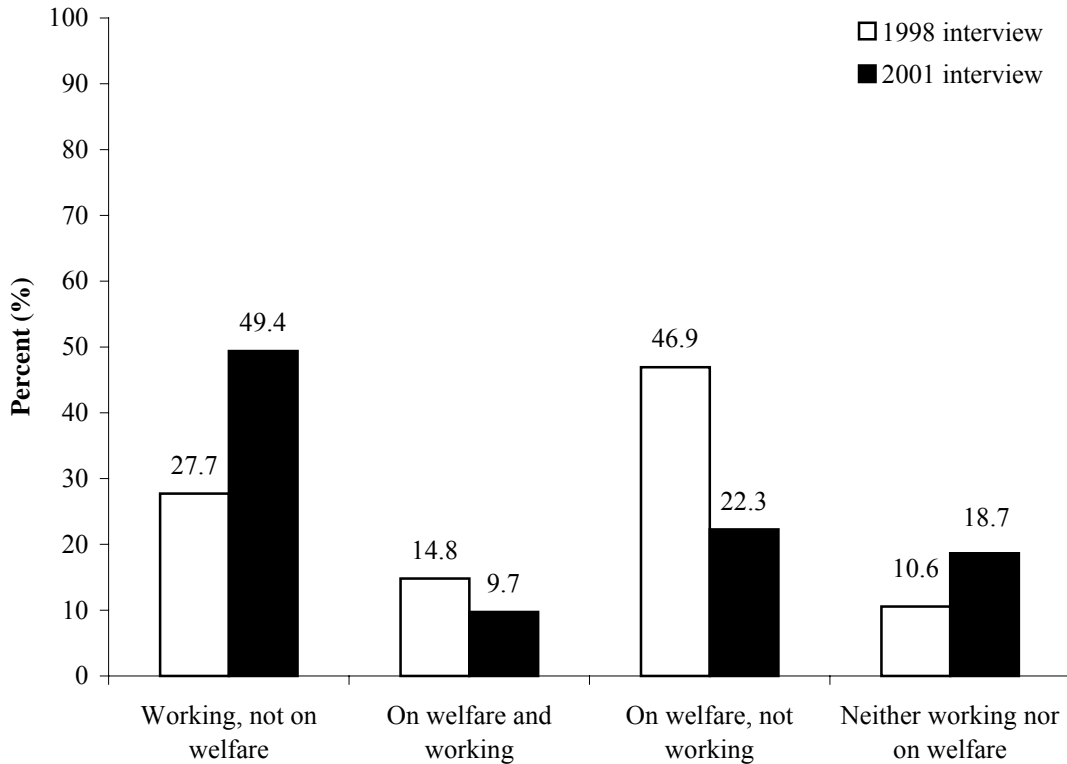
¹³For example, data from 15 welfare leaver studies completed in 1999 or 2000 indicate that about 75 percent of leavers worked at some point after leaving welfare (in one to two years of follow-up) and that about 60 percent were employed at any given time after exiting (Acs and Loprest, 2001).

¹⁴Brock et al., 2002.

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Figure 4.1

Sources of Personal Income at the 1998 and 2001 Survey Interviews



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

respondents were asked about current and recent jobs.¹⁵ During the 1998 interview, respondents were asked to provide information on all jobs, both formal and informal, at which they had worked in the 24 months prior to the interview date. During the 2001 interview, respondents were

¹⁵Specifically, respondents were asked two questions to determine paid employment: (1) “Since (Date), have you worked for pay at any regular job at all? Please don’t count unpaid work experience, but do include any paid jobs, including paid community service jobs or paid on-the-job training.” and (2) “A lot of people have irregular or temporary jobs on the side to make ends meet. This would include odd jobs like babysitting, doing hair, or other paid work at home, or other occasional jobs like cleaning houses or doing day labor. Have you done any job like that for pay since (Date)?” Respondents who answered “yes” to either question were counted as having had paid employment in the period covered. The “Date” in 1998 was two years prior to the interview, and the “Date” in 2001 was the date of the 1998 interview.

asked about all jobs held since the 1998 interview. Employment histories for a total of 48 months prior to the 2001 interview were constructed from these data for each respondent.¹⁶

Figure 4.2 shows that employment stability in the 48 months between 1997 and 2001 varied considerably among the women in the survey sample. Some 13 percent of the women did not work in any of the 48 months before the 2001 interview. At the other extreme, one out of three women worked for most of that period (at least 36 out of the 48 months). Although the percentage of recipients in Philadelphia who had highly stable employment (that is, who worked 75 percent or more of the relevant months) is somewhat higher than has been observed in earlier studies,¹⁷ it is lower than what was found in the Urban Change Cleveland site, where 39 percent of the sample were employed for at least 36 of the 48 months prior to the 2001 interview, and only 6 percent had not worked in any of the 48 months.¹⁸

Between the two extremes of no employment and high employment stability over a 48-month period, the majority of women in Philadelphia (54 percent) had worked inconsistently, even during this period of economic prosperity. Nearly two out of five women (19 percent) had worked in 12 months or fewer in the preceding four years, and about one-third (35 percent) were employed for 13 to 35 months of the 48-month period. Still, the average number of months that survey respondents worked — including those who did not work at all and those who worked in all 48 months — was just under 24 months (not shown in the figures).

There was similarly considerable variability with regard to job stability. Figure 4.3 shows that only 19 percent of the women in the sample had worked in a single job during the 48 months before the 2001 interview and, at the other extreme, that 21 percent had held more than four jobs. Job changes are sometimes beneficial, of course, especially for entry-level workers. Moreover, some women in Philadelphia had considerable job stability. The mean duration of these women's current or most recent job in 2001 was 25.3 months, and some 35 percent of the women who worked had held that job for 24 months or more.

¹⁶Because some women were interviewed late in 1998 and then early in 2001, it was not possible to construct employment histories of more than 48 months for all respondents.

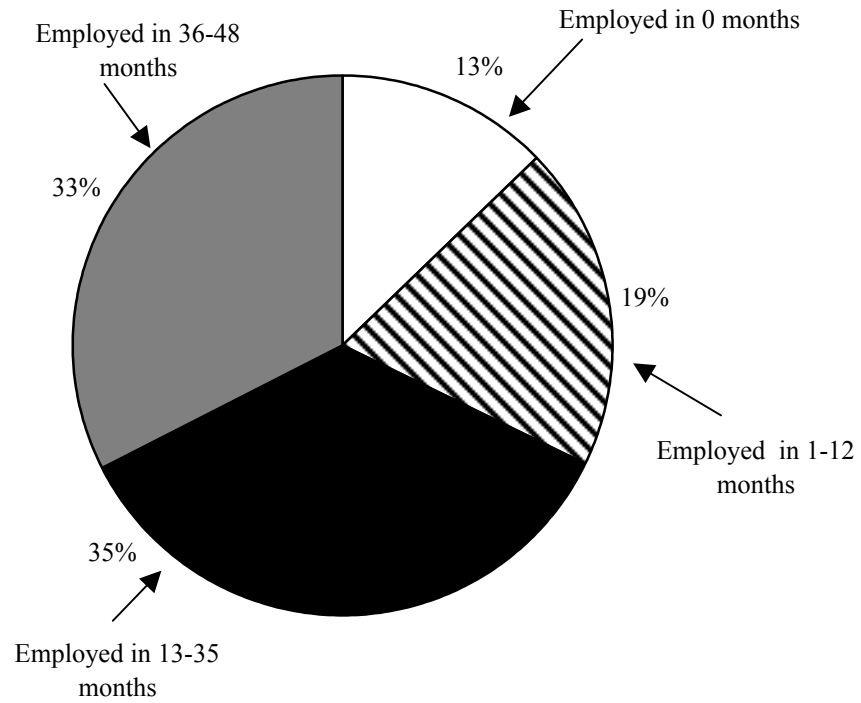
¹⁷For example, in the National Evaluation of Welfare-to-Work Strategies (NEWWS), which similarly studied the employment history of welfare recipients, 26 percent of the women who had worked during the four-year study period had been employed in more than 75 percent of the quarters (Martinson, 2000).

¹⁸Brock et al., 2002. Moreover, using data from the 1998 Urban Change survey in the four sites, Polit et al. (2001) found that the percentage of women who could be classified as being stably employed at the time of the interview (defined as having worked in at least 19 of the prior 24 months) was lower in Philadelphia (23 percent) than in any other Urban Change site (for example, 30 percent in both Cleveland and Miami). The percentage of women who had *never* been employed in the 24 months before the 1998 interview was higher in Philadelphia (32 percent) than in other sites (for example, 22 percent in Cleveland).

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Figure 4.2

Number of Months in Which Employed in the 48 Months Before the 2001 Survey Interview

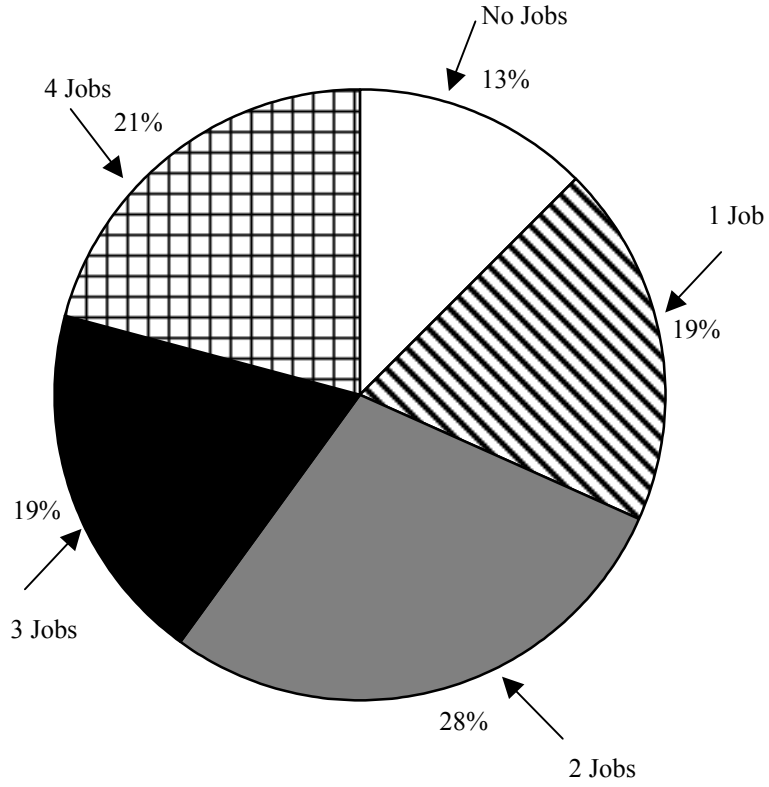


SOURCE: MDRC calculations from the Urban Change Respondent Survey.

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Figure 4.3

Number of Jobs Worked in the 48 Months Before the 2001 Survey Interview



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

In the ethnographic sample, which was drawn from neighborhoods of intense poverty, employment stability (as well as job stability) tended to be low. These women's experiences illustrate the circumstances of welfare recipients who struggled to find and keep jobs. For example, Danielle, a 28-year-old white woman with two young children, was working part time cleaning houses at the first interview in 1998.¹⁹ Between Rounds 1 and 2, she held jobs doing telemarketing, setting up Hallmark displays at stores, working as a clerk in a clothing store, and cleaning houses for a house-cleaning agency. Her job setting up Hallmark displays offered inconsistent hours, prompting her to find work at the clothing store; however, that job paid only \$6 an hour, so she quit to take the cleaning job. Later, she quit that job for an under-the-table job at her brother's pizzeria. Then, to comply with her 20-hour-a-week work requirement for the welfare agency, she found temporary employment with the Bureau of the Census during the spring of 2000. At the time of the final interview, Danielle had secured a job at a bakery through a temporary agency, but she was given only part-time hours.

An older ethnographic respondent, Becky (age 45), also had problems with job instability. She took two jobs shortly after the first round of interviews; one job was in the informal sector (babysitting), and the other entailed cleaning kitchens at a hotel. After that, she worked briefly in a clothing warehouse, but that job lasted only a few weeks. Next, she took a cleaning job at a nursing home that paid \$6 an hour without benefits, but she quit because the work was too physically taxing. She then took a job at a construction company that paid just above the minimum wage. At the time of the final interview, Becky had landed a better-paying temporary job with the Internal Revenue Service. Danielle and Becky's stories — which were not uncommon among ethnographic respondents — illustrate that job instability can be accompanied by earnings instability, both because there are periods of unemployment between jobs and because there are fluctuations in wages in different jobs.

The ethnographic data suggest that job exits were often due to respondents' quitting jobs rather than being laid off or fired from them.²⁰ Among the reasons that respondents gave for quitting were poor treatment by their employer (sexist or otherwise unfair practices, sexual harassment), poor working conditions (work that was too physically taxing or dangerous), location (the job required an extensive commute), schedule (not enough hours or odd hours), hostile work environment or coworkers, lack of benefits and low pay, and health problems of their own or of their children. Most of the ethnographic respondents who quit their jobs found

¹⁹In this chapter and the next, information provided about the age of the ethnographic respondents refers to their age at the Round 3 interview in 2000.

²⁰In the survey sample, among the women who in 2001 had worked and had changed or left jobs, 51 percent reported that they had quit; 14 percent said that they were laid off; 13 percent said that they were fired; and the remaining 22 percent said that the job had ended.

new employment quite quickly.²¹ The women's belief that jobs — albeit relatively unattractive ones — were not difficult to find appeared to lead to many employment transitions. In a labor market with more opportunities for “good jobs,” resignations might well be less common.

Job exits were not always voluntary. A sizable number of the women in the Philadelphia ethnographic sample, like Danielle, had taken jobs through temporary agencies, which resulted in frequent spells of unemployment between assignments. For example, Tina (a 38-year-old African-American woman with six children) was working for a temp agency at the time of the Round 3 interview in 2000 and had been given at least six different work assignments over an 18-month period. Tina liked several of the jobs but could not translate any into a full-time, permanent position.

In the midst of such job instability, an important issue is how the welfare office deals with changes in employment status. The ethnographic data indicate that respondents who lost jobs or had reduced hours typically did not see a corresponding rise in cash benefits for two or more months. For example, Kathryn (a 48-year-old white woman) reported nearly four months with no source of income after a seasonal job, even though she immediately reapplied for cash benefits. To compensate for the income loss, she sold prescription drugs illegally. The mix-up apparently occurred because her caseworker told her that she must first apply for unemployment insurance before the welfare department would consider her reapplication. She said, “They knew I wasn't going to get nothing [from unemployment], but I just need[ed to do] it for the damn paperwork.” She did receive some food stamps during this period, except that “January and February was partial food stamps, 'cause they counted for what I worked from November and December.”

Job Characteristics Over Time

Studies of welfare recipients have consistently found that women who leave welfare for work typically move into low-paying jobs without fringe benefits.²² Many of this study's survey respondents in Philadelphia were in low-wage jobs, but the characteristics of those jobs generally improved over time.

²¹In an analysis of data from the 1998 survey from all four Urban Change sites, Polit et al. (2001) found that, once women were employed, those who switched jobs tended not to spend much time unemployed unless other factors (for example, health problems) interfered. The median period without work between the most recent and a prior employment spell in 1998 was two months. For further information about employment stability in the overall Urban Change sample, based on 1998 survey data and two rounds of ethnographic interviews from all sites, see Polit, London, and Martinez (2001). See also Scott, Edin, London, and Kissane (2001), which focuses on employment instability among ethnographic respondents.

²²See, for example, the summary of welfare leaver studies by Acs and Loprest (2001).

Of the 638 women in the Philadelphia survey sample, 66 percent had worked in the two-year period before the 1998 interview, and 87 percent had had paid employment between 1998 and 2001. Information about the women's current or most recent job was obtained in both interviews. At both times, the majority of women were working full time (35 hours a week or more). Part-time work declined over the three years, from 38 percent of workers in 1998 to 32 percent in 2001.²³ The average hourly wage of current or most recent jobs was higher in 2001 (\$8.90) than in 1998 (\$7.50),²⁴ and fewer women were in jobs that paid the minimum wage or less (down from 19 percent in 1998 to 12 percent in 2001). Because there were increases over time in both hours worked and hourly wages, higher weekly average earnings were reported at the 2001 interview (an average of \$325) than at the 1998 interview (an average of \$254). The jobs held by working women in 2001 were more likely than earlier jobs to offer such fringe benefits as health insurance (up from 35 percent to 38 percent) and sick days with pay (up from 35 percent to 45 percent). These results are not shown in tables.

Figure 4.4 displays information about the quality of respondents' current jobs for those who were working in 1998 and in 2001. In particular, the figure shows that the percentage of working survey respondents who were in full-time jobs (35 hours or more per week) that paid an hourly wage of \$7.50 or more per hour and that provided the respondents with medical benefits increased from 25 percent in 1998 to 38 percent in 2001.²⁵

Even in 2001, however, when the economy was strong, the majority of those who worked were in worse jobs. That is, they were either working part time, were paid less than \$7.50 per hour, or did not receive employer-provided medical benefits. A sizable minority of the women who worked (34 percent) had no benefits such as sick pay, paid vacation, or health insurance in their current or most recent job. Nearly half (44 percent) were working in service sector jobs (for example, as cashiers, housecleaners), which typically have limited opportunities for advancement. The majority of women in Philadelphia (57 percent) relied on public transportation to get to work in 2001, and only a minority (27 percent) drove a car. The average commuting time (one way) was 37 minutes, but this average masks a great deal of variability, with

²³According to data from the 1998 survey in all four Urban Change sites, part-time employment was more prevalent in Philadelphia (40 percent) than in Cleveland (30 percent), but the rate was similar to rates in Los Angeles and Miami (Polit et al., 2001). By 2001, only 25 percent of sample members in Cleveland (compared with 32 percent in Philadelphia) were working in part-time jobs (Brock et al., 2002).

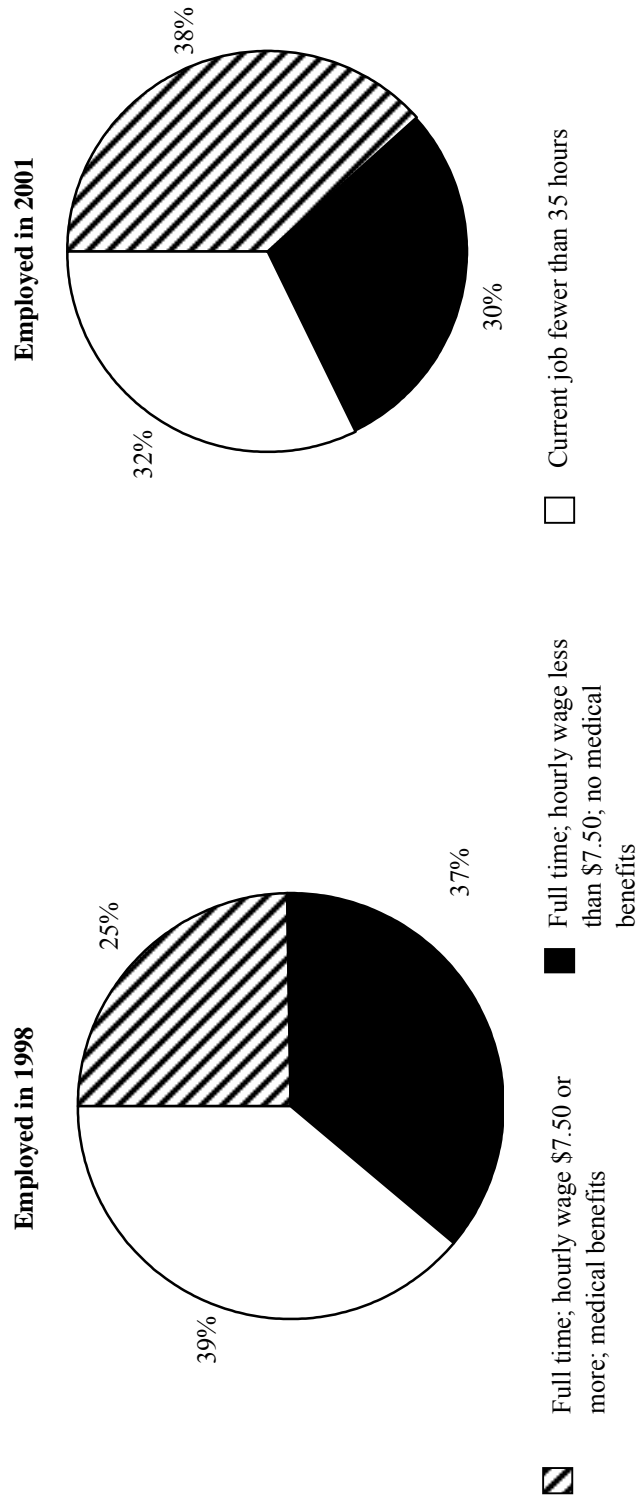
²⁴Nationally, the median hourly wage of former TANF recipients in 1999 was \$7.15 (Loprest, 2001), compared with medians for this Philadelphia sample of \$7.10 in 1998 and \$8.30 in 2001. Among currently employed women in the 2001 Urban Change survey, the average hourly wage was somewhat lower in Cleveland than in Philadelphia (\$8.60 versus \$8.90) (Brock et al., 2002). In 1998, employed women in Philadelphia had higher average hourly wages than working women in any of the other three Urban Change sites (Polit et al., 2001).

²⁵According to official poverty guidelines, an hourly wage of \$7.50 in a 40-hour-per-week job would put a family of three above the poverty line in both 1998 and 2001.

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Figure 4.4

Job Characteristics for Those Currently Employed in 1998 and in 2001



SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Calculations for 1998 are based on 240 of the 270 respondents who were working for whom wage and benefit information was available. Calculations for 2001 are based on 355 of the 377 respondents who were working for whom wage and benefit information was available. Rounding may cause slight discrepancies in calculating sums and differences.

some respondents reporting no commuting time (for example, if they worked out of their homes babysitting or doing hair) and others reporting commutes of more than an hour each way (10 percent).²⁶ These results are not shown in tables.

Among the ethnographic respondents, job quality was even worse, though they, too, reported considerable variability in work experiences. For example, Denise (an African-American mother of two) worked in a mental health facility during the last year of the ethnographic study, making \$8.25 per hour, with overtime paying \$12.50 per hour. Denise also had health, dental, and retirement benefits at this job. At the other extreme are the experiences of Eileen, a 44-year-old white mother with four children. Eileen found a steady job in a laundromat between the second and third rounds of interviews. Despite three years of job tenure, she was still earning \$5.15 per hour at the end of the study, and she still received no fringe benefits. Unlike Eileen, who had the same minimum-wage job for several years, most ethnographic respondents had held a series of low-wage jobs that offered no benefits.

Respondents in the ethnographic sample typically wanted and sought regular, full-time employment. They believed that the welfare time limits were real, and most were willing to take virtually any job available. This strategy gleaned many jobs, but few “good jobs.” In fact, about half the jobs that were held over the study period were part-time jobs, despite respondents’ desire for full-time work. As previously noted, many jobs were through temporary employment agencies and were therefore not stable. Workers in such jobs have a contract with the agency that makes it difficult for a satisfied employer to hire them permanently.

Industrial employment — once a staple in Philadelphia’s economy — was rare among the ethnographic respondents. The few women who took manufacturing jobs (for example, in a plastics factory, a grenade factory) were not covered by union contracts, and all were paid close to the legal minimum wage. These jobs were generally physically demanding, and employees were subject to layoffs during slack times of the year. As was true for survey respondents, service sector jobs (cashiering, cleaning hotel rooms) were much more common among the ethnographic sample. Unlike the manufacturing jobs, most of these jobs required a considerable commute to another part of the city (such as to the airport area, on the far south side of the city) or to the outer suburbs. Several women got health care jobs that required certification (for example, nurses’ aide, medical assistant). Their wages varied considerably, depending on whether the jobs were in a health care facility or a private home (home care aides tended to be paid more poorly) and, especially, on whether the jobs were unionized. Women in the ethnographic sample also worked in-

²⁶Based on data from the 1998 Urban Change survey in all four sites, women in Philadelphia were substantially less likely than those in the other three sites to drive their own car to work (for example, 20 percent in Philadelphia versus 51 percent in Miami). Commuting time to work was also significantly longer in Philadelphia than in the other sites (Polit et al., 2001).

formally, particularly at baseline but also at other times, when they had been laid off or were given fewer hours and then had to wait several months before their welfare benefit was adjusted upward. Informal jobs included bartending, pizza delivery, waitressing, babysitting, braiding hair, and housecleaning. These informal jobs paid poorly but were a crucial hedge against the economic ups and downs occasioned by layoffs, reduced hours, or loss of employment.

The ethnography also offers rich information about how the women in Philadelphia felt about working. Those who moved from welfare to work typically liked — even loved — the act of working, even if they did not like their particular job, their boss or coworkers, their schedule, or their commute. Furthermore, many expressed enthusiasm for the act of working, even if employment did not net them more income than welfare had provided. Several women noted that work was an enormous relief from the humdrum of staying home, caring for children, and being isolated from other adults. Working was also viewed by many as an escape from the humiliating, stigmatizing world of welfare. Having money that they had earned enhanced their self-esteem and gave them a feeling of pride. Lisa, who worked as a nurse's aide, noted: "I like it much better [than welfare], because this is my money, and I don't have to — I mean, it's mine, and I know it's coming, 'cause I went and I worked for it. I just feel better because it's my money. . . . And I feel more like I support my children, not public assistance — I support my children, I pay for them, and it's a better feeling."

Many women in the ethnographic sample did, however, worry about how their move to employment would affect their children. And some working mothers did attribute various problems (such as a child's grade retention, persistent tardiness, or delinquent behavior) to their own absence from the home following entry into the labor force. However, they felt less guilt about this than they might have felt otherwise, because the choice about whether to work or not was no longer theirs to make. They also hoped that the additional income from working would compensate for what their children might lose by their absence.²⁷

Advancement and Wage Growth

The preceding section noted how job quality tended to improve between 1998 and 2001 among survey respondents in Philadelphia. This discussion did not, however, provide information about advancement and wage growth for individual women, because the group of women who worked in 1998 was not identical to those who were working in 2001. To examine advancement and wage growth over the course of the study, the survey sample was narrowed to women who were working during both interview periods, and then their current or most recent

²⁷Mothers' feelings about work and their experiences juggling low-wage work and family responsibilities — based on data from this ethnographic study — are discussed further in Scott, Edin, London, and Mazelis (2001); London, Scott, Edin, and Hunter (2001); and Scott, Edin, London, and Kisane (2001).

jobs were compared. Table 4.2 displays the changes in job characteristics among the 417 women who held jobs during both rounds of the survey. As the table shows, the majority of these women held full-time jobs during both interview periods, with full-time employment increasing from 62 percent in 1998 to 73 percent in 2001. Nearly twice as many women went from part-time to full-time employment (24 percent) over this time period as went from a full-time to a part-time schedule (13 percent).

The hourly wage of the women who worked in both survey periods also increased, from an average of \$7.52 in 1998 to \$9.12 in 2001. Although some increase is expected, this \$1.60 increase is greater than the rate of inflation over the three-year period.²⁸ By the time of the final interview, only 10 percent of these women were in jobs that paid at or below the minimum wage, down from 19 percent in 1998. At the other extreme, about one-third of the women were paid \$10.00 per hour or more in 2001, compared with 18 percent in 1998. Although most respondents in Philadelphia reported an increase in their hourly wages over the three-year period, a noteworthy minority (23 percent) reported a decrease.

The combined effects of increased hours and increased wages resulted in significantly higher average weekly earnings, growing from \$254 in 1998 to \$339 in 2001 — a 33 percent average increase. More than half the women had weekly earnings under \$250 in 1998 (54 percent), but only 31 percent had such low earnings by 2001. Meanwhile, the percentage of women with weekly earnings greater than \$400 more than doubled, up from 13 percent in 1998 to 28 percent in 2001. Despite these average increases in wages and earnings, some 27 percent of the working women earned less each week in 2001 than in 1998.

Women in the sample who worked in both survey periods also experienced significant improvements with regard to the receipt of fringe benefits. As Table 4.2 shows, there were gains with respect to sick pay, paid vacation, health benefits for themselves, and tuition benefits (although health benefits for children did not increase). And, whereas 54 percent of the working respondents in 1998 had been in jobs with none of these five benefits, only 38 percent of the working women had no benefits in 2001.

In the ethnographic sample, relatively few women were able to move into notably better employment over time. Those who did were women who either were able to secure a unionized

²⁸This wage growth is similar to estimates from other studies. One recent study found that wages for women with low skill levels grew about 6 percent to 7 percent per year and that receiving cash assistance did not affect the rate at which wages grew (Corcoran and Loeb, 1999). A second study found that wages for women who had not graduated from high school grew about 5 percent per year (Gladden and Taber, 1999). Similar wage growth has also been found in random assignment studies. In the Canadian Self-Sufficiency Project, wages of long-term welfare recipients grew, on average, by 6.3 percent per year over a two-year period (Michalopoulos et al., 2000). In the evaluation of the Connecticut Jobs First program, more than one-third of welfare recipients had wages grow by more than 20 percent over a three-year period (Bloom et al., 2002).

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Table 4.2

**Change in Job Characteristics of Current or Most Recent Job
Among Survey Respondents Who Had Held Jobs in Both Survey Periods^a**

	First Interview (1998)	Second Interview (2001)	Difference
Median weekly work hours	37.0	40.0	
Average weekly work hours	33.9	37.2	3.2 ***
Less than 35 hours (%)	38.4	27.4	-11.1 ***
More than 35 hours (%)	61.6	72.6	11.1 ***
Median hourly wage (\$)	7.13	8.52	
Average hourly wage (\$)	7.52	9.12	1.60 ***
Less than \$5.15 (%)	18.9	10.3	-8.6 ***
\$5.16 to \$7.49 (%)	38.2	22.3	-15.9 ***
\$7.50 to \$9.99 (%)	25.3	34.5	9.2 **
Greater than \$10.00 (%)	17.5	32.9	15.3 ***
Median weekly earnings (\$)	240.00	320.00	
Average weekly earnings (\$)	253.53	339.41	85.88 ***
Less than \$250 (%)	54.4	30.9	-23.5 ***
\$250 to \$400 (%)	33.1	41.6	8.5 *
Greater than \$400 (%)	12.5	27.5	15.0 ***
Job has/had (%): ^b			
Sick days with pay	35.8	50.5	14.7 ***
Paid vacation	38.7	52.7	14.0 ***
Medical benefits for self	35.5	43.8	8.3 **
Medical benefits for children	27.9	32.6	4.7
Tuition/training benefits	22.4	35.5	13.1 ***
None of above 5 benefits	53.6	38.2	-15.5 ***
Sample size	417	417	

SOURCES: MDRC calculations from the Urban Change Respondent Survey.

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

^aSample size is 417 respondents (out of 638) for those currently or most recently employed in 1998 and 2001.

^bSelf-employed women are assumed not to have these benefits. There are 25 respondents (6.0%) who were self-employed in 1998; there are 29 respondents (6.95%) who were self-employed in 2001; and there are 8 respondents (1.92%) who were self-employed in both survey periods. Also, there are 4 respondents (0.96%) who worked for an employer and were self-employed in 2001.

job in the health care industry (jobs that required certification) or had managed to complete college while on welfare and then secured white-collar employment. As an example, Maya graduated from college during the study period and became a teacher, first at a Christian school and then at a charter school. At her final interview, Maya was earning \$25,000 per year at the charter school, and the job provided family health benefits and a retirement plan.

Barriers and Challenges to Employment

A major concern of both advocates for the poor and program staff working with the poor is that low-income women who have childrearing responsibilities often have characteristics and circumstances that make it difficult for them to find and sustain employment. These characteristics — often called “barriers to employment” — include parental responsibilities that can compete with work (for example, having very young or many children), poor physical or mental health, children’s health problems, inadequate skills or credentials, and certain behaviors (such as drug use). There is growing evidence that such barriers and challenges often co-occur among poor women and that having multiple barriers is especially detrimental to employment.²⁹ This section explores whether such barriers lessened or increased among the survey sample over time and the relationships between barriers and actual employment.

Changes in Barriers and Challenges Over Time

Table 4.3 presents information about a number of employment barriers and challenges that the 638 women in the survey sample in Philadelphia faced in 1998 and in 2001. As this table shows, there was considerable stability over time with regard to barriers to employment, although there were a few improvements, and no barrier became significantly worse.

Of particular note is the significant decrease over time in the percentage of women who lacked a high school diploma or GED certificate. In the survey sample, 48 percent of the women did not have a high school diploma or GED at baseline in 1995. The percentage without their basic credential remained relatively unchanged in 1998 (47 percent) but declined to 39 percent in 2001. As noted in Chapter 2, GED classes and other educational activities counted toward participation requirements in Philadelphia during the pre-24-month period.

Another positive change was a significant decline in the percentage of women who reported having a child with an illness or disability that constrained employment, down from 25

²⁹See, for example, Danziger, Corcoran, Danziger, and Heflin, 2000; Polit, London, and Martinez, 2001; Polit et al., 2001; and London, Scott, and Hunter, Forthcoming.

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Table 4.3

**Changes in Employment Barriers and Challenges of Survey
Respondents Between the 1998 and 2001 Interviews**

Outcome	First Interview (1998)	Second Interview (2001)	Difference
<u>Individual challenges (%)</u>			
Has no diploma or GED	46.7	38.7	-7.9 ***
Has difficulty comprehending English	2.6	2.9	0.3
Has 3 or more children at home	43.7	43.7	0.0
Youngest child under age 6	53.6	31.8	-21.8 ***
Has 1 or more children with an illness or disability that constrains work	24.8	17.3	-7.5 ***
Has 1 or more children with special needs or behavior problems ^a	51.1	52.8	1.7
Has a health problem that limits ability to work	24.8	27.8	3.0
Is at high risk of depression	29.8	32.0	2.2
Has been physically abused, prior 12 months ^b	11.3	8.7	-2.6
Used a hard drug, past month	4.0	4.7	0.7
Has been homeless, past 12 months	0.5	0.6	0.2
<u>Multiple challenges^c</u>			
Average number of challenges	2.8	2.5	-0.3 ***
None (%)	5.6	9.4	3.8 **
One to two (%)	40.9	44.5	3.6
Three or more (%)	53.4	46.1	-7.4 ***
Sample size	638	638	

SOURCE: MDRC calculations from the Urban Change Respondent Survey

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

^aThis item includes respondent's children who had special needs, were ever suspended or expelled from school, or were ever in trouble with the police.

^bThis only includes respondents who were hit, slapped, kicked, or otherwise physically harmed during the past 12 months. It does not include those who were threatened or had every move controlled.

^cThe 11 challenges that were counted included: no high school diploma or GED, unable to converse in English, has 3 or more children, youngest child under age 6, has 1+ child with an illness/disability affecting ability to work, has a child with special needs or behavior problems, has a health condition that limits ability to work, is at high risk of depression, has been physically abused in past 12 months, used a hard drug in the past month, was homeless in past 12 months.

percent in 1998 to 17 percent in 2001.³⁰ This change appears to reflect health improvements as the children got older: 15 percent of the women with such a barrier in 1998 no longer had it in 2001, and only 8 percent of the women reported the emergence of such a barrier in 2001.³¹ There was also a substantial decline in the percentage of women whose youngest child was of preschool age, down from 54 percent in 1998 to 32 percent in 2001. This reflects not only the aging of these women's children over the course of the study but also the fact that less than 1 percent of the respondents gave birth between the two interview periods.

For most employment barriers reported in the survey, prevalence rates were similar at both interviews and, typically, were fairly high. In both 1998 and 2001, more than half the women indicated that they had at least one child who had special needs or behavior problems.³² One out of four women indicated, in both interviews, that they had a health problem that limited their ability to work.³³ Finally, nearly one out of three women were at high risk of depression at both points in time.³⁴

Two barriers of special concern among policymakers and organizations that work with families on welfare are drug use and domestic violence. In this sample, the reported rates of these problems are fairly low and did not change significantly over time. Around 10 percent of the women at both interviews reported that they had been physically abused in the prior 12 months.³⁵ Small percentages of women at either interview acknowledged having used a hard drug in the prior month: 4 percent in 1998 and 5 percent in 2001.

Overall, large numbers of women in this sample faced barriers and challenges that may affect their employability. A summary index of the 11 employment barriers was created to de-

³⁰In their report on the health of the Urban Change sample, Polit, London, and Martinez (2001) noted that the percentage of women in the 1998 survey sample who had a child in fair or poor health was about three to four times higher than in national samples, based on data from the National Center for Health Statistics.

³¹For additional ethnographic data on the experiences of welfare-reliant women who were caring for children with chronic health problems or disabilities, see London, Scott, Edin, and Hunter (2001).

³²Although the prevalence rates of barriers discussed in this paragraph were similar in 1998 and 2001, this does not imply that the same women suffered from the barriers in both periods.

³³Women in the Urban Change survey sample in 1998 were substantially less healthy than women nationally. For example, one out of four women in the Urban Change sample rated their health as fair or poor, compared with only 8 percent in a national sample of same-age women in 1996 (Polit, London, and Martinez, 2001).

³⁴Based on data from the 1998 survey of Urban Change respondents in all four sites, women in Philadelphia had significantly higher rates of being at high risk of depression than women in Cleveland, Los Angeles, or Miami. They were also more likely than women in the other sites to have been physically abused in the 12 months prior to the 1998 interview, to report a physical health problem that limited work, to admit to using drugs, and to report being drunk three or more times in the prior month (Polit, London, and Martinez, 2001).

³⁵Although relatively few women reported a recent experience with physical abuse, about one-third (32 percent) admitted that they had been physically abused at some point in their lives. Still, this rate is much lower than that found in other studies, in which about 60 percent of welfare recipients reported past abuse (Raphael, 1999).

termine the extent to which barriers co-occurred. Table 4.3 shows that the barriers faced by these women significantly decreased over time (from an average of 2.8 barriers in 1998 to 2.5 barriers in 2001). The number of barriers declined for 42 percent of the women; however, 32 percent faced the same number of barriers in 1998 and 2001, and 26 percent actually had more barriers at the second interview. It is important to note that most of the women faced multiple barriers at both interview periods. Only 9 percent of the women had no barriers in 2001, while 46 percent had three or more barriers.³⁶

Barriers and Employment Experiences

Did the barriers that respondents in Philadelphia faced actually interfere with their employment? Or did the women who had barriers continue to work despite their problems? Data from the 2001 survey, as well as from the ethnography, suggest that both occurred. Table 4.4 shows the percentage of women with each barrier who were employed in 2001; it indicates that women with particular barriers were much less likely to work than other women. Educational attainment and language skills were both important in differentiating women who did and did not work. Family configuration, however, did not appear to be a barrier in this sample: Women with many children or young (preschool-age) children were as likely to work as women with fewer or older children.

Health-related problems appear to have had especially powerful effects on respondents' employment.³⁷ For example, women were nearly three times as likely to be working in 2001 if they did not have a health problem than if they did (72 percent versus 25 percent, respectively). Other health-related barriers that may have contributed significantly to not working in 2001 included having a child with an illness or disability and being at high risk of clinical depression.

Among respondents in the ethnographic sample, health-related problems were sometimes sufficiently severe to make employment impossible. For example, Carol (a 33-year-old woman who had one child and did not work in the formal sector at any point in the study period) had both physical and mental health problems. At baseline, Carol said that she had been diagnosed with post-traumatic stress disorder and suffered from confusion and memory loss. Throughout the study, she used several different types of psychotropic medications, but her condition worsened. For example, she began to experience violent mood swings and bouts of

³⁶In comparison, 15 percent of the women from a random sample of welfare recipients in an urban Michigan county had none of the 14 included barriers (Danziger, Corcoran, Danziger, and Heflin, 2000), and 23 percent of the TANF recipients in the 1997 National Survey of America's Families had none of the 7 barriers considered (Zedlewski, 1999).

³⁷For further information about the effect of health barriers on employment and welfare receipt in the overall Urban Change sample, see Polit, London, and Martinez (2001).

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Table 4.4

**Employment Rates in 2001 Among Survey Respondents
Who Had Specific Challenges to Work in 2001**

Challenge	Percentage Employed at 2001 Interview ^a
<u>Individual challenges (%)</u>	
Has no diploma or GED	46.4
Has difficulty comprehending English	21.1
Has 3 or more children at home	60.6
Youngest child under age 6	61.8
No access to a vehicle, or no valid license	52.8
Has 1 or more children with an illness or disability that constrains work	50.5
Has 1 or more children with special needs or behavior problems ^b	56.2
Has care taking responsibility for other sick or frail person	52.0
Has a health problem that limits ability to work	24.9
Is at high risk of depression	42.2
Has been physically abused in prior 12 months ^c	37.3
Used a hard drug, past month	34.5
Has had a criminal conviction	36.0
Has been homeless in past 12 months	25.0
<u>Multiple challenges^d</u>	
Average number of challenges	2.1
None (%)	78.3
One to two (%)	68.7
Three or more (%)	45.9
Sample size	377

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

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

^aThere are 44 respondents who are missing employment information.

^bThis item includes respondent's children who had special needs, were ever suspended or expelled from school, or were ever in trouble with the police.

^cThis only includes respondents who were hit, slapped, kicked, or otherwise physically harmed during the past 12 months. It does not include those who were threatened or had every move controlled.

^dThe 11 challenges that were counted included: no high school diploma or GED, unable to converse in English, has 3 or more children, youngest child under age 6, has 1+ child with an illness/disability affecting ability to work, has a child with special needs or behavior problems, has a health condition that limits ability to work, is at high risk of depression, has been physically abused in past 12 months, used a hard drug in the past month, was homeless in past 12 months.

uncontrollable crying and anger. At the second interview in 1999, she reported that she had been diagnosed with several physical health problems, and, by the 2000 interview, she had had three cancer-related surgeries. She had also tried to commit suicide and had been involuntarily committed to a psychiatric ward.

The ethnographic interviews also illustrate, however, that some women persevered *despite* severe health problems. Kathryn worked throughout most of the study period despite having cervical cancer (from which she died in 2001). She managed to arrange her chemotherapy sessions around her work schedule in her minimum-wage job in a “letter shop” stuffing envelopes at a bulk-mailing company. As another example, Danielle had worked at a series of short-term jobs over the course of the study (as previously described), but she managed to stay employed during most of the study months. In remission from cervical cancer, she had just suffered a relapse at baseline. Nevertheless, she continued to work part time cleaning houses. At Round 2 of the interviews, she had left that job because of difficulty controlling her bladder and bowels. Although the difficulties continued into Round 3, Danielle went back to the physically demanding job of cleaning houses. While at work, she would frequently feel nauseous and begin to bleed, but she said that she ignored these problems and continued to work because she needed money.

Several ethnographic respondents noted that their children’s health problems were a barrier to stable employment. Some children, like their mothers, had chronic, serious problems, including mental illness, HIV infection, severe diabetes, and other life-threatening conditions. Frequent appointments for children’s medical care made full-time, regular work difficult and also led to job loss as a result of excessive absences. For example, Paulette worked at multiple short-term jobs over the study period. At baseline in 1998, she held a part-time job at a child care center but was struggling with her own poor health and her younger daughter’s chronic sickness. During the first interview, Paulette said that her daughter frequently complained of ear infections; and during the third interview, she said that her daughter was repeatedly waking up with “aches and pains.” During the second interview, Paulette revealed that she is a diabetic and that the grandson she was caring for — her older daughter’s son — was being tested for HIV. Paulette was not working at this point, and the fact that the family had been “running back and forth from the doctors” probably played a large part in her decision (as she explained at the final interview) to postpone a search for full-time employment until her grandson’s medical treatment was under way.

Children’s health problems also made it difficult for some mothers to find adequate child care. Melissa, for example, did not work in the first two years of the ethnographic study period because she could not find a child care provider who was willing to care for her two sons, one of whom had asthma and was also diagnosed with attention deficit hyperactivity disorder (ADHD).

In the survey sample, transportation barriers also distinguished workers and nonworkers. As previously noted, the majority of workers in Philadelphia used public transportation to commute to work. In 2001, fully 75 percent of the women in the survey sample reported not having a valid driver's license or access to a vehicle. Only about half the women who had this barrier were working at the time of the 2001 interview, compared with 78 percent of those who did not.³⁸ Data from the ethnographic portion of the study highlight the hardships that many women from poor neighborhoods faced in commuting via public transportation to service sector jobs that were typically located far from their residences.

Women in the survey sample who were not working in 2001 had an average of one more barrier to overcome than women who were employed (a mean of 3.1 versus 2.1, respectively; not shown). About 61 percent of the nonworking women had three or more barriers, compared with 36 percent of women who were employed. Still, it is noteworthy that many women who worked did so despite having a variety of problems that made their employment difficult or that might constrain the kinds of jobs they could get. Many ethnographic respondents had multiple barriers that played a role in their ability to find or sustain employment — but, as in the survey, the “barriers” were often hardships that made their lives more complex and more onerous rather than making work impossible.

Employment Circumstances of Different Groups of Women

The survey findings reported thus far are for the entire sample of respondents in Philadelphia, all of whom were single mothers receiving welfare in 1995. The findings suggest considerable diversity with regard to the employment and welfare experiences of these women from 1998 to 2001, with some women having moved off welfare into stable employment in “good” jobs and others not having worked at all during the study period. This section examines whether some of this diversity is related to two key characteristics of the sample members, namely their racial and ethnic backgrounds and their educational attainment.

Table 4.5 summarizes the employment experiences and challenges of women in the Philadelphia Urban Change survey sample in 2001, according to race and ethnicity. As shown earlier (Table 4.1), 77 percent of the sample are African-American, 17 percent are Hispanic, and

³⁸In an analysis of the 1998 Urban Change survey data from all four sites, Polit et al. (2001) found that not only employment status but also employment stability was strongly related to the women's means of transportation. Driving to work was most common among high-stability workers, while low-stability workers were most likely to rely on public transportation. Of course, employment and car ownership could have reciprocal effects: Women without a car might be constrained in the jobs that they can accept, but having a job might increase the likelihood of having sufficient earning power to purchase a vehicle.

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Table 4.5

Selected Employment Experiences and Challenges, by Race and Ethnicity

Outcome	All Women in Survey Sample ^a	African- American ^b	Hispanic	Other
<u>Employment in 48 months before 2001 interview</u>				
Average number of months employed	23.7	24.2	21.7	22.8
Average number of jobs held	2.4	2.5	1.8	2.1 ***
Did not work (%)	12.4	9.8	23.4	16.2 ***
Held 3 or more jobs (%)	39.9	42.3	31.8	32.4
<u>Employment status at time of 2001 interview</u>				
Working (%)	59.1	61.4	51.4	51.4
Neither working nor on welfare (%)	18.7	18.1	21.5	18.9
<u>Characteristics of current or most recent job</u>				
Average weekly work hours	36.3	36.6	35.6	34.2
Average hourly wage (\$)	8.59	8.64	8.31	8.63
Average weekly earnings (\$)	313.96	317.75	298.20	303.66
Job has/had medical benefits for self (%)	37.9	38.6	35.9	32.3
<u>Selected challenges to employment, 2001 interview</u>				
Has 1+ child with illness/disability (%)	17.1	16.2	16.5	29.7
Has health problems that limit ability to work (%)	27.9	25.3	34.6	43.2 *
At high risk of depression (%) ^c	32.4	29.6	43.0	40.5 *
Has been physically abused (%) ^d	8.6	9.0	6.0	12.1
Used a hard drug past month (%)	4.8	5.8	2.0	0.0
Has no diploma or GED (%)	39.3	36.0	53.3	43.2 **
<u>Multiple challenges</u>				
Average number of challenges	2.5	2.4	2.8	2.8 *
None (%)	9.4	10.4	6.5	5.4
One to two (%)	44.7	46.3	37.4	43.2
Three or more (%)	45.9	43.3	56.1	51.4 *
Sample size	636	492	107	37

SOURCE: MDRC calculations from the Urban Change Respondent Survey

NOTES: Statistical tests were used to assess differences across the subgroups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

^aTwo respondents refused to answer the race questions and were removed from the "All women in survey sample" column.

^bU.S. born, not Hispanic.

^cRisk of depression was assessed using the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

^dRespondent reported she was hit, slapped, kicked, or otherwise physically harmed during the 12 months prior to the interview.

6 percent are of other backgrounds (mostly Caucasian). The employment experiences of these three groups differed significantly in a number of respects, with Hispanic women having the least favorable outcomes and African-American women having the best outcomes. For example, nearly one-fourth of the Hispanic women had not worked at all in the 48 months before the 2001 interview, compared with only 10 percent of the African-American women and 16 percent of women in the “other” group. African-Americans were also most likely to be actually working at the time of the final interview (61 percent, compared with 51 percent in the other two groups), although this difference was not statistically significant. It is noteworthy that among women who had worked, job characteristics such as hourly wage, fringe benefits, and work hours were similar for all three racial and ethnic groups.

Table 4.5 suggests that the three subgroups of women faced somewhat different levels of employment barriers. For example, a higher percentage of Hispanic women (35 percent) than African-American women (25 percent) reported a health problem that constrained work — although an even higher percentage of women in the “other” group (43 percent) had such a problem.³⁹ Hispanic women also had a higher rate of being at risk of clinical depression than women in the other groups. Of particular importance, Hispanic women were substantially more likely than other women to lack a high school diploma or GED certificate: More than half of Hispanic women lacked such a credential (53 percent), compared with only 36 percent of African-American women.⁴⁰ On average, Hispanic women had a significantly greater number of barriers than black women and were the group most likely to have three or more such barriers at the time of the 2001 interview.

Differences in educational backgrounds were more salient than racial and ethnic differences in distinguishing women with different employment experiences — and probably contributed to the differences that were observed by race and ethnicity. Table 4.6 compares women who had a high school diploma or GED certificate at baseline (May 1995) with those who did not, in terms of selected employment experiences and challenges. On average, women with a diploma or GED certificate at baseline worked in significantly more months than those without the credential (27 versus 21 months, respectively), were less likely not to have worked at all (10 percent versus 15 percent), and were more likely to be working at the time of the final interview in 2001 (67 percent versus 52 percent). Moreover, although the women in both education groups typically worked full time, the women who had a basic credential tended to be in better jobs: They had substantially better average hourly wages (\$9.74 versus \$7.42) and higher aver-

³⁹Of course, the prevalence of such health problems is not synonymous with severity of a health problem; it is possible that the health problems among Hispanic women were more serious and more constraining than the health problems of women in the “other” group.

⁴⁰Hispanic women were also far more likely to have a language barrier, which Table 4.4 suggests was an important constraint on employment.

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Table 4.6

Selected Employment Experiences and Challenges, by Education at Baseline

Outcome	All Women in Survey Sample	No High School Credential at Baseline	Diploma or GED at Baseline
<u>Employment in 48 months before 2001 interview</u>			
Average number of months employed	23.7	20.6	27.0 ***
Average number of jobs held	2.4	2.3	2.5
Did not work (%)	12.4	14.9	9.7 *
Held 3 or more jobs (%)	39.8	39.5	40.1
<u>Employment status at time of 2001 interview</u>			
Working (%)	59.1	51.7	67.0 ***
Neither working nor on welfare (%)	18.7	19.5	17.8
<u>Characteristics of current or most recent job</u>			
Average weekly work hours	36.3	35.8	36.8
Average hourly wage (\$)	8.59	7.42	9.74 ***
Average weekly earnings (\$)	314.22	268.57	359.32 ***
Job has/had medical benefits for self (%)	37.7	23.6	51.6 ***
<u>Selected challenges to employment, 2001 interview</u>			
Has 1+ child with illness/disability (%)	17.3	20.8	13.6 *
Has health problems that limit ability to work (%)	27.8	32.5	22.7 **
At high risk of depression (%) ^a	32.3	42.5	21.6 ***
Has been physically abused (%) ^b	8.6	10.1	7.0
Used a hard drug past month (%)	4.8	5.5	4.0
<u>Multiple challenges</u>			
Average number of challenges	2.5	3.2	1.8 ***
None (%)	9.4	2.7	16.5 ***
One to two (%)	44.5	32.5	57.3 ***
Three or more (%)	46.1	64.7	26.2 ***
Sample size	636	492	107

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical tests were used to assess differences across the subgroups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

^aRisk of depression was assessed using the Center for Epidemiological Studies-Depression (CES-D) scale. CES-D scores range from 0 to 60. Women with scores of 23 or higher on the CES-D scale were considered at high risk of depression.

^bRespondent reported she was hit, slapped, kicked, or otherwise physically harmed during the 12 months prior to the interview.

age weekly earnings (\$359 versus \$269), and they were more likely to have jobs with medical benefits (52 percent versus 24 percent).

In addition to the fact that women with a diploma or GED lacked this education barrier, these women also tended to have fewer other barriers to employment than women without a basic credential. For example, better-educated women were less likely to have a physical health problem (23 percent versus 33 percent), to be at high risk of depression (22 percent versus 43 percent), and to have a child with a disability or sickness that constrained work (21 percent versus 14 percent). The summary index of barriers indicates that women without a diploma or GED faced an average of 3.2 of the 8 barriers, compared with 1.8 barriers among the women who had a diploma or GED. Nearly two out of three women (65 percent) with lower educational attainment faced 3 or more barriers to employment in 2001.

The ethnographic data confirm that educational attainment was a powerful factor in employment outcomes. Maya, mentioned previously, completed college during the study and was considered the ethnography's "success story" when she landed a teaching job that paid \$25,000 per year and offered benefits. Another woman, Celeste, completed college shortly after the initial ethnographic interview and got a job as a residential counselor at a drug and alcohol facility. She earned \$10.50 per hour working the overnight shift.

In summary, then, the diversity in the employment experiences of women in Philadelphia appears to be partly attributable to differences in their educational backgrounds and, to a lesser extent, to racial and ethnic differences. Other factors — including the women's health and mental health — undoubtedly helped to shape their ability to find and keep a job.

Summary and Conclusions

The survey data indicate that there was considerable change between 1998 and 2001 in the employment of women from some of Philadelphia's poorest neighborhoods who had been welfare recipients in 1995. The ethnographic data — which shed more light on the struggles of poor families in transition — similarly indicate that many women were making efforts to become self-sufficient. In both research samples, the majority of respondents had worked for pay after the 1996 welfare reform was implemented, and there were sharp declines in the percentages who relied on welfare as their primary source of income. Some of these behavior changes are likely due to the strong economy of the late 1990s, which resulted in a greater availability of jobs and fewer restrictions on job qualifications. Some change likely reflects the greater maturity of these women, as well as the aging of their children. It is also plausible, however, that changes in Philadelphia's welfare policies — which included a post-24-month work requirement — may have contributed to women's decisions to work.

Although the majority of these women who had been welfare recipients were able to find paid employment, the data offer a mixed picture of their success in the labor market. On the positive side, most women were working or had worked full time, mostly in jobs that paid above the minimum wage. Wages and employment earnings improved over time, indicating that, on average, there was some wage growth and advancement.

Nevertheless, both employment stability and job quality were highly variable among the women who worked. Some women had worked fairly continuously from 1997 to 2001 and were, by the end of the study period, working full time in jobs that paid substantially above the minimum wage and that offered important fringe benefits. More typically, however, women in both the ethnographic and the survey samples had held several low-wage jobs without benefits, which left their income situations — and their need for public assistance — in considerable flux. A sizable percentage of women in the ethnographic sample had had a string of jobs through temporary agencies, which left them vulnerable to erratic schedules, variable wages, and job insecurity.

Indeed, despite improvements over time, the majority of these women were in jobs with earnings that would leave them and their children in poverty unless supplemented with other income. Few had the kind of fringe benefits that could bolster their efforts to become self-sufficient (for example, medical benefits) or their ability to integrate work into their parenting responsibilities (for example, sick pay or paid vacation). The data suggest that sizable percentages of these women — many of whom have complied with the new welfare agency requirements — may need ongoing help from such work support programs as food stamps, Medicaid, the Earned Income Credit (EIC), and child care subsidies.

Consistent with earlier research on welfare recipients, the Urban Change study data indicate that women in Philadelphia faced multiple barriers to employment. The survey data documented the extensiveness of these barriers (over 90 percent had at least one barrier, even in 2001). The ethnographic data, by contrast, documented the intensity of the barriers that many women faced. For example, 4 women out of 32 in the ethnographic sample (all of whom were younger than 50) had cancer, and several had severe mental health problems that had required psychiatric intervention and, in some cases, hospitalization. Despite extensive and troubling barriers, most women had worked — and most women in the ethnography reported that they liked working. However, the constraints that many women faced contributed to their difficulty in finding secure, long-term employment at a wage that would enable them to support their families. The lack of educational credentials was a very important barrier to success in the labor market for many women. Health problems of both the women and their children — which impaired the mothers' ability to secure stable employment — also heightened the need for jobs with medical benefits.

The story of these women's lives is still unfolding, even though the study period ended in 2001. The future is uncertain for many, who are now facing a much different economy than when they were last interviewed. Jobs in low-skilled areas and temporary employment tend to be especially sensitive to economic downturns. Thus, it remains to be seen what will happen in the months ahead, especially once the state's time limit begins to be enforced and these women are no longer eligible for Extended TANF.

Chapter 5

Economic Circumstances and Material Hardships: Findings from the Longitudinal Survey and Ethnography

One of the primary goals of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) is to reduce welfare dependency and promote self-sufficiency through work or greater reliance on family and other means of support. This chapter uses data from the Urban Change survey and ethnography (described in Chapter 4) to answer two broad questions regarding the economic well-being of low-income families in Philadelphia during a period of economic growth and substantial welfare reform. First, how did the economic circumstances and material hardships change over time among single-mother families who were welfare recipients before welfare reform? Second, how did economic circumstances and hardships vary among welfare recipients of different backgrounds?

As in Chapter 4, the survey and ethnographic data cannot be used to draw causal inferences about the effects of welfare reform on respondents' economic circumstances, because the circumstances of poor families would have changed over time even in the absence of the 1996 welfare reform, particularly because its implementation coincided with a strengthening economy. The data can, however, be used to describe whether positive, negative, or no changes occurred from 1998 to 2001. Such descriptions are important because they help establish the range of possible effects that welfare reform might have had.

Summary of Findings

- **Income sources.** The sources of income for respondents in Philadelphia changed substantially between 1998 and 2001, with a significant reduction in income from welfare and a significant increase in income from work, child support, and Supplemental Security Income (SSI). There was also an increase in the percentage of women who reported no income source in the month before the interview.
- **Income and poverty.** Average household income among women in the Philadelphia survey sample increased significantly between 1998 and 2001, from \$1,203 to \$1,683. The percentage of household below the federal poverty threshold declined from 74 percent to 57 percent. Although few families got poorer over time, 85 percent of families in the survey were poor or near poor in 2001.

- **Safety net.** There were significant declines over time in the use of safety net programs such as food stamps, WIC (the Women, Infants, and Children program), and Medicaid (for both the mothers and their children). The use of other safety net programs, such as subsidized housing and energy assistance, remained unchanged.
- **Assets and debts.** On average, the assets of these families in Philadelphia increased between 1998 and 2001, with a significantly higher percentage owning homes and automobiles at the second interview. However, even in 2001, fewer than one out of three respondents owned a car. Moreover, there was a significant increase in the percentage of families who had large consumer debt.
- **Material hardships.** There were some improvements with respect to certain indicators of material hardship, although changes were typically modest, and levels of hardship remained high. For example, about 40 percent of the families were food insecure in both 1998 and 2001. Several housing hardships improved over time, but health care hardships were fairly stable.
- **Subgroup variation.** There was relatively little variation among racial and ethnic subgroups with regard to economic circumstances and material hardships in 2001. By contrast, educational attainment was strongly related to respondents' financial well-being, with worse outcomes consistently being observed for women who lacked a high school diploma or General Educational Development (GED) certificate. Women who were neither working nor receiving welfare at the time of their interview were in especially unfavorable economic circumstances.

Respondents' Family and Economic Circumstances

Changes over time in the economic and material circumstances of women who had been welfare recipients in 1995 would be expected, even in the absence of welfare reform or improvements in the economy. Such changes would occur as women and children aged and altered their behaviors; as marriages or other partnerships were contracted or ended; and as women gave birth to additional children or had children age-out or otherwise exit their households. To provide a context for changes in survey respondents' economic and material circumstances, it is necessary to consider how their household composition and family structure changed over the course of the study.¹

¹For more information about the survey sample's demographic characteristics, see Table 4.1 in Chapter 4.

Marriage, Childbearing, and Household Structure

According to administrative records data, none of the women in Philadelphia's survey sample lived with a spouse or the father of their children at baseline, in May 1995 (although some may have been cohabiting with other men at that time), and the women had an average of 2.6 children living in their households. By 2001, at the Wave 2 interview, 66 percent of the women reported that they had never been married, and 24 percent reported living either with a husband (11 percent) or with a partner (13 percent). Hence, even six years after baseline, when the second survey interview was completed, the majority of these women remained single mothers.

About one-third of the women in the survey sample had given birth after May 1995, and almost all these births occurred between 1995 and 1998. Nearly one-third of the women were living in multigenerational and other types of extended households (for example, with husband, children, and mother-in-law). The average number of people living in a respondent's household in 2001 was 4.3 (these data are not shown in tables).

Changes in Income Sources Over Time

Household income and poverty status are key indicators of economic well-being that may change as a consequence of transitions from welfare to work or to other sources of support. Data presented in Chapter 4 indicate that 68 percent of the sample were no longer receiving cash welfare benefits in 2001, and the majority of women were working. A recent review of findings from 15 welfare leaver studies funded by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services reported that, 6 to 34 months after leaving welfare, between 60 percent and 65 percent of former welfare recipients had income from their own earnings; 21 percent had income from another household members' earnings; between 11 percent and 31 percent had income from child support; and between 2 percent and 12 percent had income from SSI.²

Table 5.1 displays the women's sources of household income in the month before the 1998 and 2001 interviews. This table shows that there were substantial and statistically significant changes in the composition of total household income over the course of the study. Consistent with the findings reported in Chapter 4 about welfare exits and entry into employment, there was a significant decline in the percentage of women reporting TANF income in the prior month (down from 60 percent in 1998 to 33 percent in 2001) and a significant increase in the percentage reporting that the household had income from earnings (up from 42 percent to 64

²For a variety of reasons, not all 15 of the ASPE-funded leaver studies measured the same outcomes or used the same measurement instruments. Thus, there is substantial variability in the number of studies that provide data on each of the outcomes reported in this chapter (for details, see Acs and Loprest, 2001).

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Table 5.1

**Changes in Income Sources, Use of Noncash Benefits,
and Poverty Levels from 1998 to 2001**

	First Interview (1998)	Second Interview (2001)	Difference
Sources of household income in prior month (%)			
TANF	59.9	32.9	-27.0 ***
Work	42.2	64.1	21.9 ***
Child support	12.2	15.9	3.7 *
SSI	14.7	20.1	5.3 ***
Other sources	2.4	4.7	2.4 *
No source of income	0.3	1.7	1.4 *
Noncash benefits used in prior month (%)			
Received food stamps	74.9	54.5	-20.4 ***
Received WIC	20.3	16.0	-4.2 *
Received Medicaid for self	71.0	55.8	-15.2 ***
Received Medicaid for any child	72.5	59.9	-12.6 ***
Living in subsidized housing	23.8	23.4	-0.5
Received energy assistance	25.8	25.4	-0.5
Average total monthly household income (\$)	1,203	1,683	480 ***
Percentage below official poverty line	73.7	56.9	-16.8 ***
Percentage below 185% of official poverty line	93.0	85.0	-8.0 ***
Sample size	638	638	

SOURCE: MDRC calculations from the Urban Change Respondent Survey

NOTES: Rounding may cause slight discrepancies in sums and differences.

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

percent).³ However, some instability in income sources among these families was found. For example, 7 percent of the women who had had no TANF income in 1998 returned to the welfare rolls by 2001, and 11 percent who reported earnings income in 1998 no longer had this income source in 2001 (not shown).

³Among former welfare recipients in the Cleveland Urban Change survey sample, the decline in TANF income was somewhat more dramatic, down from 52 percent in 1998 to 17 percent in 2001. Earnings income increased from 58 percent to 72 percent over the three-year period (Brock et al., 2002).

The percentage of women who had household income from child support and SSI also increased significantly from 1998 to 2001, perhaps in response to the urgings of welfare agency staff to pursue other avenues of support as their time clocks were ticking or perhaps because the agency helped thousands of families to begin receiving SSI (described in Chapter 2). The percentage of women whose households had SSI benefits rose from 15 percent in 1998 to 20 percent in 2001. Child support payments rose from 12 percent to 16 percent; despite this increase, however, it is noteworthy that fewer than one out of five of these mostly single mothers were receiving child support payments.⁴

Additionally, a small but statistically significant increase was found in the percentage of households receiving other sources of income, up from 2 percent to 5 percent. Examples of other sources of income include unemployment benefits, rental income, and tax refunds. Finally, Table 5.1 indicates that there was a small but significant increase (from under 1 percent in 1998 to about 2 percent in 2001) in the percentage of households that reported no cash income in the prior month — an issue that is discussed later in this chapter.

These changes in income sources are consistent with changes that would be expected if welfare reform policies had their intended effects, and some part of the observed changes may be attributable to the welfare-to-work initiatives that were implemented in Philadelphia. However, as noted previously, patterns of change from 1998 to 2001 cannot be attributed with confidence to the effects of welfare reform, because the strong economy, family changes, and other factors may also have influenced these outcomes.

Changes in the Use of Noncash Benefits Over Time

Noncash government benefits such as food stamps and health insurance often contribute substantially to the household economies of low-income families and may help to mitigate various forms of material hardship. Danielle, an ethnographic respondent who worked in a string of short-term jobs throughout the study period, noted that “if it wasn’t for food stamps, we’d probably starve to death.” There is thus considerable concern about access to and use of such benefits for families making a transition off welfare. Evidence from the 15 ASPE-funded studies of welfare leavers indicates that participation in government assistance programs is common in the year after exit but that there is considerable variation by program and location.⁵

In the Philadelphia survey sample, the majority of women were still receiving key non-cash benefits in 2001. Nevertheless, there were substantial reductions between 1998 and 2001 in

⁴The Cleveland Urban Change sample also experienced significant increases in child support and SSI income, and the absolute levels were also similar: SSI in Cleveland rose from 13 percent in 1998 to 16 percent in 2001, and child support increased from 9 percent to 19 percent (Brock et al., 2002).

⁵Acs and Loprest, 2001.

the percentage of women who reported receiving food stamps (down from 75 percent to 55 percent), Medicaid for themselves (down from 71 percent to 56 percent), and Medicaid for their children (down from 73 percent to 60 percent). The use of the WIC program also decreased significantly, from 20 percent to 16 percent, perhaps reflecting the small number of births after 1998. Table 5.1 also shows that two other important noncash benefits — housing subsidies and energy assistance — remained stable from 1998 to 2001 among Philadelphia survey respondents. About one out of four women reported that they lived in subsidized housing at both interviews, and a similar percentage said that they had received energy assistance in the prior month both in 1998 and in 2001.

The decrease in food stamp receipt (down 20 percentage points, to 55 percent in 2001) is consistent with the women's increased earnings — which would affect their eligibility — and also consistent with findings from other studies, such as the welfare leaver studies.⁶ However, ineligibility appears not to have been the only factor in these women's reduced food stamp receipt: The percentage of households that appeared to be eligible for food stamps but did not receive them (based on self-reported income in the prior month) increased from 14 percent in 1998 to 23 percent in 2001 (not shown in tables).⁷ A similar phenomenon was also observed in the Cleveland Urban Change sample.⁸

The percentage of recipients in Philadelphia who received Medicaid for themselves declined significantly from 1998 to 2001, but the rate in 2001 (56 percent of the women) is within the range of what has been observed in other welfare leaver studies. For example, in the fourth quarter after leaving cash assistance, the percentage of leavers who reported receiving Medicaid for themselves in the 15 welfare leaver studies ranged from 35 percent to 76 percent.⁹ In Cleveland, unlike Philadelphia, the use of Medicaid among Urban Change survey respondents did not decline significantly from 1998 to 2001 — although the rates were substantially lower in Cleveland than in Philadelphia in both 1998 (50 percent) and 2001 (49 percent).¹⁰ The difference between the two sites may reflect the fact that women in Cleveland tended to leave cash assistance

⁶For example, in the 15 welfare leaver studies, the percentage of leavers who reported receiving food stamps in the fourth quarter after leaving cash assistance ranged from 21 percent to 63 percent (Acs and Loprest, 2001). Among women in the Cleveland Urban Change sample — who were even more likely to be working in 2001 than women in Philadelphia — food stamp receipt declined from 65 percent in 1998 to 49 percent in 2001, a similar *rate* of decline, that is, just over 25 percent (Brock et al., 2002).

⁷The Food Stamp Program has complex eligibility requirements that include tests of assets and income (gross income cannot exceed 130 percent of the poverty level). The asset data in the Urban Change survey were not sufficiently complete to permit a definitive determination of food stamp eligibility; the information reported here is based on prior-month income alone.

⁸In Cleveland, the percentage of women who were eligible for food stamps but not receiving them increased from 17 percent in 1998 to 24 percent in 2001 (Brock et al., 2002).

⁹Acs and Loprest, 2001.

¹⁰Brock et al., 2002.

earlier in the study period (for example, Medicaid use was already fairly low in 1998). However, this is unlikely to explain all the difference between the two sites, because a higher percentage of leavers in Cleveland continued to receive Medicaid than in Philadelphia.¹¹ This situation may have resulted either from site differences in the women's level of knowledge about transitional benefits or from differences in administrative procedures in handling cases when they exited from welfare.

As noted in Chapter 2, many women in the ethnographic sample exhibited confusion about securing transitional benefits, and burdensome administrative barriers (for example, reporting requirements) may also have played a role in the reduced receipt of food stamp and Medicaid benefits. An ethnographic respondent, Eileen, illustrates the problems that some women had with food stamps and Medicaid. Early during the study period, Eileen worked at two part-time jobs that paid poorly enough to make her income-eligible for both programs. However, she was cut off from both programs, and, according to Eileen, she received no official notification or explanation for why she was terminated (although aspects of her case suggest that it might have been closed because she filled out the monthly paperwork incorrectly). By the time of the third interview, Eileen noted how much she missed the food stamps, and she claimed that she had to choose between paying bills and eating. The lack of Medicaid also contributed to her difficulties. At one point she quit her second job (while keeping her other 40-hour-a-week job in a laundromat) because of repeated dizziness and sharp pains in her chest, arm, and legs. Without health insurance, she felt that she could not afford to consult a doctor about these problems. Later, she fainted at work and did go see a doctor, who told her that she was dehydrated and malnourished and had a respiratory infection requiring hospitalization. Eileen refused to be admitted, saying that she had no insurance to cover the treatment and also that she could not afford to lose her job.

Tina, another ethnographic respondent, complained of the difficulties of continuing with food stamps while she was working. Although Tina was employed during much of the study period in housekeeping and hotel cleaning jobs, she always qualified for food stamps because she had five children at home. She reported how hard it was for her to keep food stamps, because she had to take time off from work each month to deliver her pay stubs and utility bills to the welfare office. When asked why she didn't send her paperwork in by mail, Tina said:

¹¹In Cleveland, nearly three times as many women reported Medicaid receipt for themselves in 2001 as reported TANF income (49 percent versus 17 percent), indicating that most women who were getting Medicaid in Cleveland were welfare leavers. In Philadelphia, by contrast, more than half the Medicaid recipients in 2001 (56 percent) were current TANF recipients (33 percent). Coulton, Bania, Leete, and Cook (2001) have reported that Cuyahoga County (Cleveland) implemented several measures specifically designed to target welfare leavers and to help them retain noncash benefits; retention of these benefits among leavers improved dramatically over the 1999-2000 period, when the new procedures were implemented.

You can. But sometimes you have to go up there. So I tried that [mailing], and I had the worst time with the monthly reports. I tried to get them on time, and they don't get it on time, they get it late [because their internal mail system is slow], and, um, so they cut my benefits 'cause [my caseworker] received it late. So that's why I take it in there directly. 'Cause if I take it in directly, at least I know they've got it.

Changes in Total Monthly Income and Poverty Status Over Time

There is considerable evidence from recent studies that the incomes of welfare leavers are, on average, low in the years after welfare exit. A synthesis of findings from the ASPE-funded leaver studies reported that the average monthly incomes of welfare leavers after 6 to 34 months of follow-up ranged from \$1,054 to \$1,440 (not including a cash value for food stamps) and that, in all studies, leavers' incomes hovered near the poverty line, regardless of income source or the time elapsed since exit.¹² In another leaver study in Cuyahoga County, Ohio, it was estimated that 58 percent of families had total incomes below the poverty threshold six months after leaving cash assistance.¹³ And in the Cleveland Urban Change survey sample, half the women had incomes below poverty in 2001, and 82 percent were near poor (that is, had incomes below 185 percent of poverty).¹⁴

As shown in Table 5.1, respondents in the Philadelphia Urban Change surveys experienced a significant increase in average total monthly household income between 1998 and 2001. Including food stamps, the average monthly household income increased by \$480, from \$1,203 to \$1,683 — a 40 percent increase for the sample as a whole.¹⁵ The average monthly income in 2001 corresponds to an annualized income of \$20,196.¹⁶ There was a significant decline (from 50 percent in 1998 to 33 percent in 2001) of households with a prior-month income

¹²Acs and Loprest, 2001.

¹³Coulton, Bania, Leete, and Cook, 2001.

¹⁴Brock et al., 2002.

¹⁵In the Urban Change study, total household income in the prior month included income of all family members from any of the following sources: earned income, welfare benefits, food stamp benefits, child support, disability income (for example, SSI), pensions, cash assistance from someone outside the household, and such other sources as rental income and unemployment benefits. Not included in the calculation were the Earned Income Credit (EIC), housing subsidies, or the cash value of Medicaid or other health insurance. In the Cleveland Urban Change sample, average monthly incomes (and gains over time) were similar to those reported in Philadelphia: \$1,358 in 1998 and \$1,771 in 2001 — a 30 percent gain (Brock et al., 2002). Note that caution must be used in comparing Urban Change incomes with those reported in the ASPE-funded leaver studies, which do not include the value of food stamps in the computation of household income (Acs and Loprest, 2001).

¹⁶The federal EIC is not included in these income calculations. Assuming that all eligible families would receive the EIC and that earnings in the month prior to the interview represent average monthly earnings for the year, the EIC would have added an additional \$1,351 in annual income for the average family. It is also important to note, however, that payroll and income taxes would have taken away much of the income from the credit.

of under \$1,000. At the other end of the distribution, the percentage of households with monthly incomes greater than \$2,000 more than doubled over the three years, up from 13 percent in 1998 to 29 percent in 2001 (not shown in table).

Consistent with what was observed in the Cleveland Urban Change sample, the Philadelphia sample experienced a significant decline in the percentage of households below the poverty threshold, down from 74 percent in 1998 to 57 percent in 2001. Over the three-year period, nearly three times as many women exited poverty as entered it (not shown in table). There was also a decrease in the percentage of families living below 185 percent of the poverty threshold, down from 93 percent in 1998 to 85 percent in 2001. At both interviews, however, the vast majority of respondents in Philadelphia were near poor (below 185 percent of poverty).¹⁷

The results shown in Table 5.1 indicate that the monthly household income of the Philadelphia survey sample both increased and changed in composition over time. Figure 5.1 synthesizes these changes by presenting the proportion of the average monthly income that was contributed by each income source in 1998 and 2001. As seen in this figure, earnings contributed the most to monthly household income at both interviews, and the contribution of earnings increased substantially, from 32 percent in 1998 (for an average contribution toward monthly total household income of \$385) to 54 percent in 2001 (for an average contribution of \$909).¹⁸ This substantial increase partly reflects the decline in the proportion of household income from TANF and food stamps. For example, whereas TANF contributed an average of \$313 toward the total household income in 1998 (26 percent of total income), by 2001 the average TANF contribution was down to \$185 (11 percent of total income). Child support income accounted for only 2 percent of household income in both time periods; this is noteworthy because most respondents were single parents. The contributions to total household income of SSI and income from other sources ranged from 7 percent to 10 percent in both 1998 and 2001.

Although the overall changes in income over time suggest a favorable trend, several caveats should be noted. First, the averages shown in Table 5.1 and Figure 5.1 mask month-to-month fluctuations in income and income sources, which the ethnographic data suggest were considerable. For example, Sarah, a 25-year-old mother of two, was working part time at a minimum-wage job at a pharmacy at the outset of the study, and then she took a full-time job at a clothing store that paid \$5.25 per hour. She left that job to work in a bullet factory, which paid \$6.00 an hour, but was laid off after four months. Sarah collected unemployment benefits for a

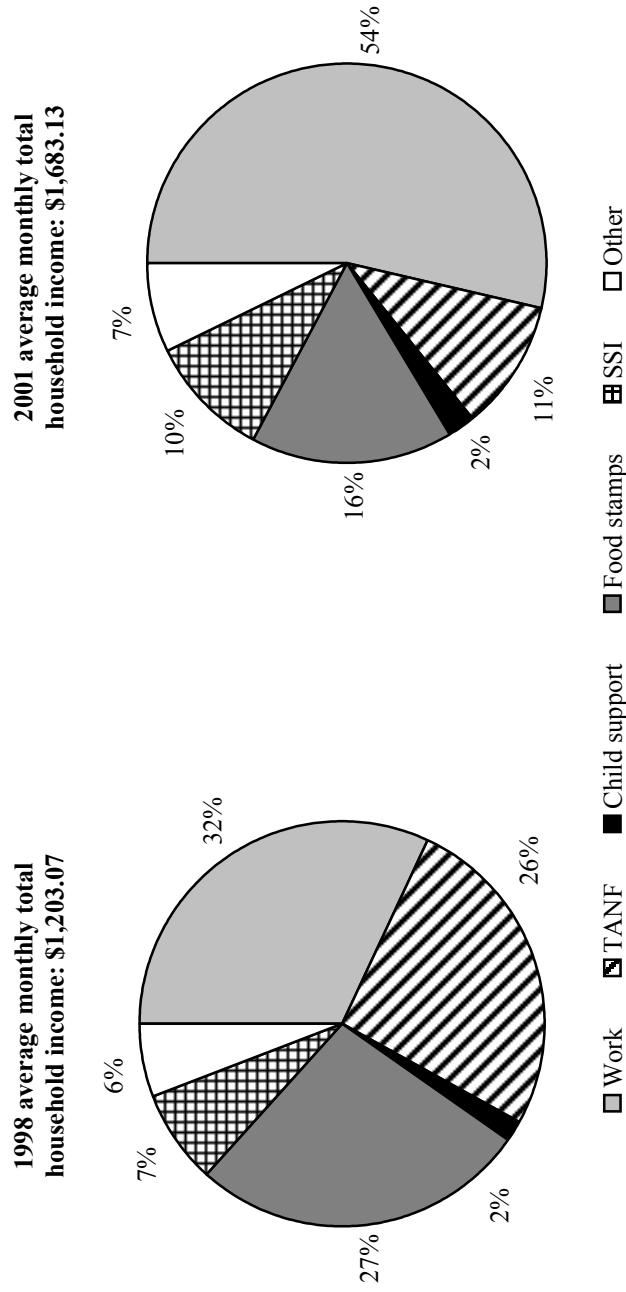
¹⁷For more information on working-poor women in the Urban Change survey and ethnographic samples, see Polit, London, and Martinez (2001).

¹⁸In the Cleveland Urban Change survey sample, earnings income accounted for 46 percent of total household income in 1998 (a \$625 average monthly contribution) and rose to 63 percent in 2001 (a \$1,116 average monthly contribution). By the time of the 2001 interview in Cleveland, TANF contributed only 5 percent (\$89, on average) to total household income (Brock et al., 2002).

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Figure 5.1

Average Percentage of Total Household Income Obtained from Various Sources, 1998 and 2001



SOURCES: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Sample size is 554 respondents in 1998 and 565 respondents in 2001.

Rounding may cause slight discrepancies in calculating sums and differences.

"Other" source of income comprises pensions, income from friends and family, and income listed as other by respondent.

while before returning to welfare. As noted in Chapter 4, many women went through difficult periods when they lost their jobs or had their hours reduced, because it typically took two months or longer before their welfare checks were adjusted.

A second and related issue is that the average increments over time tend to blur trends for individual families. The ethnographic data indicate that there was considerable variation in changes in economic circumstances across families. Some women experienced notable increases in their monthly disposable income over the study period, while others suffered financial losses. Lisa, for example, more than doubled her income between the first and third round of interviews, from \$722 per month to \$1,521. She had completed training in health care during the study period, and at the end of the study she was working full time as a nurse's assistant in a nursing home, earning \$8.60 per hour. Becky, on the other hand, who bounced from one short-term job to another over the course of the study, saw her monthly income go down from \$442 in Round 1 of the interviews to \$463 in Round 3.

A third issue to keep in mind is that the information presented in Table 5.1 on average increases in income is not matched by information on changes in expenditures. In the ethnography, it was clear that as women moved from welfare into the workforce, they were typically faced with a variety of employment-related expenses for such items as child care, transportation, and clothing. Several ethnographic respondents expressed frustration that, although they were working, they never had any surplus at the end of the month, because they were spending more than before. Thus, despite the move into some sort of paid work for most women, the families' expenses often outstripped their income.

Changes in Assets and Debts Over Time

To further assess the economic well-being of women in the Philadelphia survey sample, changes in their assets and debts from 1998 to 2001 were examined. Overall, as shown in Table 5.2, there were some significant increases in both assets and debts over the three-year period.

The percentage of women reporting that they owned a car increased significantly, from 21 percent in 1998 to 32 percent in 2001. Consistent with this increase, the percentage of women reporting that they owed money on a car doubled, from 5 percent in 1998 to 11 percent in 2001. Home ownership also increased over time: 16 percent of the survey sample owned a home in 1998; by 2001, about one out of four women (26 percent) were home owners.¹⁹

¹⁹Both car ownership and home ownership also increased over time in the Cleveland Urban Change sample (Brock et al., 2002). Compared with Philadelphia, car ownership was substantially more common in Cleveland, with an increase from 39 percent in 1998 to 54 percent in 2001. The gain in home ownership, on the other hand, was lower in Cleveland (8 percent in 1998 and 14 percent in 2001).

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Table 5.2

Changes in Assets and Debts from First to Second Interview

Outcome (%)	First Interview (1998)	Second Interview (2001)	Difference
<u>Assets</u>			
Owens a car	20.7	31.9	11.1 ***
Owens a home	16.4	25.5	9.1 ***
Amount family has in savings			
None	84.3	79.9	-4.5 *
Less than \$200	7.1	4.8	-2.2
\$200 to \$500	4.5	5.3	0.9
More than \$500	4.1	10.0	5.9 ***
<u>Debts</u>			
Owes money on a car	5.0	11.2	6.1 ***
Amount family owes in debt			
None	40.7	32.2	-8.5 ***
Less than \$500	9.6	7.3	-2.3
\$500 to \$1,000	14.5	14.7	0.2
\$1,001 to \$2,000	9.1	11.6	2.4
More than \$2,000	26.1	34.2	8.1 ***
Sample size	638	638	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Rounding may cause slight discrepancies in sums and differences.

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

There was also some evidence of modest increases in savings over time. Although the majority of women at both interviews reported not having any savings, the percentage without savings declined from 84 percent in 1998 to 80 percent in 2001.²⁰ The percentage of women who reported more than \$500 in savings more than doubled, increasing from 4 percent to 10 percent over the three-year period. At the same time, however, debt also increased. Fewer women reported no debt at all (down from 41 percent to 32 percent), but the percentage of

²⁰As previously noted, a number of ethnographic respondents expressed dismay at their inability to put money aside for an emergency. And, given the income instability of many of them, their lack of savings contributed to intermittent fiscal crises when temporary jobs ended or when they lost their jobs.

women who reported having more than \$2,000 in debt (excluding amounts owed on a mortgage or vehicle) increased from 26 percent to 34 percent between 1998 and 2001.²¹ While this increase in debt might be a sign of better economic circumstances (for example, if the women were being approved for more credit), it could easily become a burden for someone who experiences job loss during the slowing economy.²²

In summary, the data presented thus far suggest that many respondents in Philadelphia were somewhat better off economically in 2001 than they were in 1998. There were significant increases in average monthly incomes, and significantly fewer of these families lived in or near poverty. Increases in car and home ownership and some additional savings were also documented, but these findings were tempered by increased consumer debt. Although these average improvements are significant and promising, it is important to note that, even in a very strong economy, about half the women and families in the Philadelphia sample were still living in poverty in 2001, and the circumstances of some families had worsened over time.

Material Hardships

It is widely recognized that measurements of household income and poverty are inadequate for characterizing the degree of material deprivation in families.²³ One study found that poverty and material hardship were correlated but that a family's income-to-need ratio explained only about a quarter of the variance in material hardship.²⁴ This and other subsequent studies have given rise to consensus that material hardship is conceptually distinct from income and poverty and that efforts are needed to better measure and monitor directly the extent of material hardships in low-income families.²⁵

The set of studies of TANF leavers funded by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services used a variety of indicators to measure food, housing, and health care hardships.²⁶ Overall, material

²¹It is not clear whether survey respondents "counted" money that they owed to other family members as debt, but ethnographic respondents reported considerable reliance throughout the three years on loans or gifts from family members.

²²In the Cleveland Urban Change survey sample, the pattern of increased savings and increased debt was almost identical to what was observed in Philadelphia. In Cleveland, savings of more than \$500 increased from 4 percent in 1998 to 9 percent in 2001; debt in excess of \$2,000 increased from 32 percent to 43 percent over the three years (Brock, Nelson, and Reiter, 2001).

²³Beverly, 2001; Federman et al., 1996.

²⁴Mayer and Jencks, 1989. A family's income-to-needs ratio is their total cash income from all sources divided by the family's official poverty threshold (as established by the U.S. Bureau of the Census) in the relevant year.

²⁵Edin and Lein, 1997; Bauman, 1998.

²⁶Acs and Loprest, 2001.

hardships remained high among leavers, but the findings across studies varied considerably. In some studies, welfare leavers experienced the same or fewer food and housing hardships as when they were on cash assistance, while other studies indicated that hardships increased after exit. In all the studies that assessed respondents' subjective well-being, the majority of leavers perceived that their material circumstances were improved or unchanged, but a noteworthy minority (ranging from 13 percent to 28 percent) reported that they were worse off than they had been while on cash assistance. Generally, the studies that compared leavers who were working and those who were not found that hardships were lower among working leavers.²⁷

Given the overall increase in employment and household income among the survey respondents in the present study, it is important to examine directly whether and how these women's material circumstances have changed over time. To do this, change from 1998 to 2001 in a broad array of food, housing and neighborhood, and health care hardships were examined, as were the women's own ratings of their standard of living.

Changes in Food Hardships Over Time

Using data from the two surveys in Philadelphia, four indicators of food hardship were examined: food insecurity without hunger, food insecurity with moderate or severe hunger, child hunger, and use of a food bank in the prior month.²⁸ Despite the fact that the receipt of food stamps and WIC decreased from 1998 to 2001 (Table 5.1), food hardships were fairly stable over time, as shown in Table 5.3. Food insecurity with no hunger was relatively unchanged, but there was a small but significant decrease in the percentage of families who were food insecure with moderate or severe hunger (down from 15 percent in 1998 to 11 percent in 2001). Overall, food insecurity remained high, with about 40 percent of the women in the sample experiencing food insecurity (both with and without hunger) in both 1998 and 2001.²⁹ This rate is higher than that for

²⁷See also Coulton, Bania, Leete, and Cook, 2001; Danziger, Corcoran, Danziger, and Heflin, 2000.

²⁸The Household Food Security Scale (HFSS) was used to measure respondents' level of food security. The U.S. Bureau of the Census has administered this scale in its Current Population Survey each year since 1995, and it is the benchmark measure of food security in the United States (Carlson, Andrews, and Bickel, 1999). The HFSS is an 18-item, self-report scale that can be used to classify respondents' households into one of four categories: food secure, food insecure without hunger, food insecure with moderate hunger, and food insecure with severe hunger. The HFSS is reliable and valid for population- and individual-level measurement (Frongillo, 1999). Households were classified into one of three child-hunger categories (no child hunger nor reduced-quality diet, child with reduced-quality diet, and child with hunger) based on maternal responses to the eight items in the HFSS that concern the nutritional status of children under age 18 in the household (Nord and Bickel, 1999).

²⁹In the 1998 Urban Change survey, food insecurity was lower in Philadelphia than in any of the other three study sites (for example, the rate in Los Angeles was 56 percent; Polit, London, and Martinez, 2001). Longitudinal data from Cleveland indicate that, as in Philadelphia, food insecurity did not change much over time, despite overall improvements in household income (Brock et al., 2002).

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Table 5.3

Changes in Material Hardship and Family Well-Being

Outcome	First Interview (1998)	Second Interview (2001)	Difference
<u>Food hardships (%)</u>			
Food insecure without hunger	27.6	29.2	1.6
Food insecure with moderate or severe hunger	14.8	10.8	-4.0 *
Child with hunger	5.7	3.7	-2.0
Used a food bank in prior month	2.8	4.2	1.4
<u>Housing/neighborhood hardships (%)</u>			
Had worst-case housing in prior month	34.7	29.8	-4.9
Living in a crowded house	17.3	15.6	-1.8
Had 2 or more housing problems	41.6	30.8	-10.8 ***
Gas or electricity turned off 1+ times in prior year	9.9	8.1	-1.9
Had to move in with another family because needed a place to live	8.5	8.3	-0.2
Evicted in past year	4.1	2.0	-2.0 *
Living in a dangerous neighborhood	41.7	33.3	-8.3 ***
Witnessed a violent crime in neighborhood	17.3	13.0	-4.4 *
<u>Health care hardships (%)</u>			
Respondent uninsured in prior year	10.8	14.4	3.7 *
Any child uninsured in prior month ^a	9.6	9.0	-0.6
Respondent ever uninsured in prior year	19.9	23.2	3.3
Family unmet need for medical care in prior year	15.5	17.7	2.2
Family unmet need for dental care in prior year	17.0	18.2	1.3
Compared with 1 year ago, access to needed health care is harder	27.6	20.5	-7.1 **
<u>Adult/household hardships^b</u>			
Average number of hardships	2.1	1.9	-0.2 ***
None (%)	14.7	20.1	5.3 **
One to two (%)	48.6	49.4	0.8
Three or more (%)	36.7	30.6	-6.1 **

(continued)

Table 5.3 (continued)

	First Interview (1998)	Second Interview (2001)	Difference
<u>Child hardships^c</u>			
Average number of hardships	0.2	0.2	-0.1 *
None (%)	78.8	82.0	3.2
One to two (%)	21.2	17.7	-3.5
Three or more (%)	0.0	0.3	0.3
<u>Average rating of standard of living (%)</u>			
Very satisfied	22.8	25.8	3.0
Satisfied	47.9	48.9	1.0
Dissatisfied	20.6	18.3	-2.3
Very dissatisfied	8.7	7.0	-1.7
Sample size	638	638	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

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

^aThis item does not take into account those who did not have children at either wave.

^bThe eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

^cThe three hardships used in this index include: child with hunger, any child uninsured in prior month, and any child under 18 living elsewhere.

households with income below the poverty level nationally in 1998 (36 percent) and substantially higher than the rate of food insecurity among nonpoor households (14 percent).³⁰

Table 5.3 shows that child hunger in the survey sample went down slightly, from 6 percent in 1998 to 4 percent in 2001, but that this decrease was not statistically significant. Food bank use increased from 3 percent to 4 percent over the three-year period — again a nonsignificant change.

In Philadelphia's ethnographic sample, food hardships remained a salient concern throughout the study period. In fact, there was some indication that these hardships were greater

³⁰Bickel, Carlson, and Nord, 1999.

in the second round of interviews than in the first, perhaps reflecting some adjustments that were required as families attempted to transition off welfare, with some losing food stamp benefits. Even in the third round of interviews, many women reported struggling to avoid hunger, especially among their children. Carol, for example, who was unable to work during the study period because of health problems, reported in the final interview that she had gone hungry at least a dozen times in the prior year. Renee, who survived by depending on her sister for both food and clothes, also reported episodes of hunger in the final interview. However, she noted that while she may go hungry, her children never do.³¹

Changes in Housing Hardships Over Time

Table 5.3 indicates that, in the Philadelphia survey sample, there was progress over time with regard to housing and neighborhood hardships — the areas of material hardships that appear to have improved the most.³² From 1998 to 2001, there were significant decreases in the percentage of women who had two or more housing problems in the prior year³³ (down from 42 percent to 31 percent); were classified as living in a dangerous neighborhood³⁴ (down from 42 percent to 33 percent); and had been evicted in the previous year (down from 4 percent to 2 percent).

Some hardships, however, were at consistently high levels.³⁵ There were no significant changes over time with regard to having “worst-case” housing in the prior month,³⁶ living in a

³¹For a more extensive discussion of food insecurity in the Urban Change survey and ethnographic samples, see Polit, London, and Martinez (2001).

³²Declines in housing hardships were the most noteworthy material improvements in the Cleveland Urban Change survey sample as well. For example, from 1998 to 2001, there were significant declines in the percentage of women with worst-case housing needs, having a utility turned off in the prior year, doubling up with another family to have a place to live, and living in a dangerous neighborhood.

³³Respondents were classified as having two or more housing problems if they indicated that their current housing had at least two of the following circumstances: broken windows; leaky ceilings; roaches/vermin; and problems with wiring, plumbing, heating, or appliances.

³⁴The respondent was classified as living in a dangerous neighborhood if she was robbed, mugged, or attacked; witnessed a violent crime in the neighborhood; or reported gang violence in the neighborhood. Improvements in living in dangerous neighborhoods likely reflect some residential mobility into better neighborhoods among women whose incomes improved, but they are also likely to have resulted because there was less violent crime in Philadelphia over time, especially in disadvantaged neighborhoods (see Chapter 6).

³⁵For many housing hardship indicators, women in the Philadelphia survey sample in 1998 had a higher incidence of problems than respondents in other Urban Change sites. For example, multiple housing problems (for example, problems with wiring, plumbing, heating) were reported by 32 percent of the women in Philadelphia, compared with 22 percent in Miami. Interviewer-observed neighborhood problems (for example, abandoned buildings, vandalism) were also more prevalent in 1998 for Philadelphia women (65 percent) than for those in other sites (for example, 33 percent in Los Angeles) (Polit, London, and Martinez, 2001).

³⁶Families had worst-case housing needs if they had no rental assistance and paid more than 50 percent of their income (not including food stamps) for rent and utilities. In 1999, 7.4 percent of households in the United States had worst-case housing needs (U.S. Department of Housing and Urban Development, 1999).

crowded house,³⁷ having the gas or electricity turned off one or more times in the prior year, and having to move in with another family because the respondent needed a place to live. For example, nearly one out of three women had worst-case housing needs in the prior month. Thus, housing hardships remained a persistent problem for many of these families.

Although only about one out of ten women in the survey reported that their gas or electricity had been turned off in the year prior to the 2001 interview, utility shutoffs (or the threat of them) were a frequently mentioned problem in the ethnography. This difference might reflect that the survey question did not include telephone service and did not ask about shutoff warnings. Ethnographic respondents noted that they often had to juggle their money to pay bills or that they had to decide between paying bills and buying food. Eileen expressed the problem this way at her second interview:

You may pay a bill this month — next month you'll have to skip another bill. . . . I'm in debt up to my throat with my bills, but I, I've gotten on budgets, I've done everything. I ran to programs to where they — they help me pay the — the gas bill from winter, and then the following winter you're not allowed back on it. So then we take a chance all winter that our gas don't get turned off.

Many ethnographic respondents indicated that they had entered into agreements with utility companies to avoid having their gas and electricity turned off by budgeting their payments over time.

Changes in Health-Related Hardships Over Time

Table 5.3 shows that health care hardships remained fairly stable among Philadelphia's survey respondents between 1998 and 2001. For example, there was relatively little change in the percentage of women who had an uninsured child in the prior month (about 10 percent at both interviews), had an unmet need for medical care or dental care in the prior year (under 18 percent for both needs in 1998 and 2001), or had ever been uninsured in the prior year (20 percent in 1998 and 23 percent in 2001).

There was, however, a small but significant increase in the percentage of women in the sample who were uninsured in the prior month (from 11 percent to 14 percent). This may reflect

³⁷Families were classified as living in a crowded household if there was less than one room per person (not including bathrooms).

the decline in receipt of Medicaid benefits among these women, without a corresponding rise in employer-provided health insurance.³⁸

Interestingly, there was a modest but significant decrease over the period in the percentage of women who said that, compared with a year earlier, access to needed health care was harder (down from 28 percent in 1998 to 21 percent in 2001). This improvement is difficult to interpret, given the lack of changes in unmet need for medical or dental care and the decrease in Medicaid receipt. However, “access” is a multifaceted concept that may have to do with the location of facilities, transportation, and actual demand for health care, as well as with health care coverage.³⁹

In Philadelphia’s ethnographic sample, many of the respondents and their children had extremely severe health problems; for example — given their relatively young age — an unusually high number of women reported having cancer and other life-threatening illnesses. Thus, health care was very important to these women. Yet, as previously mentioned, some women were forced to forgo medical treatment, either because they could not afford to pay for the care or for prescribed medications or they could not take time off from work to pursue treatment. Others in the ethnographic sample noted that they had not gotten medical care because they could not afford the carfare needed to get to health care providers.

Changes in Overall Hardships and Standards of Living

As discussed earlier, there was evidence in the Philadelphia surveys of some favorable changes between 1998 and 2001 across multiple domains of material hardship. Statistically significant improvements were observed for some indicators of food hardship, housing and neighborhood hardship, and health care hardship. In only one instance — the rate of being uninsured in the prior month — was there a significant downward trend, although many indicators showed little change over the three-year period. The overall improvements in the material circumstances of women in the survey sample are reflected in two summary indices constructed from items presented in Table 5.3. One index includes eight items that refer to the respondent or the household as a whole, while the other refers specifically to aspects of children’s well-being.⁴⁰ For

³⁸Although lack of insurance in the prior month increased from 11 percent in 1998 to 14 percent in 2001 in Philadelphia, it should be noted that the rate of being uninsured in both interview periods was lower than that reported in any of the other three Urban Change sites in 1998; in both Miami and Cleveland, the rate of being uninsured exceeded 20 percent, and the rate was 16 percent in Los Angeles (Polit, London, and Martinez, 2001).

³⁹Respondents in the Cleveland Urban Change survey sample similarly reported improvement on this health care hardship indicator, moving from 35 percent who in 1998 thought access was harder to 25 percent who said this in 2001. As was true in Philadelphia, however, most indicators of health care hardship remained fairly stable over the three-year period in Cleveland (Brock et al., 2002).

⁴⁰The adult/household index includes eight items: food insecure (with and without hunger combined); receipt of emergency food in the prior month; worst-case housing; has two or more housing problems; lives in a danger-
(continued)

the survey sample as a whole, the average number of “adult” or family hardships declined significantly, from 2.1 in 1998 to 1.9 in 2001. Moreover, the percentage of women who experienced none of these hardships increased significantly, from 15 percent in 1998 to 20 percent in 2001, while the percentage with three or more hardships declined from 37 percent to 31 percent.⁴¹

The second summary index includes three items that refer specifically to children’s well-being: whether a child experienced hunger; whether any child was uninsured in the prior month; and whether any minor child lived away from home. For this index as well, there was a very modest but significant decline from 1998 to 2001. Overall, there was no significant change over time in the percentage of families who experienced none of these child hardships.⁴²

The dynamic nature of changes in material hardship could not, of course, be captured in the survey, given the three-year interval between interviews. In the ethnography, with annual in-person interviews and points of contact between the main interviews, it was easier to discern vicissitudes in the women’s circumstances. The ethnographic data suggest that while the majority of women experienced a broad array of hardships throughout the study, material problems peaked in the second round of interviews. The reasons that hardships worsened between the first and second rounds are not apparent, but it is possible that the early period of the study coincided with a period of women’s adjustment to new welfare rules and requirements. By the third round of interviews, the circumstances of some respondents had, indeed, improved, but this was not true for most women. The ethnographic data suggest that the path to better circumstances may be complex and tortuous for many of these low-income single mothers and that, even in better times, most continue to struggle to make ends meet.

Given the improvements observed in the economic and material circumstances of the women in the survey sample, it was expected that the women would perceive themselves to be better off. However, among survey respondents, there was no significant change from 1998 to 2001 in women’s self-reported satisfaction with their standard of living; three out of four women reported at both interviews that they were satisfied or very satisfied with their standard of living. The lack of change in respondents’ subjective assessments is somewhat surprising. Perhaps even more surprising is the high level of satisfaction that these women consistently expressed with respect to their standard of living, given that more than half of them (57 percent) were below the

ous neighborhood; witnessed a violent crime in the neighborhood; respondent ever uninsured in the prior year; and family unmet need for medical or dental care.

⁴¹The overall reduction in number of material hardships was similar in the Cleveland Urban Change sample, where the average number declined significantly, from 2.13 in 1998 to 1.96 in 2001. Similarly, the improvement for child hardships was nearly identical to that observed in Philadelphia (Brock et al., 2002).

⁴²Many of the indicators of child well-being that were included in the 1998 and 2001 survey interviews (for example, indicators of academic performance, problem behaviors) could not be analyzed for this report but will be included in a later report.

federal poverty threshold and that 85 percent were within 185 percent of poverty in 2001. Yet fewer than one out of three women reported being dissatisfied in 1998 and in 2001.

The ethnographic data suggest a possible explanation for this phenomenon. Even in the initial round of interviews — when many food and housing hardships were noted — the women tended not to complain about their circumstances and even expressed reluctance to talk about hardships. Lynn, a woman who had little employment over the study period and whose financial circumstances did not improve, said that hardship and the management of these burdens are simply a part of the daily lives of poor families and are not something that most people feel are noteworthy. “Managing” was a routine activity among these women, so they often required extensive prodding before they would offer a story about the “usual” hardships that they experienced and the typical coping strategies that they employed. Thus, when respondents were asked, “How are you managing?” they often reported that they were managing well, despite the fact that they were not doing very well economically. Lynn said, “I always have a way of managing with what I have; it ain’t easy, but I will do it.”

In the second round of ethnographic interviews, even though hardship grew somewhat, women’s accounts of their troubles appeared to be tempered by the fact that they had been conditioned by years of struggling on welfare. Mimi, for example, said in Round 2 that she was not experiencing any hardship, but she went into detail about all the clever ways that she had devised to stretch a dollar so she could make it through the month. In her Round 3 interview, this theme was even more evident, as Mimi told the interviewer that everyone gets shutoff notices from the utility company, so she does not consider that a hardship, just a normal part of life. The point is that even respondents who claimed they were managing rather well were often facing various hardships.

By Round 3 of the ethnographic interviews, some women were doing better in material terms than they had in the past. For example, in the first two rounds of interviews, Lisa recounted a host of housing and food problems and heavy reliance on assistance from family members. By Round 3, she was getting food from a program that her children attended, and her husband was working. Lisa had this to say: “I think I’ve done pretty good. I don’t borrow money from people. I’ve never not had food or heat, or the necessities. You know, things pop up that the kids need, I’ve always had it — God blessed me, but I’m lucky, but I’ve always had it. I think I’ve done pretty well.”

Ethnographic respondents were specifically asked in the third round of interviews to compare their current situations with their circumstances in the second round. As mentioned earlier, the second round was especially difficult in terms of material hardship for many ethnographic respondents. Most did not feel that their circumstances had changed much, but about one out of three articulated the belief that their situations had improved. It is noteworthy, how-

ever, that although respondents were asked to compare their current and former situations, many appeared to compare themselves with other women they knew. For example, Dawn explained: “[I’m] better off than others. It’s not like we’re really hurting for anything, and I know a lot of people out there are.” Later, she stated that she was satisfied with her standard of living and reasoned: “I mean, there’s no sense in complaining about anything here, ’cause compared to a lot of people, we’re living like kings and queens.” Dawn made this statement, despite the fact that in Round 2 she was forced out of her home by the city and had to use a food bank a couple of times a month. By Round 3, Dawn stated that she was “mostly satisfied” with her standard of living and that she had been worse the previous year; she still felt that she was better off than others. By this time, although she did not have money for laundry and was using the food bank once a week, she was able to borrow money regularly from her mother toward the end of each month and also relied on her mother to buy school clothes for her children.

Despite some improvements, most women in the ethnographic sample continued to struggle to find ways to reduce food costs and pay their bills. Danielle is an example of this. In the Round 1 interview, she indicated that she could not afford clothing and relied instead on hand-me-downs from friends and on household items from family members. Her mother got food for her at a food bank, and Danielle herself got some food from Welfare Rights. At the time, she was “doubling up” with her mother. By Round 2, Danielle continued to worry because she could not save money and had difficulty purchasing even necessary clothes for her children. She relied on food stamps, food banks, and special programs to protect her and her children from hunger. She was working under the table, borrowing a car from her brother to get to and from the job; her brother gave her money as well. By Round 3, Danielle was in debt and acknowledged that she was “doing pretty badly.” She was hungry the night prior to the interview and said that she had gone hungry twice in the past year, but she also said that her kids never went hungry. She received many utility shutoff notices and had numerous housing problems (she was still doubling up with her mother, despite her desire to move out). She used the food bank every other week and depended on the school breakfast and lunch program for her children to eat. Although she had a side job, she continually needed to borrow money from her mother and said, “I’m always borrowing money from somebody.” Her brother no longer was living with her, so Danielle had lost that source of income. She received some help from an agency that paid her utility bills. She summed up her worsening situation: “They paid [the bills] for me. I didn’t even have a job, nothing. I wasn’t going back to welfare. You’d rather starve than put up with all the stress that they put on you.”

The Economic Circumstances and Hardships of Different Groups of Women

The survey findings reported in the previous sections about changes in respondents' economic circumstances are for the entire sample of women in Philadelphia who completed two rounds of survey interviews. As in Chapter 4, the findings suggest considerable diversity: Some women had moved out of poverty and purchased a home or vehicle, while others continued to live in deep poverty. This section examines whether some of the diversity in economic outcomes is related to two key characteristics of the sample members, namely, their racial and ethnic backgrounds and their educational attainment. The section also briefly examines the situations of women who, when interviewed, indicated that they were neither working nor receiving welfare.

The Economic Circumstances of Different Racial and Ethnic Groups

Table 5.4 presents selected outcomes relating to income sources, total household income and poverty, and material hardship in 2001 for respondents in three racial and ethnic groups: African-American, Hispanic, and other (predominantly white). As this table shows, although there were a few significant group differences, by and large the three racial and ethnic groups had fairly similar outcomes. Consistent with what is reported in Chapter 4, the few significant differences that emerged suggest that African-American women in this sample were the least disadvantaged.

Women in the three groups generally had similar sources of income, with the majority in all groups reporting earnings income in the prior month. However, Hispanic women were twice as likely as African-American women (35 percent versus 17 percent, respectively) to report that their households had received Supplemental Security Income (SSI). All three groups reported similar levels of receiving noncash assistance, such as food stamps and Medicaid. There were also no significant group differences in terms of total household income in the prior month or the percentage living below poverty.

With regard to material hardships, the groups were similar in terms of food hardships, health care hardships, and several housing hardships, but women in the "other" group were substantially more likely to be living in a neighborhood classified as being dangerous (51 percent) than were Hispanic (34 percent) or African-American (31 percent) women.⁴³ Moreover, women in the "other" category had a significantly higher average number of household hardships (2.6), compared with Hispanics (2.0) or African-Americans (1.8), and they were significantly more

⁴³It is not clear, however, whether women in the "other" group were actually living in more dangerous neighborhoods; were living in similar neighborhoods but were, in fact, at greater personal risk; or had different perceptions about how dangerous their neighborhoods were.

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Table 5.4

Economic Circumstances, Material Hardship, and Family Well-Being in 2001, by Race and Ethnicity

Outcome	All Women in Survey Sample ^a	African- American ^b	Hispanic	Other
<u>Economic circumstances in prior month</u>				
Income from work (%)	64.2	65.2	59.8	62.2
Income from child support (%)	15.9	17.6	12.1	5.6
Income from SSI (%)	20.0	16.7	34.6	21.6 ***
Received food stamps (%)	54.7	54.1	55.1	62.2
Receives Medicaid for self (%)	55.8	53.5	63.6	64.9
Average household income (\$)	1,685	1,673	1,766	1,597
Income below poverty line (%)	56.8	56.5	56.4	61.3
Family has more than \$500 in savings (%)	10.0	10.8	9.8	0.0
Family has more than \$500 in debts (%)	57.1	57.9	53.8	55.6
<u>Material hardships (%)</u>				
Food insecure ^c	40.0	38.0	45.8	48.6
Child with hunger ^d	3.7	3.1	5.5	6.3
Had worst-case housing needs ^c				
Had 2 or more housing problems ^f	31.1	31.1	31.8	29.7
Two or more weeks in the prior year without a phone	18.1	17.3	17.8	29.7
Had to move in with another family because needed a place to live	8.3	9.4	3.7	8.1
Evicted in past year	2.0	2.4	0.9	0.0
Living in a dangerous neighborhood ^g	32.9	31.2	34.0	51.4 *
Respondent uninsured in prior month	13.1	12.8	10.3	24.3
Any child uninsured in prior month	9.0	9.0	5.5	18.8
Respondent ever uninsured in prior year	23.2	23.5	19.6	29.7
Family had unmet need for medical care or dental care in prior year	22.3	22.2	19.6	32.4
<u>Other indicators of family well-being (%)</u>				
Respondent felt highly stressed much or all of the time	45.9	43.5	48.6	70.3 **
Contacted by child protective services	4.6	4.2	5.0	8.1
Any child under age 18 living elsewhere	8.2	8.8	7.5	2.7

(continued)

Table 5.4 (continued)

Outcome	All Women in Survey Sample ^a	African- American ^b	Hispanic	Other	
<u>Adult/household hardships^h</u>					
Average number of hardships	1.9	1.8	2.0	2.6	*
None (%)	20.1	22.2	12.1	16.2	
One to two (%)	49.4	48.4	58.9	35.1	*
Three or more (%)	30.5	29.5	29.0	48.6	*
<u>Child hardshipsⁱ</u>					
Average number of hardships	0.2	0.2	0.2	0.2	
None (%)	82.1	82.2	84.0	75.7	
One to two (%)	17.6	17.4	16.0	24.3	
Three or more (%)	0.3	0.4	0.0	0.0	
Sample size	636	492	107	37	

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical tests were used to assess differences across the subgroups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

^aTwo respondents refused to answer the race question and were removed from the "All women in survey sample" column.

^bU.S. born, not Hispanic.

^cRespondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

^dRespondents were placed in one of three child hunger categories (child with hunger, child with reduced quality diet, or no child hunger) based on responses to the eight items on the Household Food Security Scale that concern nutritional status of children under age 18 in the household.

^eFamilies have worst-case housing needs if they pay more than 50 percent of their income on rent and utilities and receive no housing assistance.

^fRespondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

^gRespondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

^hThe eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

ⁱThe three hardships used in this index include: child with hunger, any child uninsured in prior month, and any child under 18 living elsewhere.

likely to report three or more out of the eight hardships considered. Nevertheless, the findings indicate that women in all three racial and ethnic groups endured considerable hardship and that most were living in poverty in 2001.

The Economic Circumstances of Different Educational Groups

Educational attainment played a much more powerful role than race and ethnicity in distinguishing among respondents who had different economic circumstances in 2001. Table 5.5 indicates that the women who had a high school diploma or GED certificate at baseline (May 1995) were significantly more likely than those without such a credential to be in households with earnings income and were less likely to have received SSI in the prior month. The average monthly household income of better-educated women was about 25 percent higher (at \$1,877 per month) than the income of women without a basic credential (\$1,523 per month), and thus the former group were far less likely to be living below the poverty line (48 percent) than the latter (64 percent). Only about 40 percent of women with a diploma or GED received food stamps or Medicaid in 2001, compared with more than 60 percent of women without a credential.

The differences with regard to material hardship were far less consistent. For example, women in the two educational groups reported similar levels of food insecurity and were equally likely to be living in a dangerous neighborhood, to have been uninsured in the month before the interview, or to have had an unmet medical need in the prior year. Better-educated women were, however, significantly less likely than the other women to have worst-case housing needs or to be living in housing with multiple problems (for example, electrical and heating problems). Overall, the average number of hardships faced was similar in both groups, although women who lacked a high school diploma or GED were significantly more likely to have three or more hardships in 2001 than women who had a credential.

The ethnographic data are consistent with these survey findings. The women who had managed to complete college during the course of the study (like Maya, described in Chapter 4) had better economic circumstances than most of the other ethnographic respondents at the end of the study. Some women had attempted to obtain a GED certificate during the study period, and those who were unsuccessful were typically doing quite poorly at the time of the Round 3 interview. At Round 2, Lorraine had sought out and registered for a GED course on her own initiative. She said that she had always wanted to take the course but that caring for her children and dealing with problems related to unreliable child care had prevented her from doing so. She said that she was looking forward to the type of job she would get once she had a GED: “It will be better because, like I said, I don’t just want any kind of job, I want something real good.” However, by the final round of interviews, Lorraine’s income was \$631 — less than her income at the first round. Although she was looking forward to graduation and her outlook was positive, Lorraine had not worked in a formal sector job for six years.

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Table 5.5

Economic Circumstances, Material Hardship, and Family Well-Being in 2001, by Education at Baseline

Outcome	All Women in Survey Sample	No High School Credential at Baseline	Diploma or GED at Baseline
<u>Economic circumstances in prior month</u>			
Income from work (%)	64.1	60.2	68.3 *
Income from child support (%)	15.9	12.6	19.4 *
Income from SSI (%)	20.1	26.1	13.6 ***
Received food stamps (%)	54.5	63.8	44.7 ***
Receives Medicaid for self (%)	55.8	69.0	41.7 ***
Average household income (\$)	1,683	1,523	1,877 **
Income below poverty line (%)	56.9	64.4	47.8 ***
Family has more than \$500 in savings (%)	10.0	6.1	14.6 ***
Family has more than \$500 in debts (%)	57.2	50.0	64.9 ***
<u>Material hardships (%)</u>			
Food insecure ^a	40.0	42.6	37.2
Child with hunger ^b	3.6	5.3	1.9 *
Had worst-case housing needs ^c	29.2	33.9	23.7 **
Had 2 or more housing problems ^d	31.0	35.6	26.2 *
Two or more weeks in the prior year without a phone	18.0	23.1	12.6 ***
Had to move in with another family because needed a place to live	8.3	10.1	6.5
Evicted in past year	2.0	2.7	1.3
Living in a dangerous neighborhood ^e	33.0	32.9	33.0
Respondent uninsured in prior month	13.0	12.8	13.3
Any child uninsured in prior month	8.9	7.8	10.1
Respondent ever uninsured in prior year	23.3	20.9	25.8
Family had unmet need for medical care or dental care in prior year	22.4	23.4	21.4
<u>Other indicators of family well-being (%)</u>			
Respondent felt highly stressed much or all of the time	46.1	51.1	40.8 **
Contacted by child protective services	4.5	6.6	2.3 *
Any child under age 18 living elsewhere	8.4	9.8	6.9

(continued)

Table 5.5 (continued)

Outcome	All Women in Survey Sample	No High School Credential at Baseline	Diploma or GED at Baseline
<u>Adult/household hardships^f</u>			
Average number of hardships	1.9	2.0	1.8
None (%)	20.1	17.9	22.3
One to two (%)	49.4	47.1	51.8
Three or more (%)	30.6	35.0	25.9 *
<u>Child hardships^g</u>			
Average number of hardships	0.2	0.2	0.2
None (%)	82.0	81.2	83.0
One to two (%)	17.7	18.2	17.0
Three or more (%)	0.3	0.6	0.0
Sample size	638	329	309

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTES: Statistical tests were used to assess differences across the subgroups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

^aRespondents were placed in one of four food insecurity categories (secure, insecure without hunger, insecure with moderate hunger, or insecure with severe hunger) based on their scores on the 18-item Household Food Security Scale.

^bRespondents were placed in one of three child hunger categories (child with hunger, child with reduced quality diet, or no child hunger) based on responses to the eight items on the Household Food Security Scale that concern nutritional status of children under age 18 in the household.

^cFamilies have worst-case housing needs if they pay more than 50 percent of their income on rent and utilities and receive no housing assistance.

^dRespondents indicated whether they had any of the following housing problems: broken windows, leaky roof/ceilings, roaches/vermin, and problems with wiring, plumbing, heating, and appliances.

^eRespondent or child was robbed, mugged, or attacked or witnessed a violent crime, or reported gang violence in neighborhood.

^fThe eight hardships used in this index include: food insecurity, receipt of emergency food in prior month, spends more than 50 percent of income (including food stamps) on housing, has two or more housing problems, lives in a dangerous neighborhood, witnessed a violent crime in the neighborhood, respondent ever uninsured in prior year, and family unmet need for medical or dental care.

^gThe three hardships used in this index include: child with hunger, any child uninsured in prior month, and any child under 18 living elsewhere.

The Circumstances of Women Neither Working nor on Welfare in 2001

There is considerable concern about the fate of women who leave welfare and do not find (or who lose) jobs. As noted in Chapter 4, the percentage of women in Philadelphia who reported that they were neither working nor on welfare at the time of the interview rose from 11 percent in 1998 to 19 percent in 2001. Table 5.6 presents some information about the economic outcomes and situations of women who were no longer receiving welfare at the time of the 2001 interview but who were not working (referred to below as “no-nos”) and compares their circumstances with those of women who had either or both sources of income.

One especially important issue concerns whether these women in the “no-no” group were living in different household configurations — for example, whether they were more likely to be in households with other sources of income and, therefore, were potentially better off financially than others. As Table 5.6 shows, the two groups of women were equally likely to be living with their children and a partner or husband (about 20 percent of both groups). The women in the no-no group, however, were less likely than the other women to be living alone with their children in 2001, and they were somewhat more likely either to be living completely on their own or to be living with others (for example, doubling up with other family members). The table also indicates that the women in the no-no group were no more likely than the other women to be married in 2001 or to be living with a husband or partner. Similar percentages of women in both groups had a preschool-age child, but no-nos had a smaller average number of children living with them than other women, perhaps because their children were older and had left home.

The table also displays income sources and noncash benefits. It should be noted that the seemingly anomalous result showing that some no-nos had TANF or earnings in the prior month is a reflection of income instability in this group. The women were defined as neither working nor on welfare at the time of the interview, whereas the table shows income sources in the month before the interview. Thus, 15 percent of the women in the no-no group in 2001 had received TANF benefits in the month prior to the interview but not in the month of the interview. Likewise, one out of three lived in households with earnings in the month prior to the 2001 interview but not in the month of the interview. Even with this taken into consideration, it is clear that the no-no group had far lower rates of earnings and TANF income in the prior month than was typical for the sample. They also were more likely to rely on alternative sources of income sources. For example, women in the no-no group were more likely to be receiving SSI than other respondents, and they also relied on other income sources to a greater degree. They were, however, somewhat less likely than other women to be getting child support. Only 3 percent of the no-nos (four women) reported having no source of income in the prior month.

Women who were neither working nor on welfare were not much more likely than other women to be receiving noncash benefits. In 2001, the rates of getting food stamps, housing subsidies, and energy assistance were fairly similar for the no-nos and for the others.

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Table 5.6

**Household Structure, Fertility, and Sources of Income for
Women with Neither Earnings nor TANF Income at the Second Interview,
Compared with Other Women**

	Women in Households with No income from TANF or Earnings	Women in Households with Either TANF or Earnings	Full Sample
<u>Household structure</u>			
Average number of people in household	4.0	4.4	4.3
Average number of children in household	2.1	2.6	2.5
Has child under age 6 (%)	31.3	31.8	31.7
Respondent's living arrangements: (%)			
Lives with children only	40.7	47.7	46.4
Lives with husband/partner and children only	20.3	21.2	21.1
Lives alone	4.2	1.7	2.2
Lives in some other arrangement ^a	34.7	29.3	30.3
Currently married (%)	11.9	11.2	11.4
Currently living with husband/partner (%)	27.4	30.2	29.6
<u>Childbearing</u>			
Currently pregnant (%)	2.5	2.7	2.7
Had a birth after May 1995 (%)	31.9	32.8	32.6
<u>Sources of household income (past month) (%)</u>			
TANF	15.1	37.0	32.9
Work/earnings	33.6	71.1	64.1
Child support	12.9	16.6	15.9
SSI	33.6	17.0	20.1
Other sources	10.9	3.3	4.7
No source of income	3.4	1.3	1.7
<u>Noncash benefits (past month) (%)</u>			
Food stamps	51.3	55.3	54.5
WIC	11.9	17.0	16.0
Medicaid for self	62.2	54.3	55.8
Medicaid for any child	61.0	59.7	59.9
Subsidized housing	19.3	24.3	23.4
Energy assistance	23.1	25.9	25.4
Average total monthly household income (\$)	1,251	1,781	1,683
Below official poverty line (%)	69.5	54.1	56.9
Below 185% of official poverty line (%)	89.5	84.0	85.0
Sample size	119	519	638

SOURCE: MDRC calculations from the Urban Change Respondent Survey.

NOTE: ^aOther arrangements include multigenerational and other types of extended households.

However, women with neither earnings nor welfare income were more likely than other women to receive Medicaid benefits for themselves — although fewer than two out of three of these women had this benefit.

The no-nos are especially distinguished with regard to their income levels and their poverty. In 2001, their average monthly household income was \$1,251, compared with \$1,781 for the women with either TANF or earnings. Some 70 percent of the no-nos were living below the official poverty line in 2001, compared with 54 percent of the other women.

These analyses indicate that the women who were in the no-no group sometimes had access to other sources of income but that they were nevertheless a severely disadvantaged group. This is consistent with an earlier Urban Change report, which found that women who were not working nor receiving welfare in 1998 (in all four Urban Change sites) were especially likely to have health or mental health problems and to have many co-occurring barriers to employment — making health insurance an especially important issue.⁴⁴

Summary and Conclusions

The findings in Chapter 4 indicate that substantial percentages of Philadelphia’s respondents who had been welfare recipients in 1995 were able to find full-time employment by the time they were interviewed in the 2001 survey. Findings from this chapter suggest that, overall, the respondents’ economic circumstances improved somewhat from 1998 to 2001. There were also some reductions in the material hardships that they and their families faced.

Despite significantly increased total household income, asset accumulation, and savings, half the women lived in poverty in 2001, and 85 percent were within 185 percent of the poverty threshold. Moreover, substantial proportions continued to rely on noncash benefits and safety net services; income was unstable for many women, and debt had increased for some; levels of material hardships were high; and the women’s perceptions were, on average, that their material circumstances were unchanged. The ethnographic evidence suggests that most of these women continued to struggle to pay bills and manage their limited resources.

While neither the improvements in respondents’ economic outcomes and material circumstances nor the persistence of high levels of economic disadvantage can be attributed to welfare reform, it is important to remember that these outcomes were achieved in the context of a strong economy that has subsequently deteriorated. Even in 2001, many respondents and their children experienced numerous problems and deprivations associated with poverty. That levels of hardship remained high despite the efforts made by these women to become self-sufficient raises important questions about how policymakers can better assist low-income working women to achieve self-sufficiency — especially during difficult economic times.

⁴⁴Polit, London, and Martinez, 2001. Similar findings have also been reported in a recent in-depth study of 95 “no-no” families who participated in the National Survey of America’s Families in 2002 (Zedlewski et al., 2003).

Chapter 6

Neighborhoods and Welfare Reform

Because an increasing majority of welfare recipients live in urban areas, many observers have suggested that the effects of the 1996 welfare reforms will be seen most dramatically in neighborhoods with large numbers of welfare recipients. Philadelphia, like the other metropolitan counties included in the Urban Change study, is home to a disproportionate number of low-income and welfare reliant households, with most welfare recipients living in the city's poor neighborhoods. Given this residential concentration of vulnerable families in high-poverty neighborhoods, the consequences of welfare reform may be greater than the sum of individual household responses. The preceding chapters have described how welfare reform was implemented in Philadelphia welfare offices and how families responded to those reforms. This chapter describes how Philadelphia's neighborhoods fared as welfare reform took shape.

Questions Examined in This Chapter

Drawing on a variety of aggregate indicators for the period from 1992 to 2000, this chapter addresses three sets of questions:

- **Concentration and isolation.** What is the spatial distribution of poverty and welfare in Philadelphia? Are welfare recipients concentrated in particular neighborhoods? Did the implementation of welfare reform raise or lower their isolation from the rest of the community?
- **Social and economic trends.** Did social and economic indicators for high-welfare neighborhoods in Philadelphia improve or get worse over the study period? How have trends in high-welfare neighborhoods differed from trends in the rest of the city?
- **Neighborhoods and welfare-to-work transitions.** Were welfare recipients in some of Philadelphia's neighborhoods more likely to go to work than recipients in other neighborhoods?

Summary of Findings

- **Concentration of welfare recipients.** Before welfare reform, Philadelphia's welfare recipients disproportionately lived in neighborhoods with high concentrations of poverty and welfare receipt. Over time, the spatial patterns of poverty and welfare receipt showed little change.

- **Levels of distress.** Throughout the study period, neighborhoods in Philadelphia that had high concentrations of welfare receipt had markedly higher levels of social and economic distress. Crime rates and teen birthrates declined sharply, but the levels of social distress and the disparities between high- and low-welfare neighborhoods remained strong.
- **Changes in indicators over time.** Changes in social and economic indicators were similar both before and after the 1996 welfare reforms. Thus, there is no clear evidence that welfare reform resulted in improving or worsening conditions in Philadelphia's high-welfare neighborhoods.
- **Concentration of social distress.** Indicators of social distress tend to cluster in a few neighborhoods. However, the number of highly distressed neighborhoods in Philadelphia declined during the 1990s. As a result, the proportion of welfare recipients living in these neighborhoods also declined, from 37 percent prior to welfare reform to 17 percent afterward. By the end of the decade, the few highly distressed neighborhoods had substantial concentrations of site-based public housing.
- **Relationship between employment and neighborhood.** Despite higher levels of social distress, welfare recipients living in Philadelphia's high-welfare neighborhoods were as likely as those living in the balance of the county to combine welfare and work, to leave welfare, and to become employed.

The Rationale for Looking at Neighborhoods

A study of neighborhoods can address issues that are beyond the scope of studies focusing on families.¹ One such issue is the possibility that the 1996 welfare reform might have unintended consequences for places with high concentrations of welfare recipients. At the outset of the 1996 welfare changes, some critics conjectured that its provisions would result in worsening conditions for low-income children, families, and neighborhoods. Public officials and policy analysts worried that welfare reform might undercut progress that was being made on such urban problems as housing deterioration, crime, and drug trafficking. Some analysts anticipated that a paradoxical effect of reduced caseloads might be that those recipients who remain on welfare might become increasingly isolated in the urban areas of greatest disadvantage. Under such circumstances, they might be harder to serve, and their distress might spill over to the rest of their neighborhood and beyond.

¹The description in this section has been adapted from the report on Urban Change in Cleveland (Brock et al., 2002, Chapter 6).

Those who anticipated positive neighborhood outcomes from welfare reform believed that reform would dramatically increase employment, earnings, and income, which would translate into community benefits in several ways. If pervasive joblessness in concentrated-poverty communities inhibits mechanisms of social control, it stands to reason that increased employment would enhance these mechanisms.² Some expected that time limits on cash assistance and more stringent requirements for child support enforcement would reduce teenage and nonmarital childbearing outside the welfare caseload. Research suggests that teenage childbearing is inversely correlated with labor force attachment and social organization within the neighborhood.³

Neighborhoods might also play an important role in welfare reform because of what are commonly known as “neighborhood effects.” A growing number of researchers contend that neighborhoods that lack economic and social resources constrain the ability of families to succeed economically and can inhibit economic success in the next generation.⁴ While there is debate about how and why neighborhood effects occur⁵ — and uneven and contradictory evidence about how neighborhoods affect employment outcomes⁶ — it is warranted to explore neighborhood differences in outcomes related to welfare reform.

Spillover effects at the neighborhood level may also bear on the success of welfare reform in large cities. As dynamic and complex social and geographic units, neighborhoods’ fortunes are bound up in many ways with the fortunes of their residents. And the prospects for large cities — especially cities with considerable poverty — are linked with the degree to which welfare reform advances rather than diminishes the health and viability of their neighborhoods and residents. Thus, questions about the effects of welfare reform on neighborhoods and residents are of long-term policy interest.

Study Methods

This chapter examines Philadelphia’s neighborhoods from 1992 through 2000. The focus is on trends over time, with special attention on differences in neighborhood conditions before and after the implementation of TANF.⁷ Although federal legislation was passed in 1996, it is not a clear demarcation of policy change. The processes through which welfare changes may affect neighborhoods and their residents are likely to have a time lag and may not become ap-

²Wilson, 1996.

³Hogan and Kitagawa, 1985.

⁴Wilson, 1987, 1996; Brooks-Gunn, Duncan, Klebanov, and Sealand, 1993; Duncan, 1993.

⁵Jencks and Mayer, 1990; Ellen and Turner, 1997.

⁶Coulton, Bania, Leete, and Cook, 2001.

⁷Claudia Coulton, at Case Western Reserve University, developed the research design for the neighborhood indicators component of the Project on Devolution and Urban Change. For further information, see Coulton and Verma (1997).

parent in this study. The period studied here therefore represents a particular window on welfare reform and neighborhood trends.

Examining trends in social and economic indicators is an established method of monitoring progress in societies. While the causes of these trends are multiple and difficult to verify, comparing trends across places or groups can be informative. When several indicators move in a similar direction, inferences can be drawn more confidently.⁸

The Philadelphia Management Health Corporation (PHMC) — a Philadelphia-based public health organization — collaborated with MDRC to obtain administrative agency data and prepare the social and economic indicators. The unit of observation for this study is the census tract, which is a geographic unit defined by the U.S. Bureau of the Census in collaboration with local advisors. Although not “real” neighborhoods, census tracts are relatively small and homogenous and are commonly used in research to represent neighborhoods. All data were geocoded using the address of the incident or property and aggregated to the census-tract level.

Many of the indicators are expressed as a proportion of the residential population. Census tract populations were calculated for inter-census years using a commercial vendor’s estimates that were benchmarked to the decennial counts for 1990 and 2000.

Table 6.1 presents the indicators used in this chapter. These indicators were selected because they are related to concerns about the potential effects of welfare reform on children, families, and neighborhoods. For example, rates of child maltreatment, crime, and drug arrests can all be viewed as basic measures of risk of distress. The teen birthrate and the percentage of births to unmarried women were selected as informative in the national and local debate about the effects of welfare reform on childbearing and family formation. Adequacy of prenatal care was chosen as an indicator of both access to care and maternal health. Property data provide a useful perspective on the real estate market and housing conditions in neighborhoods.

Philadelphia’s Neighborhoods

Since much of this chapter compares socioeconomic trends in neighborhoods that have high levels of welfare receipt with trends in neighborhoods in the balance of the city, a brief introduction to Philadelphia’s neighborhoods is warranted.

As with any complex aggregation, there are many ways of dividing the Y-shaped City of Philadelphia into districts of planning, administration, and residence. At the simplest level,

⁸Appendix B discusses some advantages and limitations of using existing administrative agency records data in creating neighborhood indicators for research.

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Table 6.1

Neighborhood Indicators and Data Sources

Domain	Indicators	Data Source
Economic	Median value of single-family dwellings	County tax assessor database
Births	Percentage of births with adequate prenatal care Percentage of births to unmarried mothers Rate of birth to teens, ages 10-17, per 1,000	Vital records data
Child maltreatment	Rate of substantiated child maltreatment per 1,000 children	County Department of Family and Children's Services
Crime and violence	Violent crime rate per 100,000 Property rate crime per 100,000 Drug arrests rates per 100,000 Homicide rate per 100,000	Part I crime records
Work and welfare	Welfare participation rate Work participation among welfare recipients Welfare exit rate Welfare-to-work transition rate Employment rate among welfare leavers	Welfare and UI wage records

Philadelphians divide their irregularly shaped city into several branches emanating from the historical section of Center City. Along these lines, the Philadelphia Planning Department divides the city into twelve planning districts, which for purposes of introduction can be reduced to the nine shown in Figure 6.1: Center City, North Philadelphia, Olney-Oak Lane, Kensington-Richmond, Northeast Philadelphia, South Philadelphia, Southwest Philadelphia, West Philadelphia, and Northwest Philadelphia.⁹ The 325 residential census tracts that are the focus of this chapter are located within these twelve planning districts.¹⁰

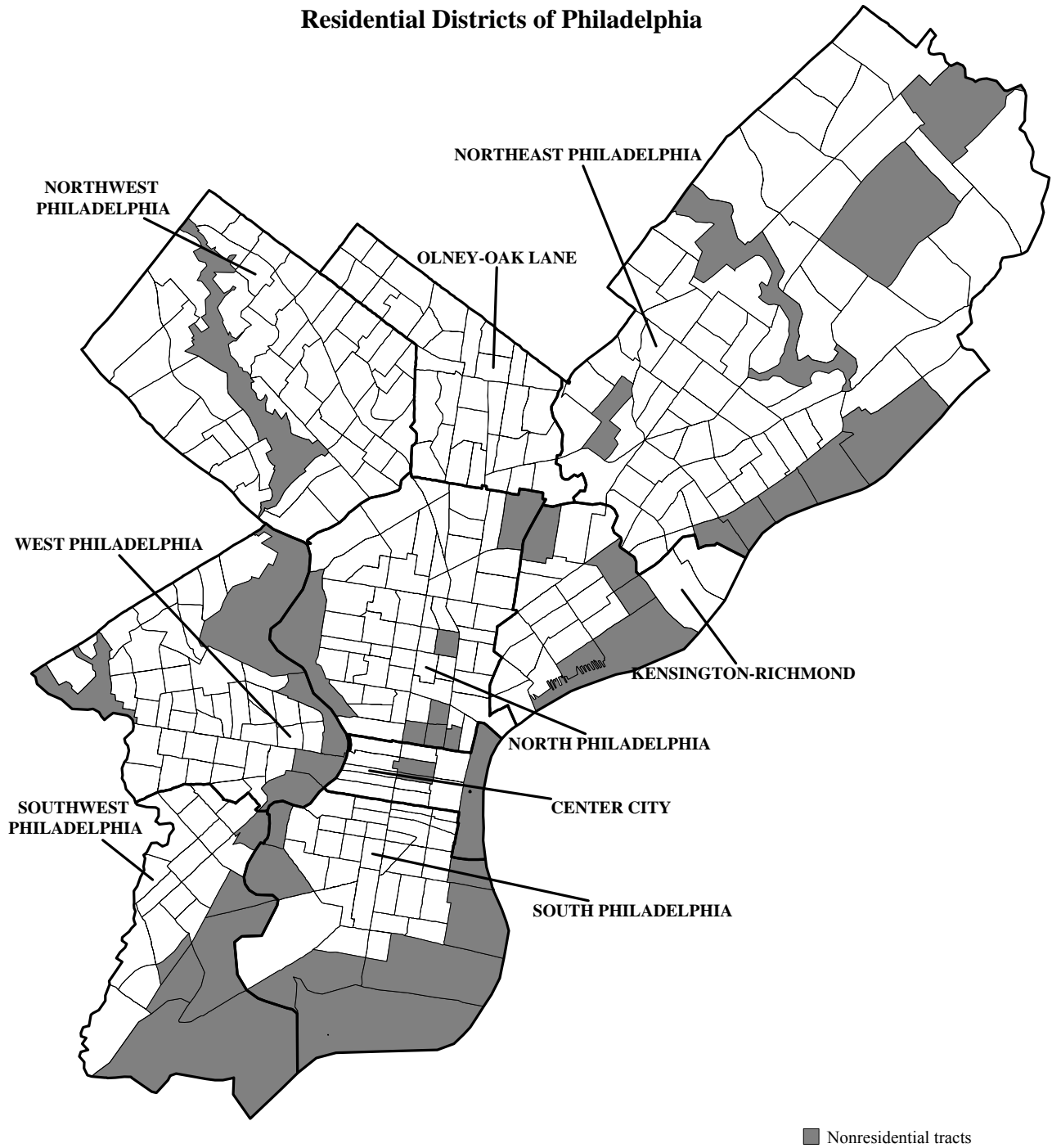
⁹The ethnographic sample for this report consists of families living in the Germantown, Kensington, and North Central (Strawberry Mansion) Philadelphia. Germantown is a high-poverty, primarily African-American neighborhood in the Northwest District of Philadelphia, bordering Olney-Oak Lane. Kensington is a high-poverty, primarily white neighborhood in the Kensington-Port Richmond District. North Central is an extremely high-poverty, primarily African-American neighborhood located in North Philadelphia.

¹⁰Census tracts are relatively permanent statistical subdivisions of the county that were initially delineated by the U.S. Census bureau to be "homogeneous with respect to population characteristics, economic status, and living conditions." In 1990, there were 368 census tracts in Philadelphia, each with an average of approximately 4,000 residents.

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Figure 6.1

Residential Districts of Philadelphia



To some extent, poverty and housing characteristics in Philadelphia are arranged in a series of concentric zones (Figure 6.2). Center City is the cultural heart of Philadelphia, a pedestrian-oriented downtown surrounding the historic district, office towers, cultural facilities, and the upscale residential districts of Society Hill and Rittenhouse Square. Surrounding Center City, in a semicircular arc, are the low-income neighborhoods of North, West, Southwest, and South Philadelphia, where 62 percent of poor Philadelphians live. North Philadelphia has inherited some of the city's oldest housing and a disproportionate amount of vacant land. Beyond the high-poverty ring are the moderate-poverty neighborhoods of Kensington-Richmond and Olney-Oak Lane. The Northeast and Northwest branches of Philadelphia consist primarily of low-poverty, middle- to upper-income neighborhoods.

In 1990, Philadelphia was also sharply divided by race and ethnicity.¹¹ Hispanic Philadelphians — more than half of whom reside in North Philadelphia — are the most segregated group, and more than half of them (53 percent) live in high-poverty neighborhoods. Because there are relatively few of them, however, Hispanic Philadelphians are less isolated from other racial and ethnic groups, meaning that they are more likely to live near people from other groups. African-American Philadelphians are also highly segregated from other groups; the majority live in North and West Philadelphia, but they also account for the majority of residents in Olney-Oak Lane and Southwest Philadelphia. Nearly one in five African-American Philadelphians (18 percent) live in high-poverty neighborhoods. Less segregated from other racial and ethnic groups, most white Philadelphians live in Northeast Philadelphia, and they also account for the majority of residents in Kensington-Richmond, South Philadelphia, and Center City. They are less likely than African-Americans and Hispanics to live in high-poverty neighborhoods. While foreign-born Philadelphians live throughout the city, they are more likely to reside in Northeast Philadelphia, Olney-Oak Lane, and West Philadelphia. Foreign-born Philadelphians are second to white Philadelphians in their avoidance of concentrated poverty; only 7 percent of foreign-born residents live in high-poverty neighborhoods.

Perhaps more important than whether racial and ethnic groups are segregated or poor is whether the poor in different groups are concentrated in neighborhoods with many poor people. There are dramatic differences by race and ethnicity, reflecting historic and continuing differences in housing opportunity. Nationally, poor African-Americans were three times more likely than poor whites to live in high-poverty neighborhoods in 1990.¹² In Philadelphia, poor Hispanics were more than twice as likely to live in high-poverty neighborhoods than poor African-Americans, who, in turn, were almost three times as likely as whites to live in poor neighbor-

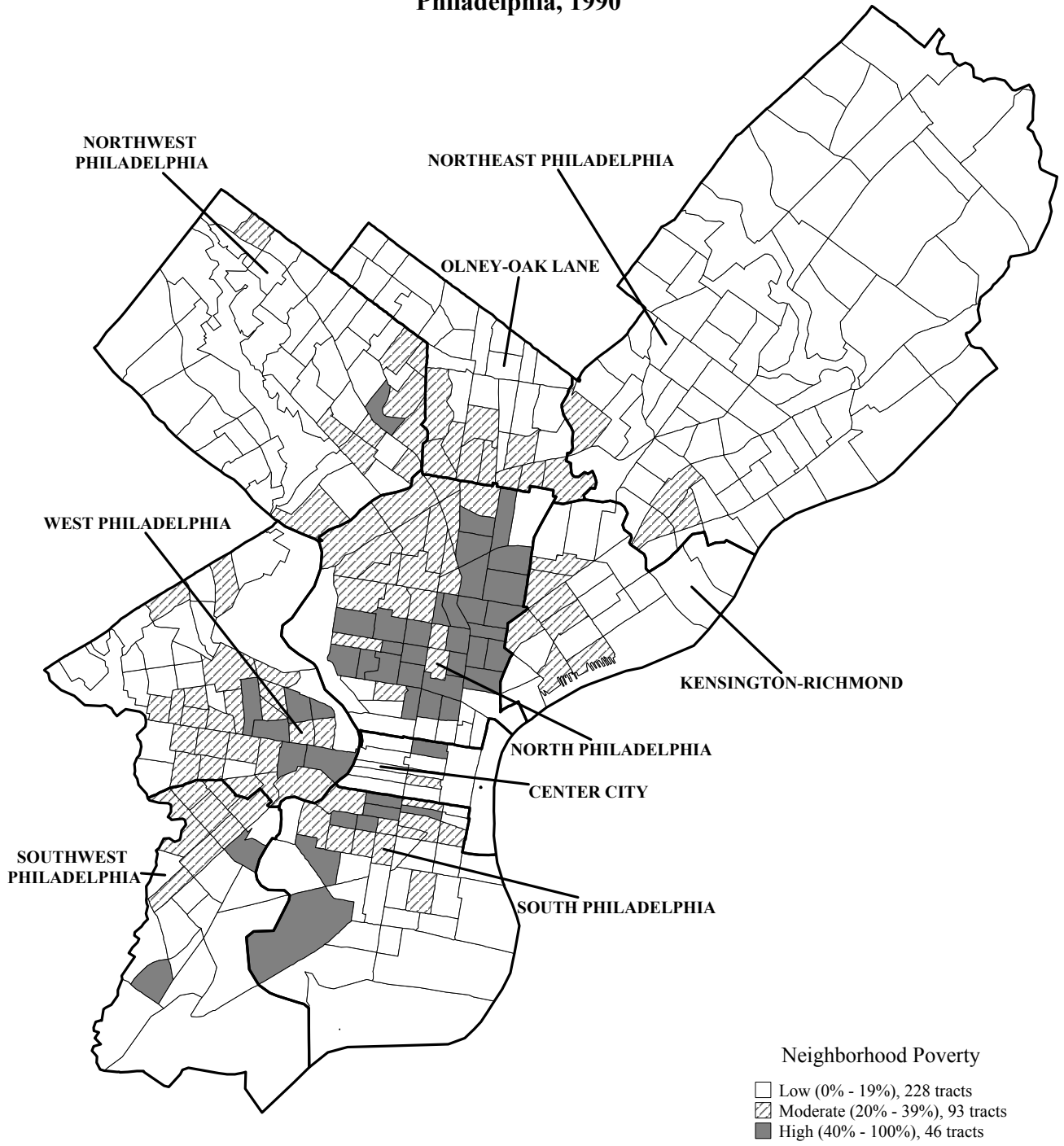
¹¹The following discussion of segregation by race and ethnicity and poverty is based on MDRC calculations from the 1990 U.S. Census.

¹²Jargowsky, 1997.

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Figure 6.2

Neighborhood Poverty,
Philadelphia, 1990



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

hoods. Like poor Hispanics, poor Philadelphians of Asian and other backgrounds disproportionately resided in high-poverty neighborhoods and were segregated from the nonpoor. More than one out of four (28 percent) neighbors of the average poor Philadelphian were also poor.

Because children are particularly vulnerable to the effects of welfare reform, it is helpful to consider where poor children of different racial and ethnic groups live. In 1990, a total of 42 percent of Philadelphia's poor children lived in North Philadelphia: 78 percent of poor Hispanic children, 40 percent of poor African-American children, and 65 percent of poor children of Asian and other groups. Substantial concentrations of poor African-American children lived in the high-poverty neighborhoods of West (20 percent) and South Philadelphia (12 percent) and in the moderate-poverty neighborhoods of Olney-Oak Lane. By contrast, nearly a third of poor white children (31 percent) lived in low-poverty neighborhoods throughout Northeast Philadelphia, with the only significant concentrations in the moderate-poverty neighborhoods of Kensington-Richmond (25 percent), Southwest Philadelphia (15 percent), and North Philadelphia (11 percent).

Keeping the spatial patterns of poverty and segregation in mind, an examination of Figures 6.3a and 6.3b illustrates another dimension of neighborhoods: the number of vacant properties in 1995 and the median amount of home purchase loans. The scope of residential disinvestment in North, South, Southwest, and West Philadelphia and in Olney-Oak Lane and the clustering of vacant properties in North, West, and South Philadelphia are starkly apparent in Figure 6.3a. Larger loans for buying housing have been limited primarily to the privileged neighborhoods of Center City and Northwest Philadelphia (Figure 6.3b).

These patterns of poverty, segregation, investment, and vacancy shape the context into which the welfare reforms of the 1990s were introduced, and they suggest that some of Philadelphia's welfare recipients had greater opportunities to succeed than others, depending on where they lived. For this reason, the patterns form the backdrop behind much of the following analysis of neighborhood outcomes.

Findings

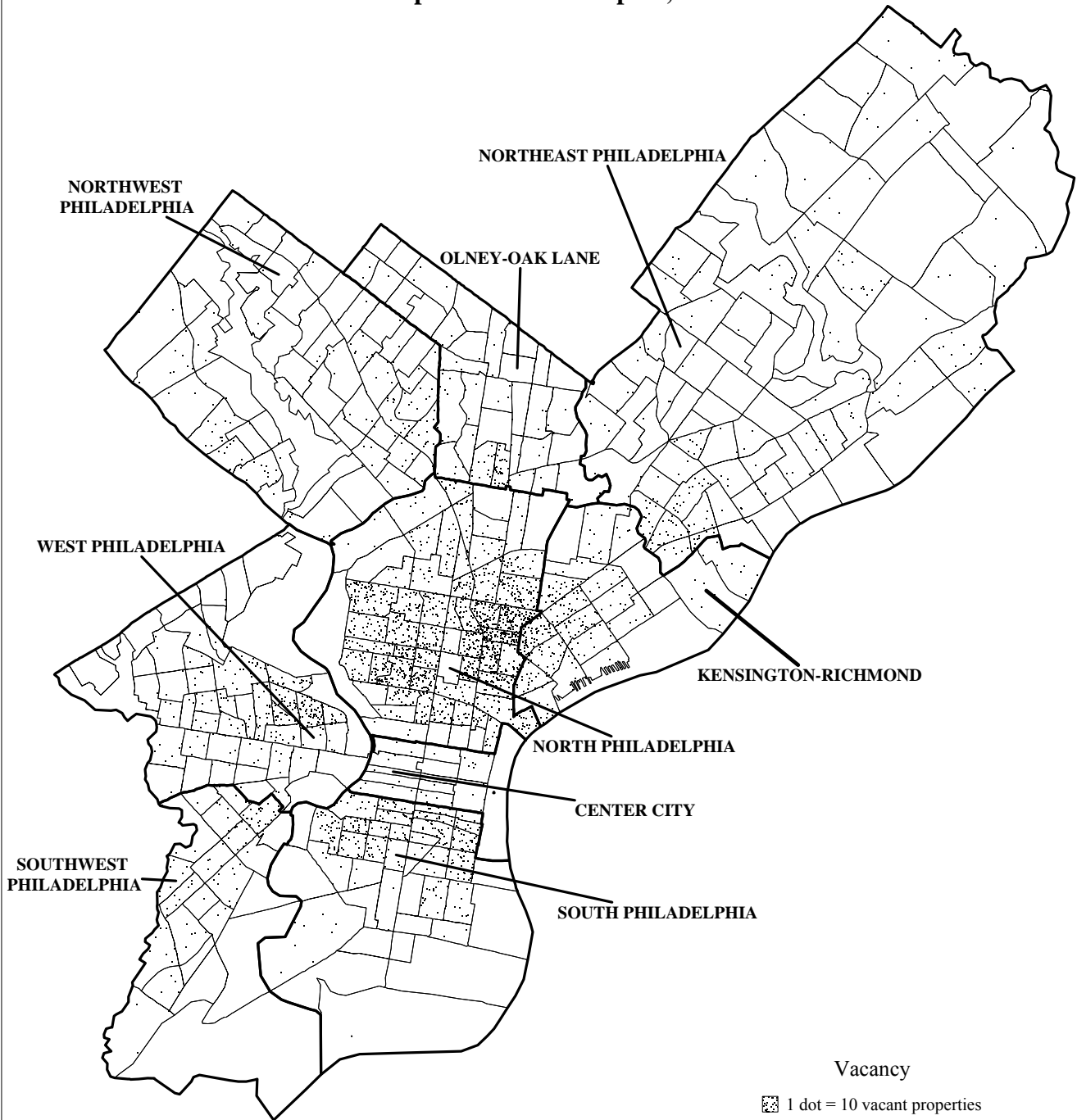
The Changing Geography of Welfare and Poverty: Concentration, Isolation, and Segregation

In large urban areas, low-income families cluster in neighborhoods that are largely contiguous. This has led to concerns about how welfare recipients and the poor are affected by their concentration and isolation in certain neighborhoods. An important question is whether the isolation of welfare recipients and the poor — as well as their concentration in certain neighborhoods — changed after the 1996 welfare reforms were implemented.

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Figure 6.3a

Vacant Properties in Philadelphia, 1995

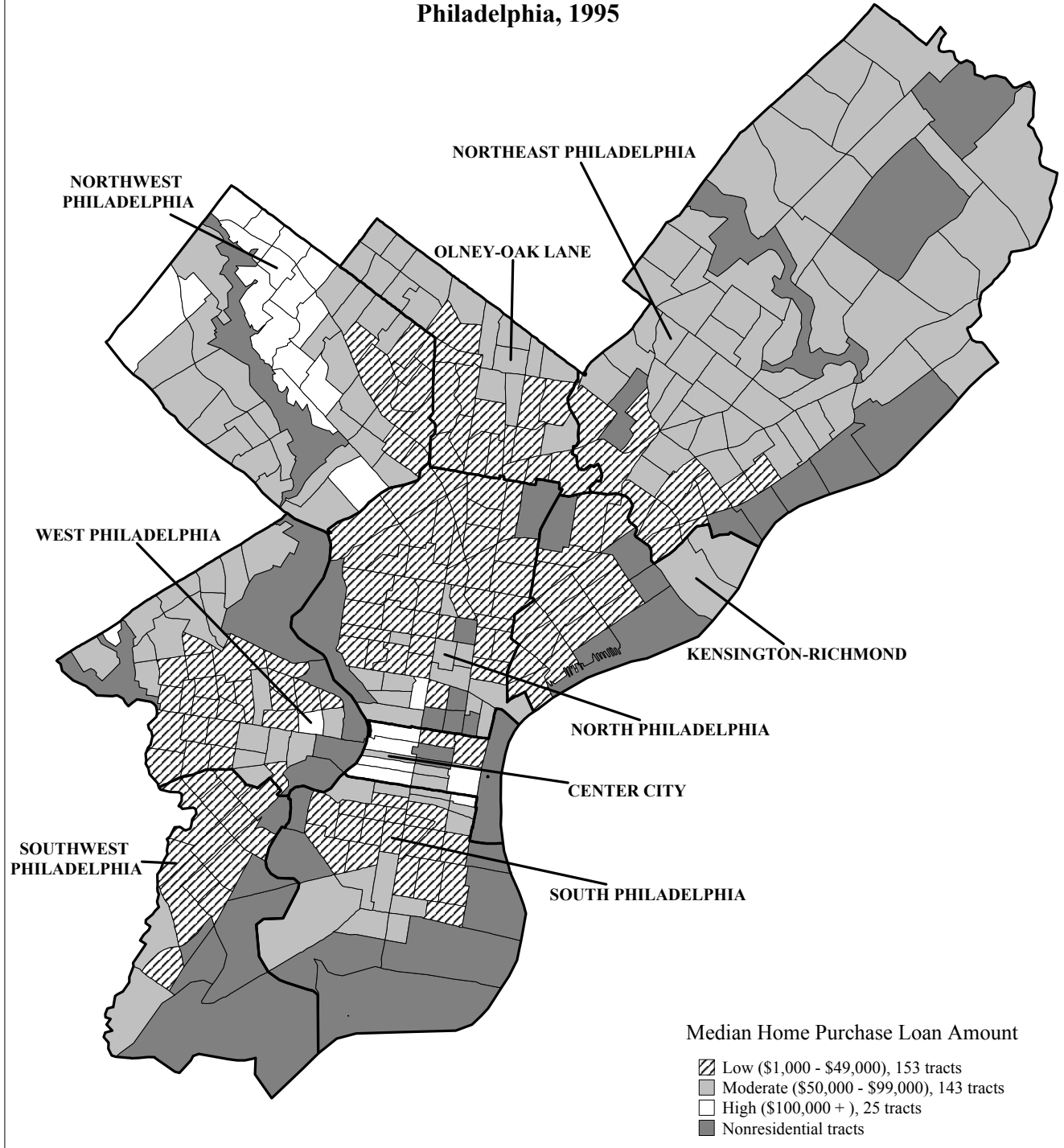


SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

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Figure 6.3b

Home Purchase Investments,
Philadelphia, 1995



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

To assess changes in patterns of residential concentration in Philadelphia, this chapter uses three commonly used indices.¹³ These indices are compared for all poor people in 1990 and 2000 and for welfare recipients from 1992 to 1999.¹⁴ Since the census counts the number of poor people every 10 years, annual changes in the poverty concentration indices could not be determined.

The three indices used to analyze residential concentration are described as follows:

1. The *concentration index* reflects the percentage of any group residing in areas of high concentration of a particular characteristic. For poverty, the index reflects the proportion of poor people living in census tracts that exceed a 40 percent poverty rate.¹⁵ Adapting this convention to welfare, concentrated tracts are those in which 20 percent or more of the population receive welfare.¹⁶ This index is sensitive to the number of tracts that exceed the particular threshold.
2. The *dissimilarity index* indicates what share of the county's welfare or poor population would have to move to another census tract in order to have equal representation in each census tract.^{17,18} The index ranges from 0 to 100, with a dissimilarity of 100 indicating maximum segregation. When a group is evenly distributed throughout a metropolitan area, each neighborhood has the same proportion of group members as the metropolitan area as a whole.
3. The *isolation index* represents the chance that individuals from one group will live in census tracts with many individuals from other groups. In this case, it is the probability that a poor person will not encounter a nonpoor person or that a welfare recipient will not be exposed to the nonwelfare population in the tract of residence.^{19,20} This index also ranges between 0 and 100, with higher values indicating a higher degree of isolation.

¹³Coulton, Chow, Wang, and Su, 1996; Massey and Eggers, 1993; Massey and Denton, 1988.

¹⁴While this chapter focuses on the residential segregation of poor and welfare recipient families in general, there is considerable interest in understanding the segregation of specific racial and ethnic groups. Preliminary MDRC analyses show that, as was found in relation to poverty, Hispanic recipients — although a relatively small proportion of the caseload — are the most segregated ethnic group on all three measures of residential segregation. White recipients, by contrast, are the least segregated group.

¹⁵Jargowsky, 1997.

¹⁶There is a strong correlation between poverty rate and the annual welfare concentration, and the annual welfare concentration measure provides a fairly good proxy for poverty in the pre-TANF period. Further, it was necessary to use total population for this index because that was the only fairly reliable population count available at the census-tract level in years between the censuses.

¹⁷Massey and Denton, 1988; Abramson, Tobin, and VanderGoot, 1995; Jargowsky, 1997.

¹⁸The formula to calculate the dissimilarity index is presented in Appendix B.

¹⁹Lieberson, 1980; Massey and Eggers, 1993.

²⁰The formula to calculate the isolation index is presented in Appendix B.

Table 6.2 shows poverty concentration for Philadelphia in 1990 and 2000. As shown, 30 percent of the poor were living in high-poverty neighborhoods in 1990 (that is, neighborhoods with a poverty rate greater than 40 percent); by 2000, this proportion had declined slightly. The poor also became less isolated between 1990 and 2000. This means that the poor people are now more likely to live close to nonpoor people, which might foster a rise in opportunities for poor residents to interact with nonpoor neighbors. Since absolute poverty increased between 1990 and 2000, however, it is possible that reduced concentration and isolation of the poor are the result of more neighborhoods having poor people.²¹

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Table 6.2

Poverty Concentration and Isolation, Philadelphia, 1990 and 2000

	Concentration	Isolation	Segregation
1990 (%)	30.0	31.9	37.5
2000 (%)	28.3	21.2	38.6

SOURCE: MDRC calculations from U.S. Census, 1990 and 2000.

The concentration of welfare recipients in high-welfare neighborhoods (Figure 6.4) looks quite different from the concentration of the poor in poor neighborhoods.²² In 1992 and 1999, welfare recipients in Philadelphia were far more concentrated on all indices than were the poor. In the years leading up to TANF, roughly 75 percent of the welfare caseload lived in high-welfare neighborhoods, and this did not change much after 1997. Although it is somewhat arbitrary to call a neighborhood “high welfare” if more than 20 percent of its residents receive cash assistance, there is some evidence that such thresholds matter and that extremes either represent qualitatively different environments or foster social processes that produce negative outcomes.²³

²¹There is an extensive body of research on the various dimensions of concentration and segregation of specific racial and ethnic groups and the poor. For the 100 largest metropolitan areas in the country, research suggests that, on average, the poor became somewhat more segregated between 1970 and 1990; the segregation of blacks, and of nonwhites more generally, declined (Abramson, Tobin, and VanderGoot, 1995). It is unclear whether these historic trends continued to hold through 2000.

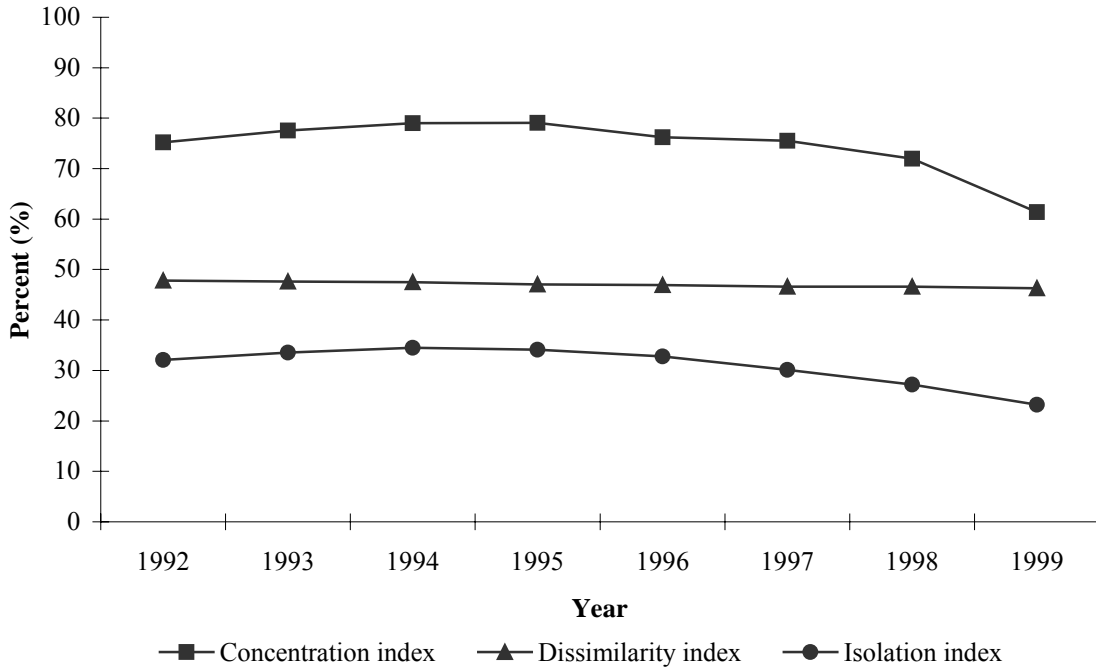
²²Although different thresholds are used to measure poverty and welfare concentration, it is possible to consider these as equivalent constructs that capture extremes in the underlying phenomena.

²³Galster, Quercia, and Cortes, 2000; Jargowsky, 1997.

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Figure 6.4

Annual Welfare Concentration and Isolation,
Philadelphia, 1992-1999



SOURCE: MDRC calculations from Philadelphia County administrative welfare records.

If such is the case with respect to welfare receipt, then deconcentration may be a positive sign for the few neighborhoods that passed below the threshold.

The dissimilarity index for Philadelphia's welfare recipients remains quite high and did not change substantially following welfare reform. The dissimilarity index differs from the concentration index because it does not depend on a threshold. If the remaining caseload, albeit smaller, remains similarly overrepresented in particular neighborhoods and underrepresented in others, the dissimilarity index will not change. Thus, the remaining welfare population continues to be highly segregated from the population as a whole — with all the disadvantages that that implies.

The isolation index decreased modestly over time. To some degree, this reflects the combination of a falling concentration of cash welfare recipients and steady, high segregation.

Since the absolute size of Philadelphia's caseload fell but recipients still lived disproportionately in certain neighborhoods, there was only a small decline in the isolation of the caseload. This trend suggests that welfare recipients are now more likely to live near people who are not receiving welfare, which might provide them with more opportunities to interact with neighbors who do not rely on cash assistance.

Each of the indices in Figure 6.4 reflects a different aspect of the distribution of welfare recipients across neighborhoods. Where welfare recipients are concentrated and how that changed after welfare reform can be seen in Figures 6.5 and 6.6. Out of the 325 residential census tracts in Philadelphia, 38 percent, or 123 tracts, were classified as high-welfare tracts because more than 20 percent of their residents received cash assistance in the pre-TANF years. Before reform, large sections of several parts of the county were high welfare (Figure 6.5). For example, census tracts in lower and upper North Philadelphia, West Philadelphia, and parts of South and Southwest Philadelphia accounted for huge concentrations of welfare recipients. In the post-TANF period, the number of concentrated welfare tracts declined, and 10 tracts were no longer high welfare by the end of 1999. As shown in Figure 6.6, however, a core set of census tracts continued to house the post-TANF welfare caseload, and most of the deconcentration that Philadelphia experienced happened on the periphery of stably high-welfare neighborhoods.

Further exploration of declining welfare caseloads reveals some important patterns. Figure 6.7 shows that the tracts in Philadelphia that remained high welfare throughout most of the 1990s are tracts that had a high base rate in the pre-TANF period (38 percent). Further, while the 113 census tracts in this category experienced some caseload decline, they had smaller declines than the city as a whole. Conversely, the 10 tracts that moved out of the high-welfare category started with lower rates of welfare receipt. There were a few exceptions to this general rule: Several areas with a higher base rate experienced an above-average decline, leading them to fall below the 20 percent threshold by 1999, and four tracts that were below the threshold crossed it. Further analysis is needed to fully understand why some tracts experienced growing concentration of welfare receipt at a time when the caseload in the county was declining. For example, it is unclear whether four tracts became high welfare because recipients moved to them from nearby neighborhoods or whether the trend reflects changes in the composition of the population or in patterns of welfare receipt.

Neighborhood Trends in Social and Economic Indicators

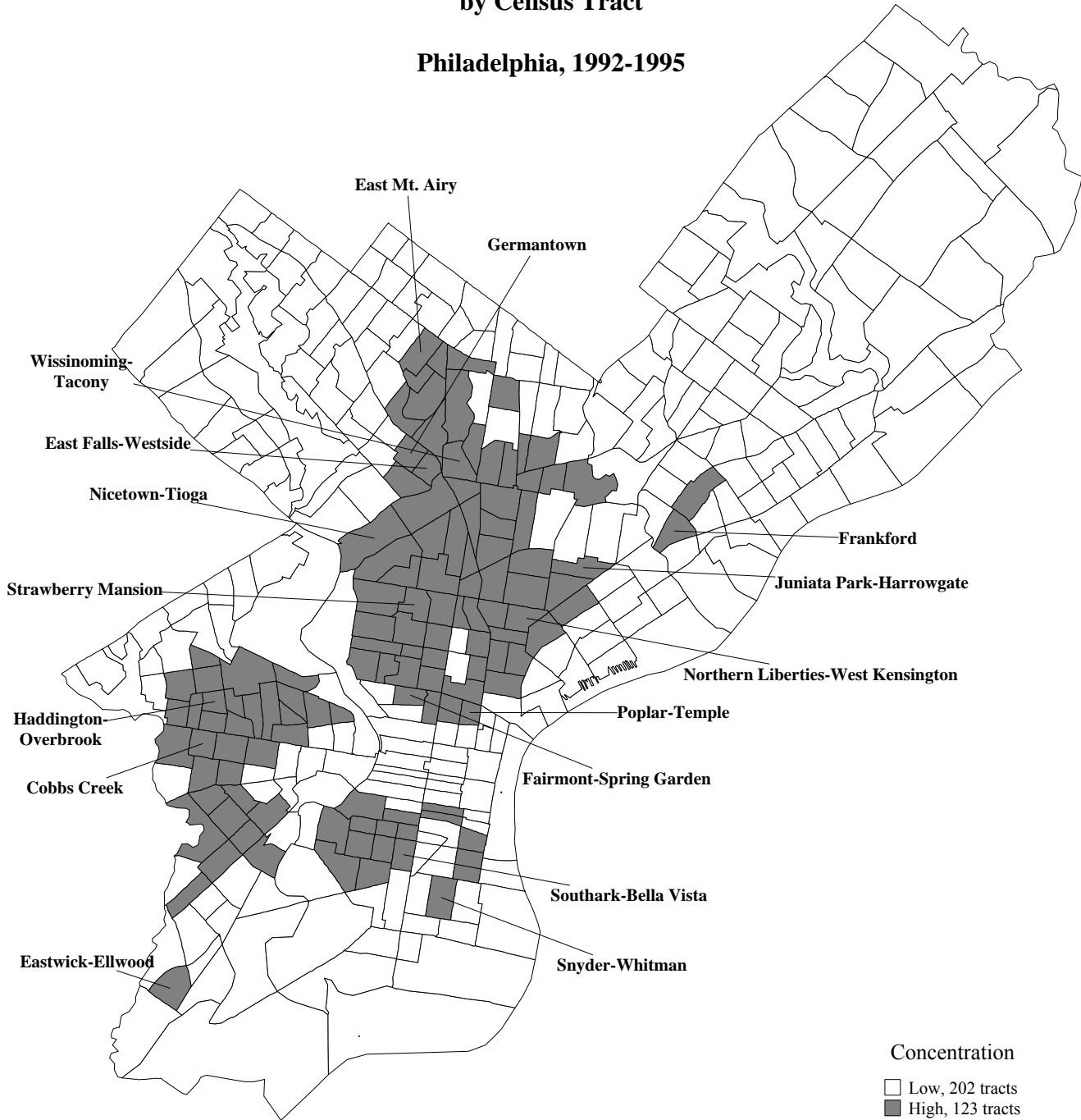
The unintended consequences and spillover effects of welfare reform are most likely to occur in neighborhoods in which welfare recipients are concentrated. New welfare programs

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Figure 6.5

Concentration of Welfare Recipients Before Welfare Reform,
by Census Tract

Philadelphia, 1992-1995



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

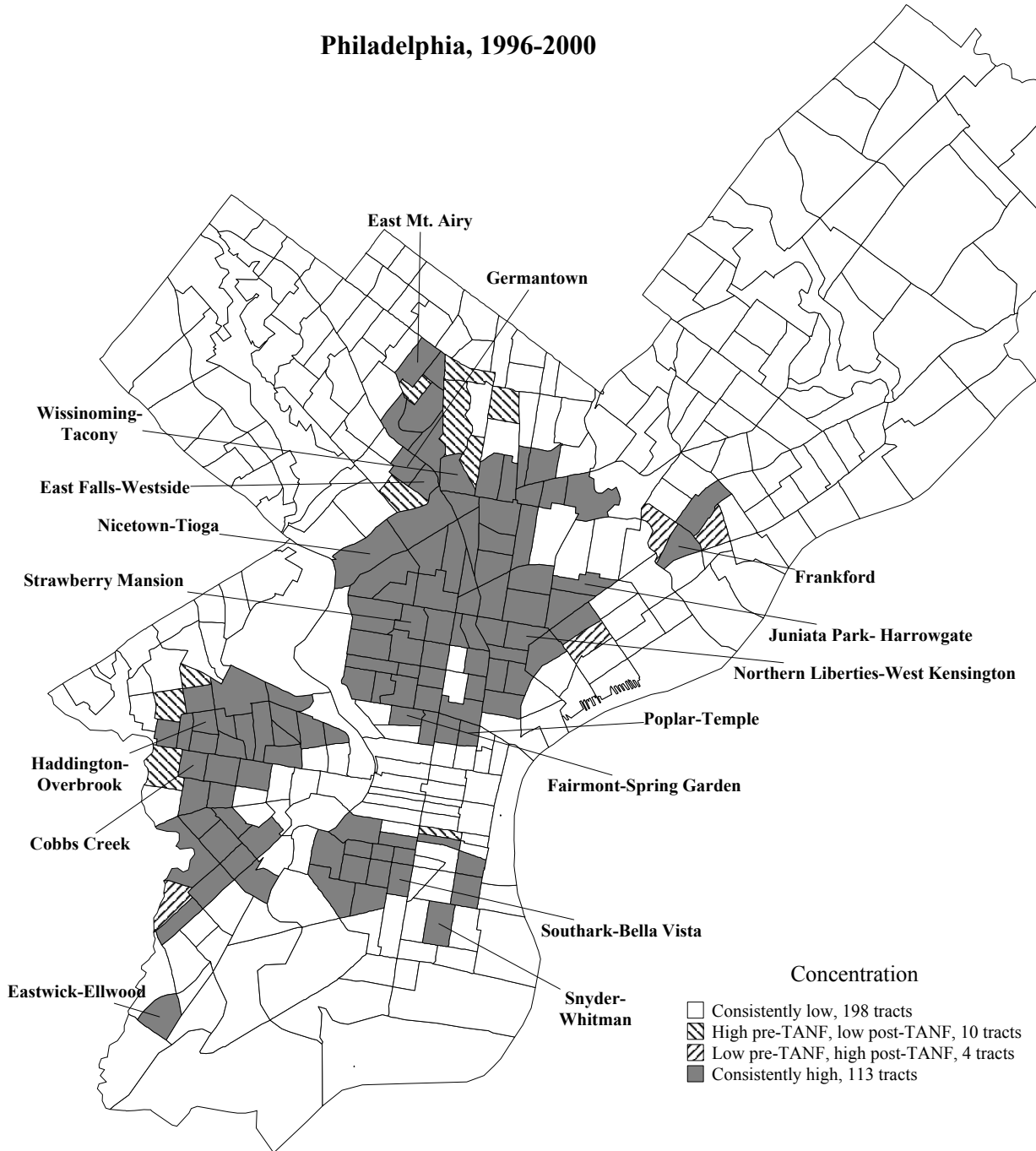
NOTE: High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

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Figure 6.6

Concentration of Welfare Recipients After Welfare Reform,
by Census Tract

Philadelphia, 1996-2000



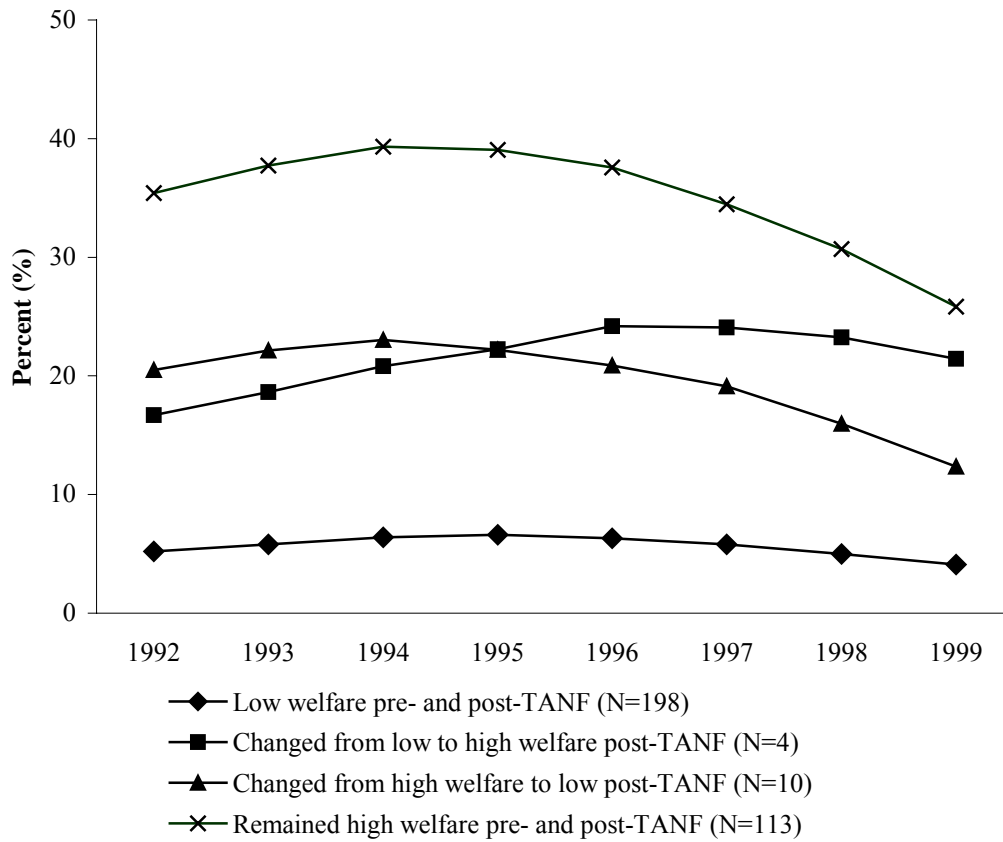
SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTE: High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

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Figure 6.7

Annual Average Welfare Receipt for Neighborhoods, by Stability of Welfare Concentration, Philadelphia, 1992-1999



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTE: High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

and policies would directly affect many families in those neighborhoods and would influence the options or behavior of other low-income families in the neighborhoods.²⁴

Several analyses are presented here to examine how neighborhood conditions in Philadelphia have changed and whether welfare reform appears linked to those changes. This section begins by comparing trends for pre-TANF high-welfare neighborhoods (those that exceeded an average welfare concentration of 20 percent for the period from 1992 to 1995) and for the balance of the county.²⁵ Annual indicators are compared for the years 1992 to 2000, to assess whether the trends differed over time by neighborhood classification.

Using the same data, trends for pre-TANF high-welfare neighborhoods are centered on 1996 — the year when TANF was created by federal law — to investigate whether undesirable neighborhood conditions have become more prevalent since then in high-welfare neighborhoods. The section ends with a look at the degree to which these indicators are related to one another and to the size of Philadelphia's welfare caseload.

Trends in High-Welfare Neighborhoods and the Balance of the County

Figures 6.8 to 6.16 show a number of indicators for the 123 pre-TANF high-welfare neighborhoods relative to the balance of Philadelphia.

Nonmarital birth ratio. Figure 6.8 shows the percentage of births to unmarried women.²⁶ Single mothers and their children are at much higher risk of birth-related health disorders and of sustained single parenthood and its associated poverty.²⁷ Nationally, unmarried women have accounted for about 33 percent of births throughout the 1990s.²⁸ In fact, the likelihood of an unmarried woman's giving birth actually declined between 1994 and 2000, but not as much as among married women.²⁹ In Philadelphia, there was a slight, statistically significant, 4 percent increase in the nonmarital birth ratio; a very slight but significant 1 percent increase in the high-welfare tracts; and a statistically significant 8 percent increase in the balance of the city.

²⁴This is an ecological analysis that takes as its unit the neighborhood population at a point in time. Because of population turnover, the individuals are not necessarily the same from year to year.

²⁵The balance of the county area includes census tracts located within Philadelphia that do not exceed the welfare concentration threshold of 20 percent.

²⁶Note that the preferred indicator of trends in births to unmarried women is the rate of birth to unmarried women, which unfortunately cannot be calculated annually at the local level, where the number of unmarried women is difficult to estimate correctly. It is well known that changes in the percentage of nonmarital births — reported here instead — are often driven by changes in the aggregate birthrate.

²⁷Ventura, 1995.

²⁸National Center for Health Statistics, 2000.

²⁹National Center for Health Statistics, 2000.

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Figure 6.8

Births to Unmarried Women as a Percentage of All Births,
by Pre-TANF (1992-1995) Welfare Concentration

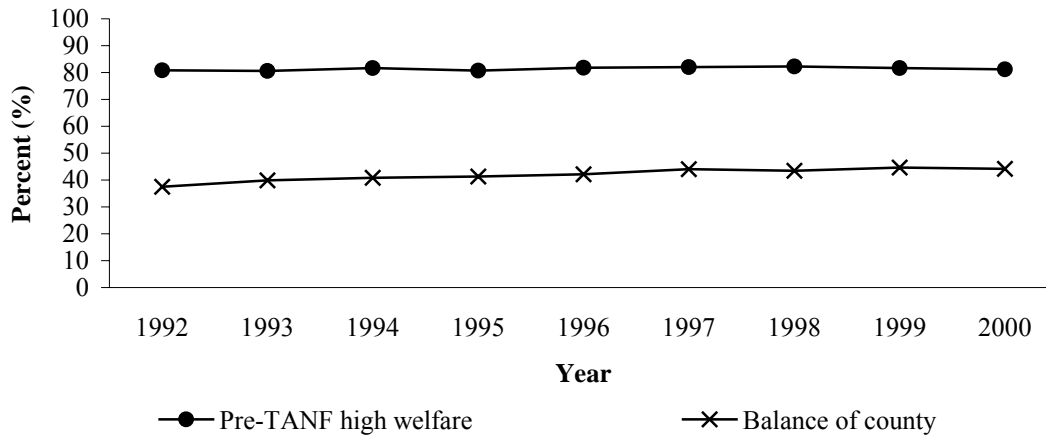
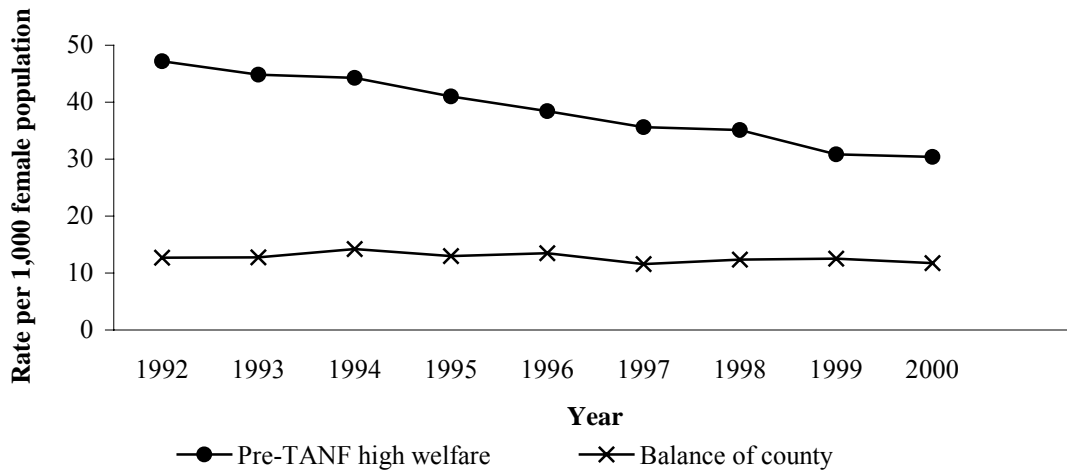


Figure 6.9

Births to Females Aged 10 to 17,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

Rate of births to teens ages 10 to 17. One of the most positive national trends related to the poverty of mothers and children has been the decline from 1991 to 2000 in the teen birthrate (Figure 6.9).³⁰ Children born to teen mothers are at increased risk of birth and health disorders in infancy, and with their mothers are at greater risk of poverty and unwanted pregnancy well into adulthood.³¹ In Philadelphia, there was a statistically significant 24 percent decline in the birthrate among teens ages 10 to 17; a statistically significant 29 percent decline in high-welfare neighborhoods; and a statistically significant 13 percent decline in the balance of the city. The steep decline in high-welfare neighborhoods considerably reduced the initial disparity between high- and low-welfare tracts.

Percentage of women receiving adequate prenatal care. One important indicator of health services to pregnant women and newborn children is the percentage of births with adequate care, a summary measure based on the month of the first prenatal medical visit and the number of subsequent visits (Figure 6.10). The National Center for Health Statistics set a national goal for 2000 of bringing the proportion of all women receiving adequate prenatal care to 90 percent. In 2000, in Philadelphia as a whole, 68 percent of births had adequate care; in high-welfare tracts, 58 percent did; and in the balance of the county, 70 percent of births received adequate care. In other words, Philadelphia fell short of the national goal. In terms of trends, the percentage of women receiving adequate prenatal care increased by 8 percent in high-welfare neighborhoods of Philadelphia, but it declined by 4 percent in the balance of the city and remained essentially unchanged for the city as a whole.

Substantiated reports of child maltreatment per 1,000 children. Child maltreatment has been characterized as a national epidemic (Figure 6.11). National reports of child maltreatment were substantiated for 860,577 children in 1990 and for 881,000 children in 2000 — a fairly stable rate of 13.4 to 12.2 per 1,000 children.³² Nationally, the percentage of substantiated cases characterized as physical and sexual abuse declined over the decade, while the percentage of substantiated cases characterized as neglect increased. In Philadelphia, there was a statistically significant 9 percent increase in child maltreatment, driven by a statistically significant 22 percent increase in low-welfare tracts.³³

³⁰The teen birthrate is most often reported nationally as the rate of births per 1,000 women ages 15 to 19. The Urban Change Neighborhood Indicators database does not include information on that age range. Nationally, the birthrate is three times higher among teens ages 18 to 19 than among those ages 15 to 17, and the rate is negligible among teens ages 10 to 14.

³¹Maynard, 1997; cited by the Child Trends online databank. Web site: www.childtrends.databank.org.

³²For current information on national trends in child maltreatment, see the Child Trends online databank. Web site: www.childtrends.databank.org.

³³Child maltreatment records were geocoded independently by the Department of Children and Family Services (DCFS) and were submitted for data processing to MDRC's local partner, Philadelphia Management Health Corporation (PHMC). Unfortunately, the low and somewhat variable geocoding rates of this indicator compromise the interpretation of the trend.

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Figure 6.10

Percentage of Births with Adequate Prenatal Care,
by Pre-TANF (1992-1995) Welfare Concentration

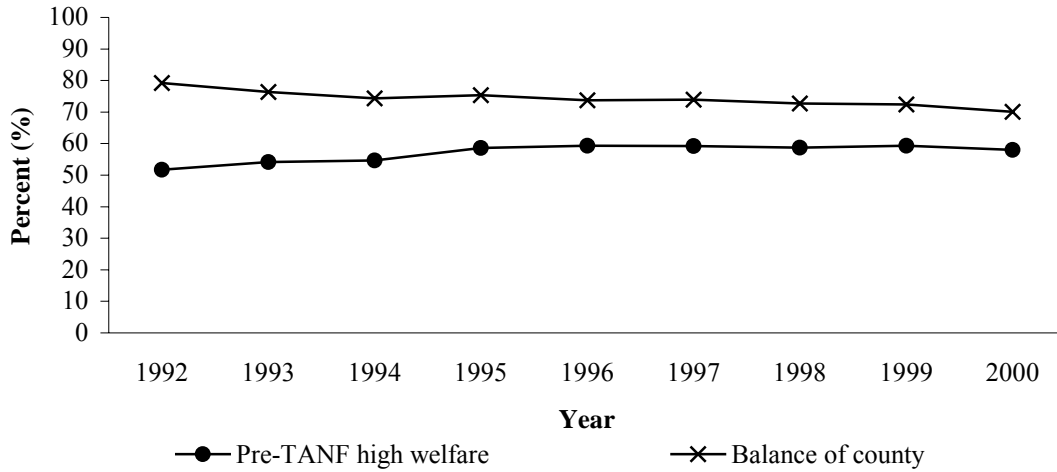
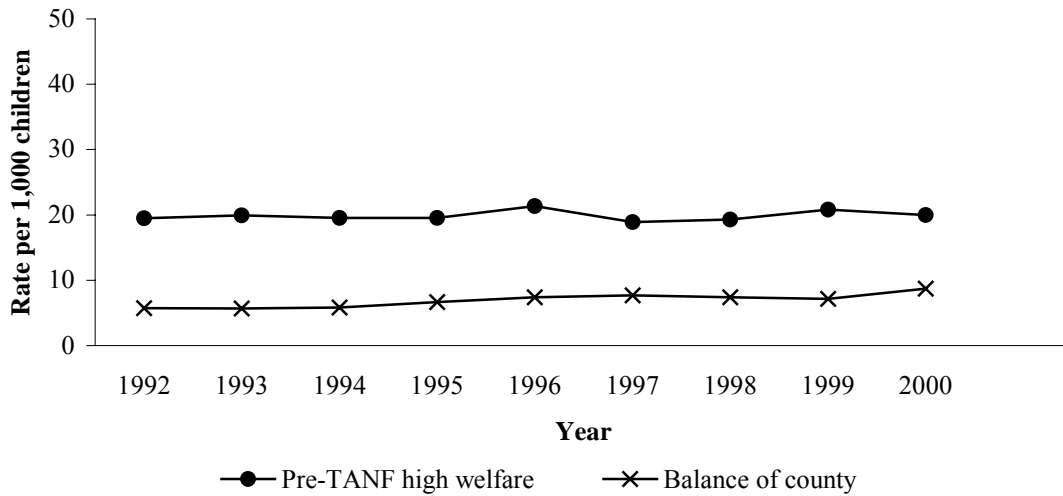


Figure 6.11

Child Maltreatment Rate,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

Crime

Figures 6.12 to 6.15 show several indicators of crime for high-welfare neighborhoods in Philadelphia and for the balance of the county. Because these indicators are based on police records, it is important to note that, in 1998, it was discovered that the police department had been systematically downgrading a number of offenses, including murder, robbery, and theft. Police reports were rewritten to remove mention of guns, knives, and other weapons — and even of suspects — in order to downgrade aggravated assaults to minor assaults.³⁴ Domestic assaults were characterized as “hospital transport.” The systematic downgrading of crime in the early 1990s and the audit in the later years of the decade would tend to misstate the actual incidence of crime in the earlier years and to overstate the changes that occurred after welfare reform.

Incidence of violent crime per 100,000. According to the National Crime Victimization Survey (NCVS) of the Bureau of Justice Statistics, violent crime declined from 51.2 incidents per 1,000 citizens in 1994 to a record low of 27.4 incidents per 1,000 citizens in 2000 (Figure 6.12).³⁵ According to available data from municipal police reports in Philadelphia, statistically significant declines in violent crime were evident countywide (a 21 percent decline), in high-welfare neighborhoods (a 21 percent decline), and in the balance of Philadelphia (a 22 percent decline). Nevertheless, throughout the 1990s, the rates of violent crime in high-poverty tracts remained nearly three times as high as in the balance of the county.

Incidence of property crime per 100,000. According to the NCVS, the national rate of property crime has been declining since 1975 to a record low of 178 victims per 1,000 citizens in 2000 (Figure 6.13).³⁶ Rates of property crime are more than three times higher in Philadelphia than in the nation. In fact, until 2000, the Philadelphia police department did not include arson in the property crime index, suggesting that Philadelphia’s combined rates of burglary, theft, and auto theft alone are more than three times higher than the nation’s combined rates of these crimes and arson as well. Ironically, there was more property crime in Philadelphia’s low-welfare neighborhoods, possibly because that is where the most valuable property is. Municipal reports show a statistically significant decrease in property crime rates overall (a 21 percent decline), in high-welfare neighborhoods (a 13 percent decline), and in the balance of Philadelphia (a 24 percent decline). By the end of the 1990s, the incidence of property crime was comparable in high- and low-welfare neighborhoods.

Incidence of drug arrests per 100,000. Philadelphia crime reports show a statistically significant decline in the rate of drug-related arrests overall (a 33 percent decline), in high-

³⁴Fazlollah, Matza, and McCoy, 1998.

³⁵U.S. Department of Justice, Bureau of Justice Statistics, 2001.

³⁶U.S. Department of Justice, Bureau of Justice Statistics, 2001.

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Figure 6.12

Incidence of Violent Crime per 100,000 Population,
by Pre-TANF (1992-1995) Welfare Concentration

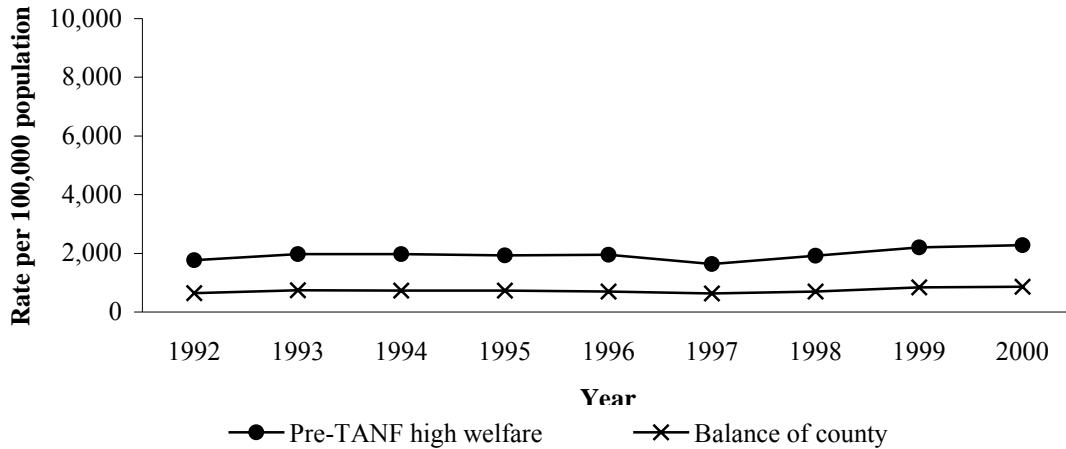
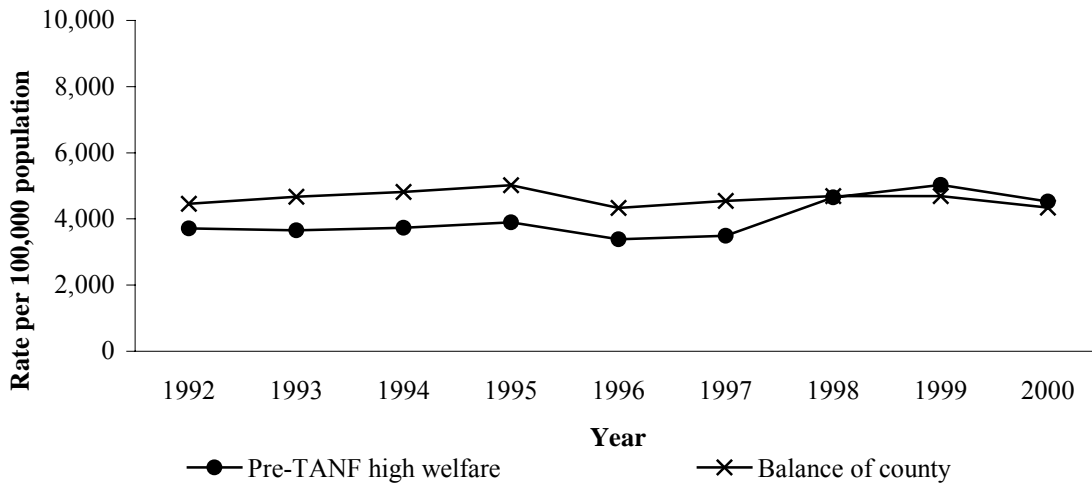


Figure 6.13

Incidence of Property Crime per 100,000 Population,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

welfare neighborhoods (a 33 percent decline), and in the balance of Philadelphia (a 34 percent decline) (Figure 6.14).

Incidence of homicide per 100,000. Consistent with national trends, there was a statistically significant decline in the incidence of homicide in Philadelphia overall (a 15 percent decline), in high-welfare neighborhoods (a 15 percent decline), and in the balance of Philadelphia (a 13 percent decline) (Figure 6.15). Throughout the 1990s, homicide rates in high-welfare neighborhoods were three times higher than in the city as a whole and four times higher than in the low-welfare neighborhoods.

Median value of single-family homes. Figure 6.16 displays trends in the assessed value of single-family homes, as reported in Philadelphia's tax assessment files. As mentioned in the introduction to this chapter, Philadelphia has the mixed blessing of affordable but older and, in many cases, substandard housing. Median property values did inch upward throughout the 1990s at a slight but statistically significant rate of 3 percent overall, of 2 percent in high-welfare neighborhoods, and of 3 percent in the balance of Philadelphia.

Trends Relative to 1996

Three conclusions emerge from this analysis of trends in the neighborhoods where most of Philadelphia's welfare recipients live. First, welfare recipients disproportionately reside in neighborhoods with alarming levels of distress in terms of social indicators, where they face disproportionate rates of social disadvantage and disproportionate risk of victimization. Second, throughout the 1990s, gross disparities persisted between high- and low-welfare neighborhoods. Third, most indicators improved in both kinds of neighborhoods. Table 6.3 summarizes the statistically significant trends. Precipitous declines in violent crime and in the teen birthrate bode particularly well for welfare families and their children. Rising rates of child maltreatment and nonmarital birth ratios in Philadelphia's low-welfare neighborhoods raise concerns about the compositional effects of population change and caseload dynamics.

Beyond these three conclusions is the central question that motivates this analysis: Were there apparent deviations from these trends following the implementation of federal welfare reform? To address this question, Figures 6.17 and 6.18 present the trends relative to the implementation of reform; each year in the time series is expressed as a percentage change in the rate from the base year of 1996. As shown in Figure 6.17, some indicators exhibit a clear and consistent trend throughout the 1990s: In particular, teen birthrates declined throughout the decade, and child maltreatment increased. Other indicators are fairly stable: In particular, there was little deviation over the decade in the nonmarital birth ratio and the median value of single-family homes. Only the crime indicators show discernable, if erratic, post-1996 deviations from pre-1996 trends. Of these indicators, homicide is the most reliable, and it declined after 1996.

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Figure 6.14

Incidence of Drug Arrests per 100,000 Population,
by Pre-TANF (1992-1995) Welfare Concentration

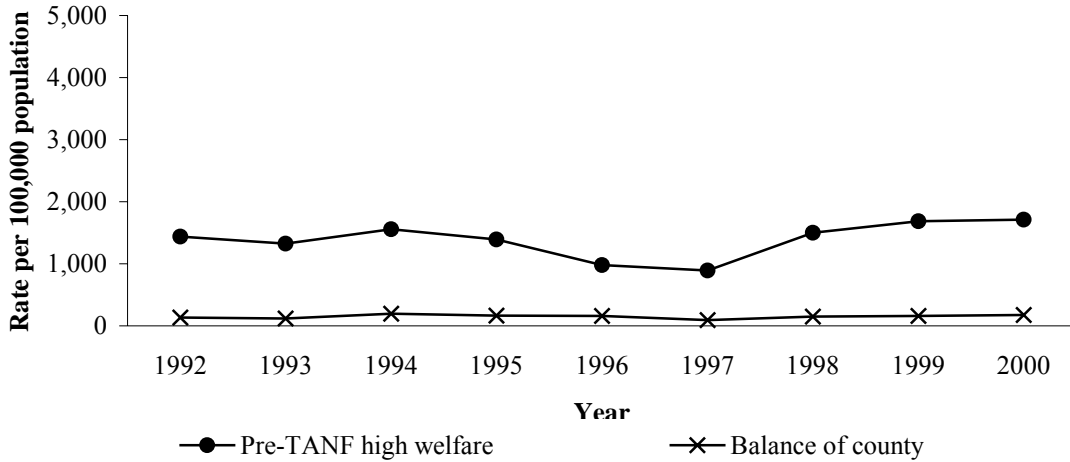
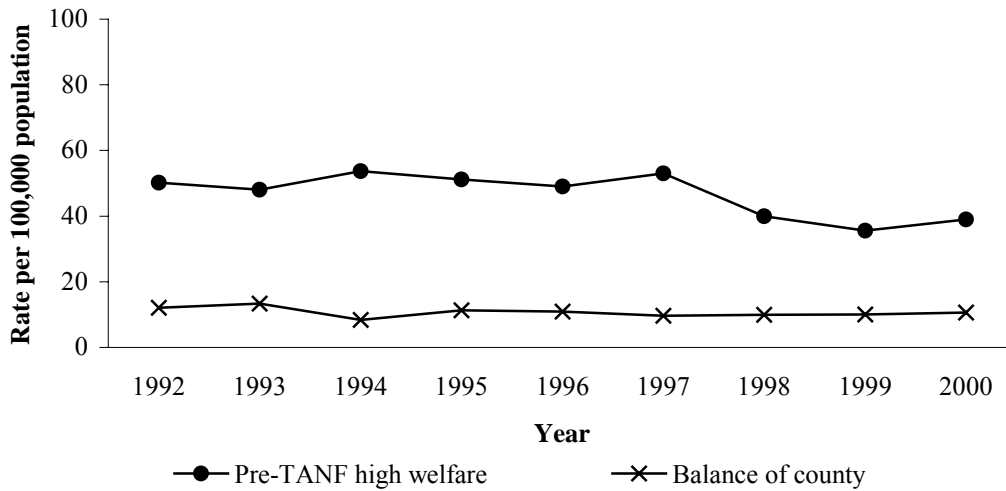


Figure 6.15

Incidence of Homicide per 100,000 Population,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

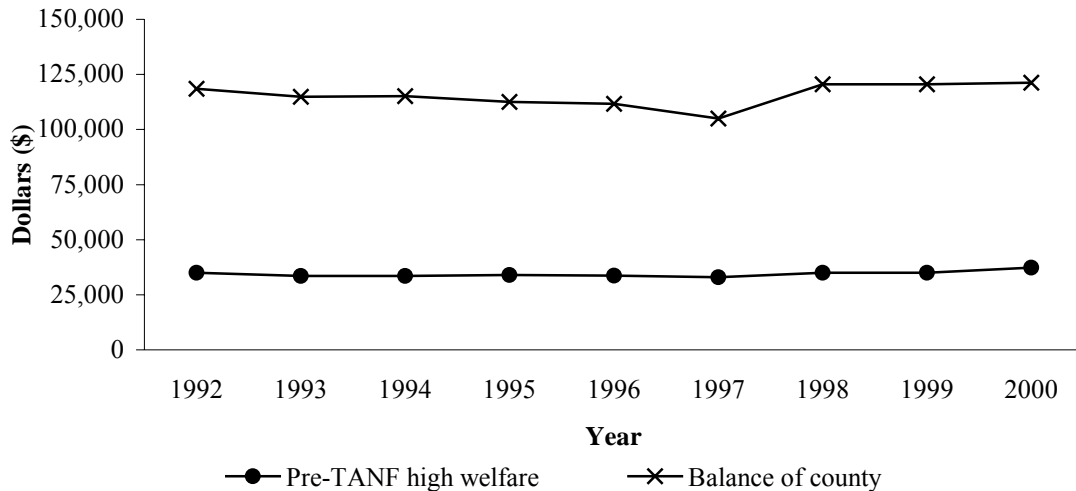
NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

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Figure 6.16

Median Value of Single-Family Homes, by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

The other three crime indicators — violent crime, property crime, and drug arrests — were susceptible to problems of underreporting prior to 1996, and they show an increase. The most plausible explanation is that crime declined in Philadelphia, as in the nation, and that the apparent increase in the incidence of violent and property crime and drug arrests is an artifact of the systematic restructuring of Philadelphia's municipal crime records in the mid-1990s.

Neighborhood Disparity and Welfare Concentration

The foregoing indicators were generally far worse in Philadelphia's high-welfare neighborhoods than in the balance of the city. This section explores whether neighborhoods that were extreme on one indicator were extreme on other indicators as well. The analysis combines several indicators into an index of social disparity and discusses its pattern of change across space and time. Tracts are considered distressed if they have rates greater than twice the county medians for teen birth, homicide, and child maltreatment; nonmarital both ratios greater than one and one half times the county median; and median housing values less than half the county median. For example, a tract would be characterized as distressed if it had rates of teen birth,

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Table 6.3

Summary of Trends in Neighborhood Conditions

Indicator	Trend from 1992 to 2001	Significance of Change
<u>Birth trends</u>		
Teen births	Declines countywide and particularly in high-welfare neighborhoods	Significant
Nonmarital birth ratio	Slight increases countywide	Significant
Adequacy of prenatal care	Slight increases in high-welfare neighborhoods; slight declines in the balance of the county	Significant
<u>Child well-being</u>		
Child abuse and neglect	No change in high-welfare neighborhoods; increases in the balance of the county	Significant
<u>Crime</u>		
Violent crime	Declines countywide and particularly in high-welfare neighborhoods	Significant
Property crime	Declines countywide and particularly in high-welfare neighborhoods	Significant
Drug arrests	Declines countywide and particularly in high-welfare neighborhoods	Significant
<u>Economic factors</u>		
Median housing value	Slight increases countywide	Significant

child maltreatment, and homicide that exceeded twice the metropolitan median and if it had single-family property values that were less than half the metropolitan median. Social scientists have used similar relative measures for some time to identify neighborhoods of concentrated social distress relative to the prevailing norms of the metropolitan context.³⁷

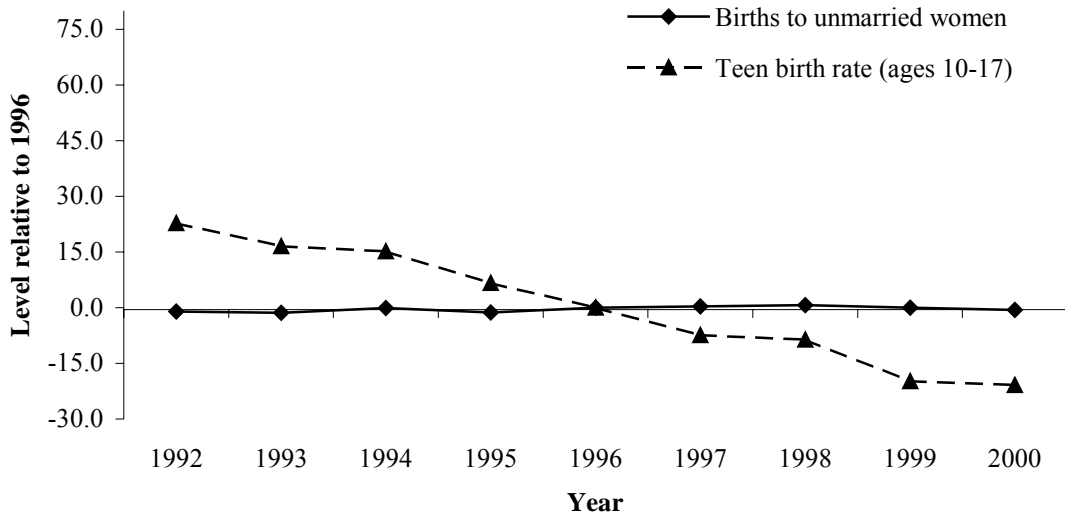
³⁷Pendall (2000) argues that using twice the region's median is a reasonable method to identify tracts with conditions that are clearly worse off than others. Similarly, to identify distressed neighborhoods, Hughes (1998) employs twice the median in rates of female-headed families, male labor force nonparticipation, welfare receipt, and high school dropouts. Jargowsky (1997), on the other hand, makes the point that because the median is a locational rather than a distributional measure — that is, it is not sensitive to the extremes — and because of the inherent ceilings of certain percentages and rates, it is preferable to employ thresholds that have an established face validity rather than thresholds that are based on twice the median.

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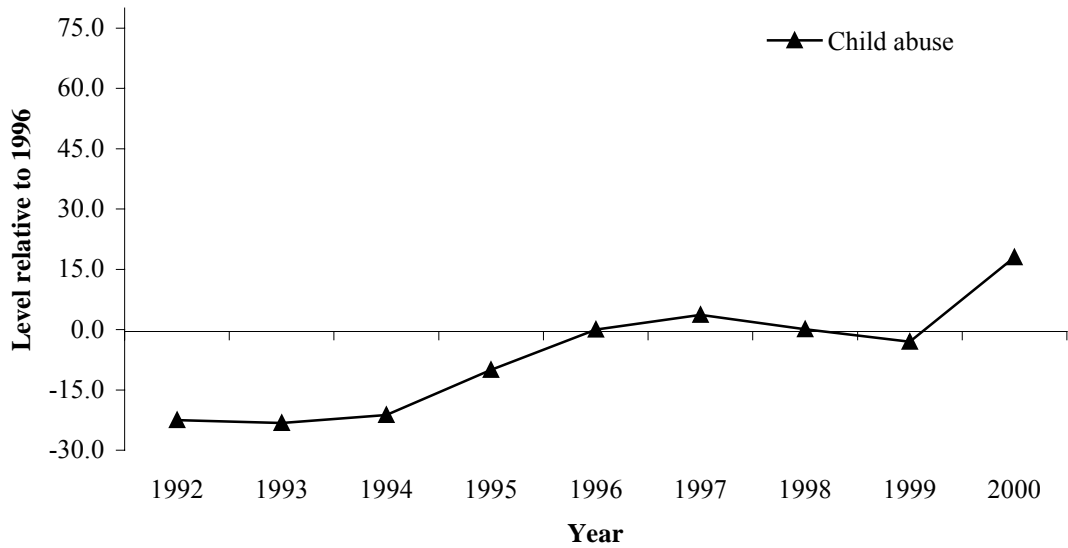
Figure 6.17

Percentage Change in Selected Trends, 1992-2000,
in Pre-TANF (1992-1995) High-Welfare Neighborhoods

Birth Trends

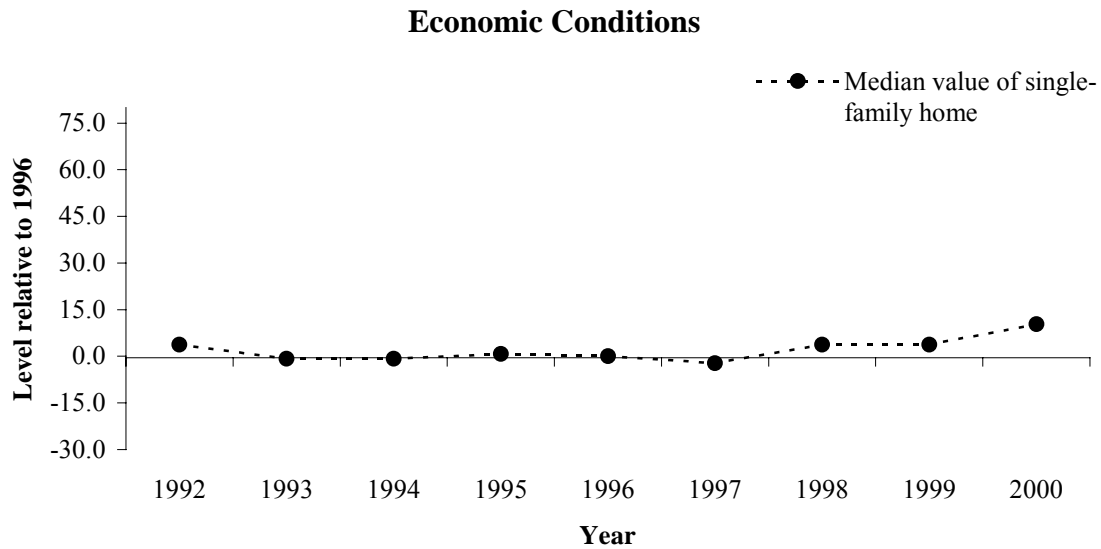
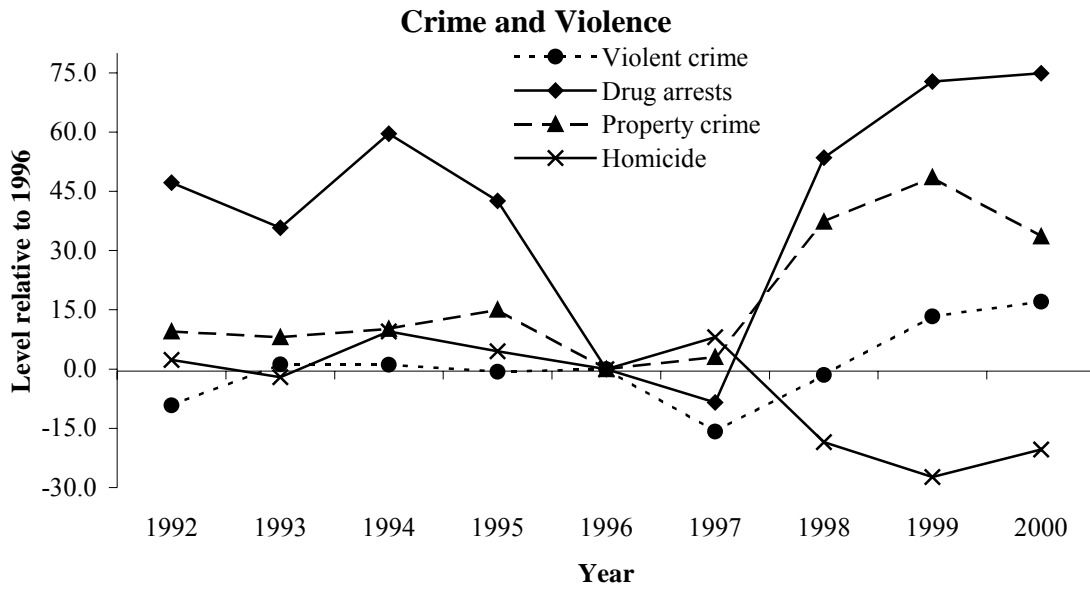


Child Maltreatment



(continued)

Figure 6.17 (continued)



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

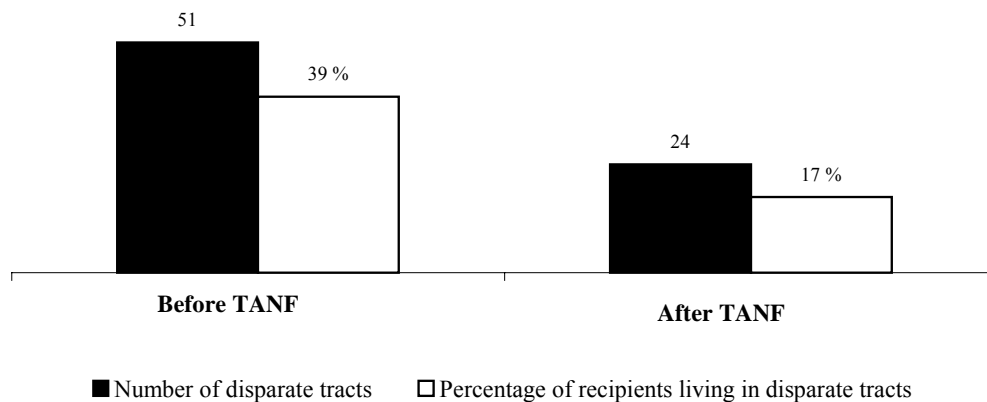
The remaining 202 residential census tracts are defined as the "balance of the county."

Figure 6.18 shows the number of Philadelphia tracts characterized as distressed in the pre-TANF (1992-1995) and post-TANF (1996-1999) periods as well as the percentage of welfare recipients residing in distressed tracts in both periods. The number of distressed tracts declined from 51 in the pre-TANF period to 24 in the post-TANF period. Conditions improved in 30 of the 51 initially distressed tracts but remained high in 21. The percentage of welfare recipients living in distressed tracts decreased from 39 percent in the pre-TANF period to 17 percent in the post-TANF period, suggesting that conditions were improving over time in the neighborhoods where welfare recipients lived. Three tracts, however, became distressed in the post-TANF period. Importantly, each of these three tracts had substantial concentrations of public housing.

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Figure 6.18

Neighborhood Disparity and Welfare Concentration in Philadelphia Before and After TANF



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: Five indicators are used to create the disparity index. Tracts are considered disparate if they have rates greater than twice the county medians for teen birth, homicide, and child maltreatment; nonmarital birth ratios greater than one and one half times the county median; and median housing values less than half the county median.

There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

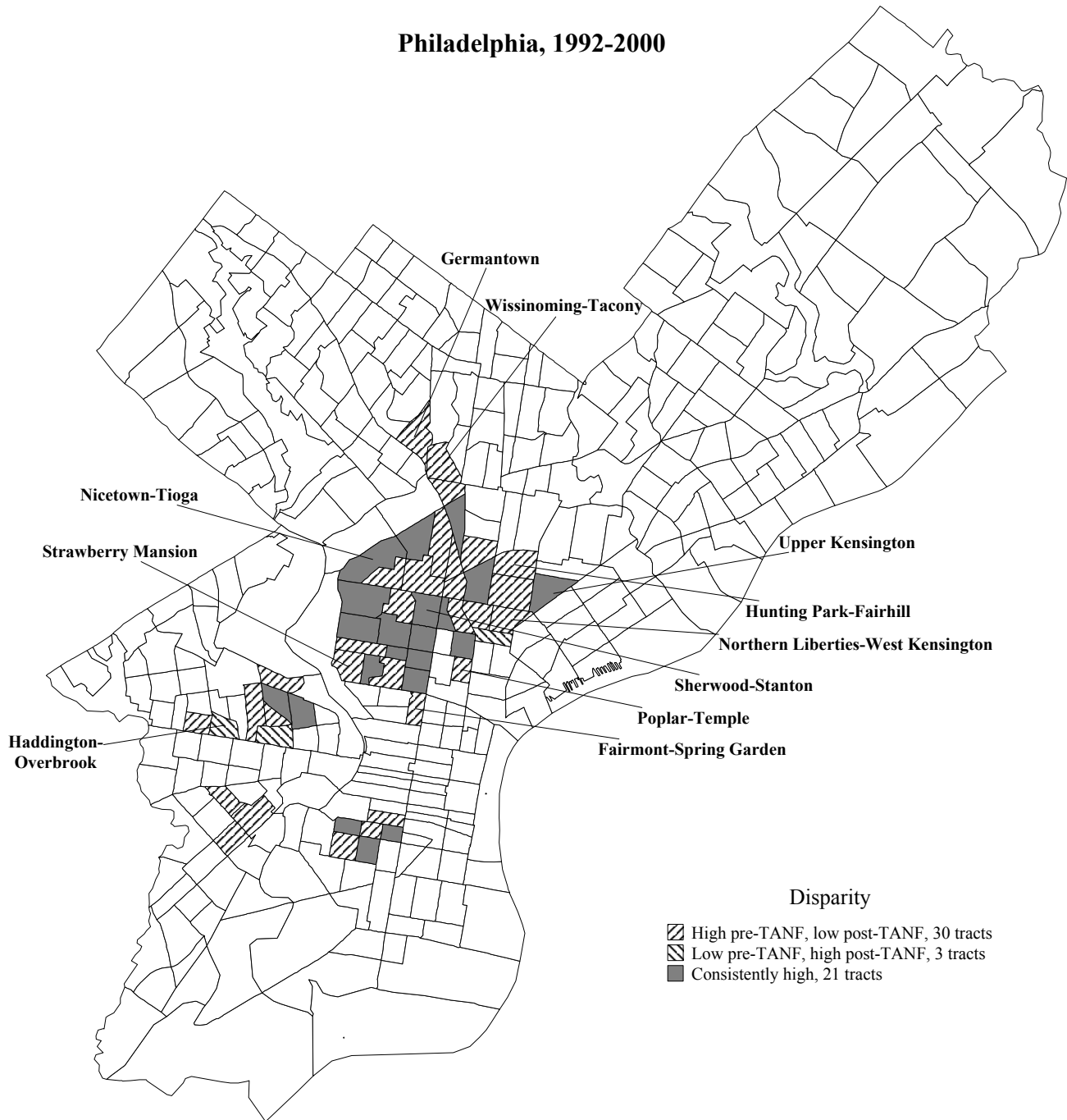
The remaining 202 residential census tracts are defined as the "balance of the county."

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Figure 6.19

Neighborhood Disparity, by Census Tract

Philadelphia, 1992-2000



SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

NOTE: Five indicators are used to create the disparity index. Tracts are considered disparate if they have rates greater than twice the county median for teen birth, homicide, and child maltreatment; nonmarital birth ratios greater than one and one half times the county median; and median housing values less than half the county median.

Welfare-to-Work Transitions and Neighborhoods

As discussed in Chapter 2, Pennsylvania introduced a number of welfare reforms designed to encourage recipients to leave welfare for work, including a more generous earned income disregard, a work-first message, a two-year work-trigger time limit, and increased support services. As noted in Chapter 1, throughout the 1990s, Philadelphia's unemployment rate was nearly twice as high as that of the consolidated metropolitan statistical area (CMSA), suggesting a skills and spatial mismatch between the residents of Philadelphia and job opportunities in the suburbs. This chapter has shown that, throughout the decade, between 61 percent and 75 percent of welfare recipients in Philadelphia lived in neighborhoods that had high concentrations of welfare receipt and social distress. Concentrations of joblessness and welfare receipt within metropolitan regions of employment growth have puzzled social scientists and policy analysts for decades. Some look to transportation barriers between the neighborhoods that have high rates of joblessness and the suburbs that have entry-level employment opportunities. Others suggest an increasing mismatch of skills between the rising educational requirements of postindustrial jobs and the declining performance of urban schools. Still others suggest that social networks, shared information, and experiences mediate between the job opportunities themselves and individuals' knowledge of and responses to them. This study cannot resolve those important debates, but — given its access to universal, geocoded benefit and employment records — it can describe and compare the welfare and work behaviors of the three-quarters of recipients living in high-welfare tracts with the one-quarter who live in the balance of the county. Specifically, the study compares four outcomes for welfare recipients living in Philadelphia's high-welfare neighborhoods and outcomes for residents in the balance of the city.

First, the study compares work participation rates, defined as the average annual percentage of welfare recipients who were employed in a given quarter.³⁸ Pennsylvania's earned income disregard and work participation requirements were explicitly implemented to encourage welfare recipients toward self-sufficiency by encouraging them to combine work and welfare. Figure 6.20 compares the work participation (employment) rates for high-welfare neighborhoods and the balance of Philadelphia. It shows that recipients living in high-welfare neighborhoods were just as likely to combine work and welfare as those living in the balance of the county. In fact, the differences in their work participation rates never exceeded 2 percentage points. Throughout the 1990s, the proportion of employed recipients in either group of neighborhoods increased from less than 20 percent to around 36 percent.

³⁸Importantly, employment in this analysis is based on unemployment insurance (UI) wage records and does not include unreported employment or participation in education, training, or other welfare-to-work activities encouraged by the Pennsylvania Department of Public Welfare.

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Figure 6.20

Annual Employment Rate for Recipients,
by Pre-TANF (1992-1995) Welfare Concentration

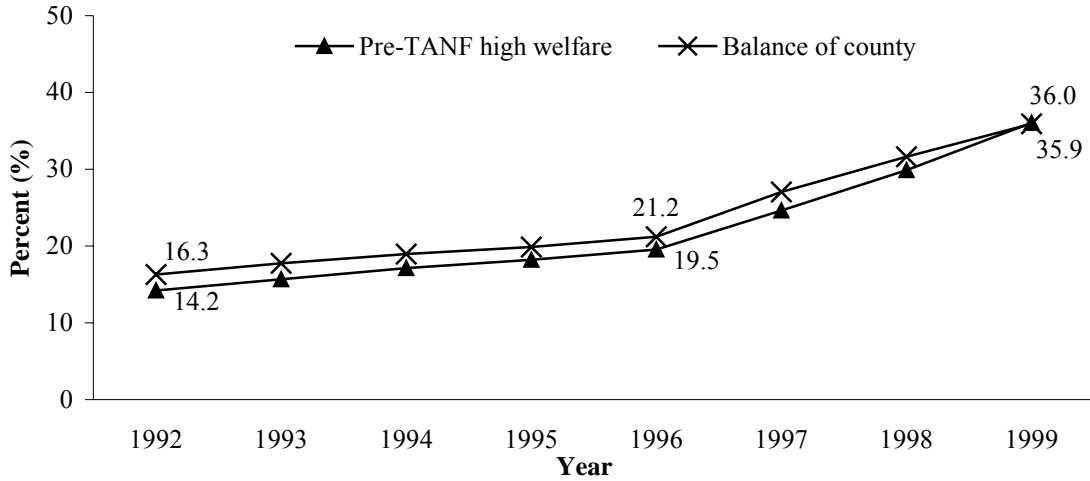
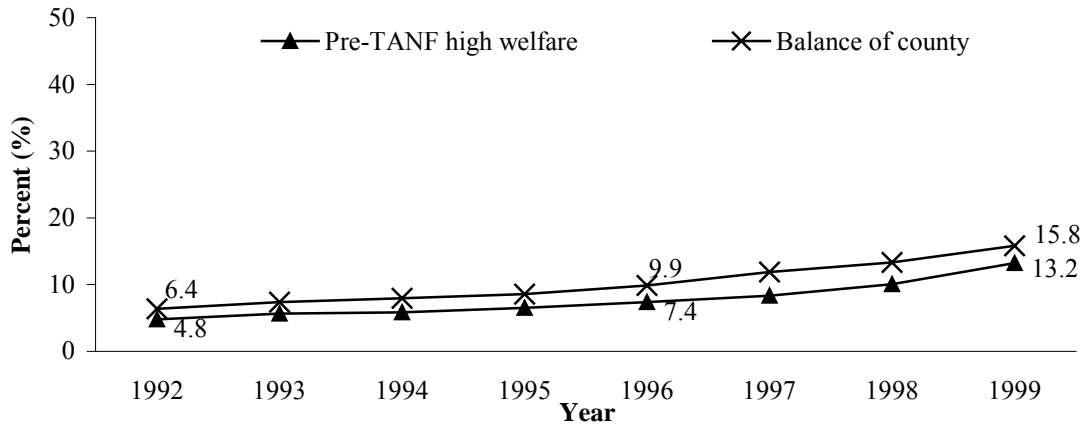


Figure 6.21

Annual Exit Rate,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

The second comparison explores whether welfare recipients living in high-welfare neighborhoods were less likely to leave welfare. Figure 6.21 compares annual exit rates for high-welfare neighborhoods and for the balance of Philadelphia. Annual exit rates are defined here as the average annual percentage of welfare recipients who received welfare for at least one month and did not receive welfare in the two subsequent months. Rates for the two groups were within 2 percentage points of each other, beginning at 5 percent in 1992 and increasing to 13 percent by 1999 for those in high-welfare neighborhoods.

The third comparison explores whether welfare recipients in high-welfare neighborhoods were less likely to leave welfare for work. Defining a welfare-to-work rate as the average annual percentage of recipients who left welfare for two months or more and who worked within two quarters of leaving welfare, Figure 6.22 shows that the welfare-to-work rate did not vary by neighborhood welfare concentration. For both groups of neighborhoods, the rate began close to 2 percent in 1992 and increased to around 10 percent by 1999.

The fourth comparison explores whether welfare leavers from high-welfare neighborhoods were less likely to work within two quarters (six months) of exit. Figure 6.23 shows this outcome over time. As before, welfare leavers in high-welfare and other neighborhoods were equally likely to go to work. In both groups of neighborhoods, nearly half of those who left welfare in 1992 and about 63 percent of those who left welfare in 1999 worked within two quarters of leaving welfare.

The striking disparity in social indicators between the two groups of neighborhoods might have led one to expect that welfare recipients living in high-welfare neighborhoods would be less likely to go to work than those living in other neighborhoods. This section suggests that this was not the case.

Summary and Conclusions

Large urban areas are at the center of the welfare reform debate, and the Philadelphia neighborhood indicators study provides a spatial lens on how the places in which welfare recipients lived changed as welfare reform took shape in the county. Aggregate analysis of the social and economic trends in the high-welfare neighborhoods of Philadelphia suggests that the most dismal predictions about the effects of welfare reform on low-income families and neighborhoods did not materialize during the study period. No sudden or devastating departure in trends was detected following the onset of TANF. The gradual changes in the trends from 1992 to 2000 are mainly consistent with the overall economic improvement during the study period, with secular trends that have occurred nationwide, and with specific changes in local law enforcement and monitoring practices.

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Figure 6.22

Annual Welfare-to-Work Rate,
by Pre-TANF (1992-1995) Welfare Concentration

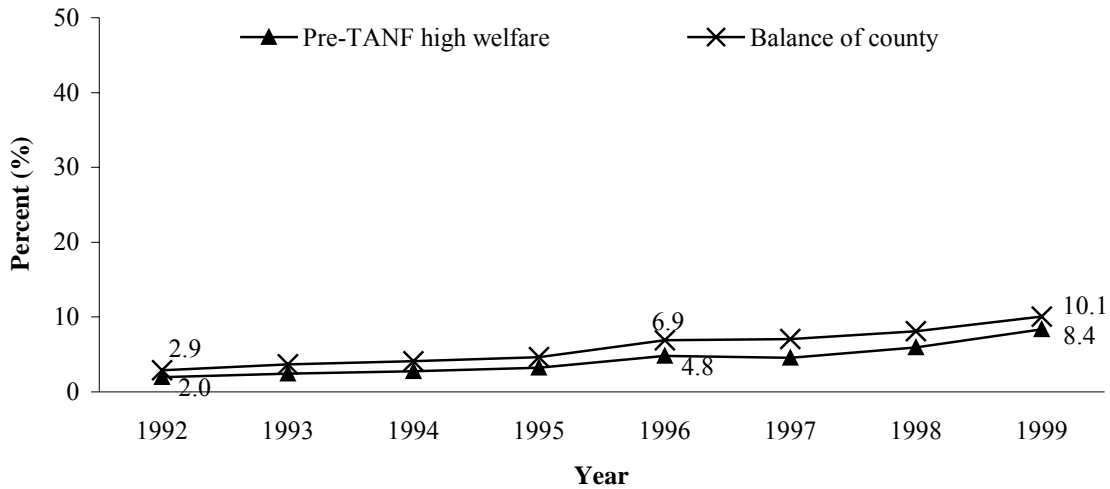
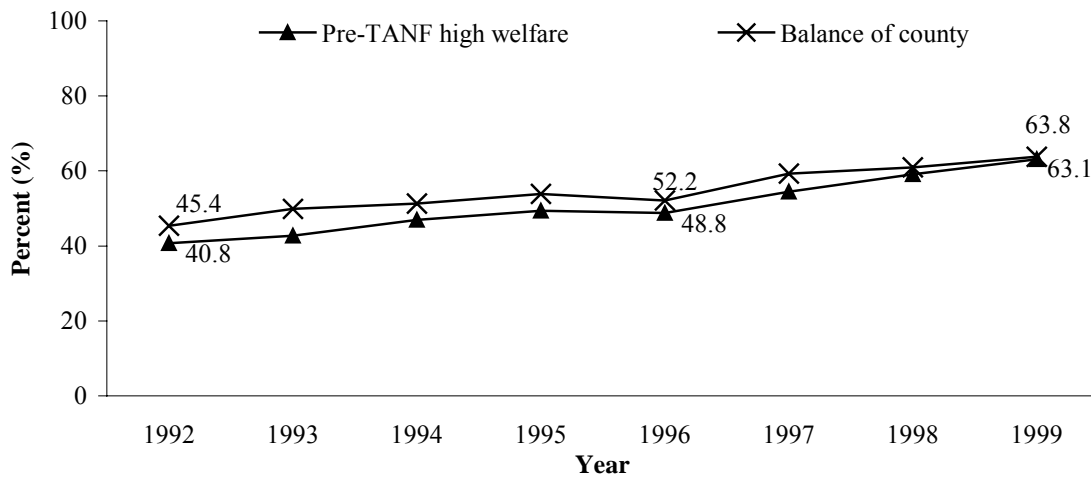


Figure 6.23

Percentage of Welfare Leavers Employed Within Two Quarters of Exit,
by Pre-TANF (1992-1995) Welfare Concentration



SOURCE: MDRC calculations using data from the Urban Change Neighborhood Indicators Database.

NOTES: There are 123 neighborhoods that are defined as high welfare pre-TANF (1992-1995). High-welfare neighborhoods are those with welfare receipt rates of at least 20 percent.

The remaining 202 residential census tracts are defined as the "balance of the county."

The trends alone should not be grounds for contentment where neighborhoods are concerned. Important spatial disparities remain in Philadelphia's neighborhoods. Prior to welfare reform, the county's welfare population was highly concentrated in neighborhoods with high levels of welfare receipt and poverty: Roughly 75 percent of the recipients lived in neighborhoods with dense welfare receipt. Over time, however — despite the declines in the cash assistance caseload countywide — the residential patterns of welfare recipients remained relatively unchanged. These patterns could limit the opportunities of current and former welfare recipients to fully participate in the regional economy and the community at large.

The families remaining on cash welfare are overrepresented in the neighborhoods of Philadelphia that exhibit the highest level of disparity with the rest of the county. The caseload in this respect may be becoming harder to serve, partly because of neighborhood environments. The neighborhood circumstances of these families may complicate their efforts to participate in employment programs, to find work, and eventually to remain off welfare.

All the indicators tracked in this study have a well-established correlation with poverty, and poverty appears to have increased in Philadelphia, particularly in neighborhoods with moderate to extreme poverty in 1990. Inasmuch as the period studied was a time of economic growth and expansion of employment-related services under TANF, it perhaps represents the best-case scenario with respect to the well-being of the city's neighborhoods and their residents. The recent rises in unemployment, the effects of impending time limits, and the potential cuts in TANF allocations to the county suggest the need to continue monitoring neighborhood conditions. The county population that remains on welfare continues to be clustered geographically and to be exposed to conditions that have implications for the well-being of children and families. Such neighborhood disparities can be overcome only as part of an urban policy agenda that is directed toward overcoming place-based disparities.

Finally, looking ahead, much of the debate surrounding the reauthorization of TANF's welfare reforms is likely to focus on state, local, and federal strategies for promoting and sustaining work among welfare recipients. The Philadelphia neighborhood indicators study illustrates the conditions and environments of "places" that are home to a significant portion of the county's current caseload. Policymakers debating TANF reauthorization should promote solutions that take into consideration the geography of welfare concentration and the spatial realities of welfare and work opportunities. The stark concentration of Philadelphia's welfare recipients in high-poverty neighborhoods calls for policies that enhance housing and employment opportunities.

Appendix A

Supplemental Tables to Chapter 3

The Project on Devolution and Urban Change

Appendix Table A.1

**Descriptive Statistics of New Recipients of Monthly Cash Assistance
in Quarter Four, by Year of First Receipt**

Demographic Characteristic	1993	1994	1995	1996	1997	1998
Proportion female	0.80 (0.40)	0.80 (0.40)	0.83 (0.37)	0.81 (0.39)	0.86 (0.35)	0.84 (0.36)
Proportion black	0.57 (0.49)	0.53 (0.50)	0.57 (0.50)	0.55 (0.50)	0.57 (0.50)	0.55 (0.50)
Proportion Hispanic	0.14 (0.35)	0.17 (0.38)	0.16 (0.37)	0.16 (0.37)	0.18 (0.38)	0.18 (0.39)
Proportion other	0.05 (0.23)	0.07 (0.25)	0.06 (0.23)	0.06 (0.24)	0.05 (0.21)	0.07 (0.25)
Proportion white	0.23 (0.42)	0.23 (0.42)	0.21 (0.41)	0.23 (0.42)	0.21 (0.41)	0.20 (0.40)
Age at first AFDC/TANF spell	31.66 (10.71)	31.66 (10.96)	31.31 (10.38)	30.74 (10.39)	30.34 (10.73)	30.71 (11.02)
Proportion having a second spell of welfare receipt	0.34 (0.47)	0.31 (0.46)	0.28 (0.45)	0.27 (0.45)	0.25 (0.43)	0.17 (0.37)
Earnings 4 quarters before first AFDC/TANF (\$)	923 1,709	967 1,781	939 1,769	843 1,679	673 1,320	996 1,827
Number of quarters employed 4 quarters before first AFDC/TANF spell	1.28 (1.61)	1.30 (1.63)	1.32 (1.61)	1.22 (1.55)	1.01 (1.25)	1.40 (1.62)
Sample size	3,961	2,951	2,239	1,811	1,543	1,531

SOURCE: MDRC calculations using Pennsylvania welfare administrative records and unemployment insurance records.

NOTES: The demographic characteristics are estimated using the individual recipients on the cases represented in the chapter. As a result, the sample sizes reported above for individuals in each group will not correspond to the sample sizes for cases reported in Appendix Table A.2. Average earnings and employment are for all new quarterly individual entrants to AFDC/TANF who are 18 years and over. Quarterly entrants are used in the employment and earnings analysis because earnings data are reported quarterly.

Standard deviations are listed in parentheses.

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Appendix Table A.2

**Sample Sizes for New Entrant Groups, by Year of
First Cash Assistance Receipt**

Year	Observation for Cases Starting AFDC/ TANF (1)	Observations for New Long-Term Cases (AFDC/TANF) (2)	Observations for Recidivist Cases Reopening Within 6 Months (3)	Observations for Individuals Starting Food Stamps who Open AFDC/TANF Cases Within 6 Months (4)
1993	12,701	---	1,864	72,248
1994	10,530	---	5,293	50,271
1995	7,598	7,407	6,287	36,967
1996	6,229	5,805	6,557	29,315
1997	4,946	4,030	6,778	22,141
1998	5,047	2,940	6,758	18,937
1999	2,936	2,168	612	9,838
2000	13	2,116	---	117
2001	11	987	---	---
Total	50,011	25,453	34,149	239,834

SOURCE: MDRC calculations using Pennsylvania administrative welfare records.

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

Long-term cases are cases that open for the first time and then go on to receive benefits 18 months out of a 24-month period. As a result of the 24 month base period, the first long-term case group occurs in 1995.

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

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Appendix Table A.3

**Estimates of the Proportion Leaving AFDC/TANF from Recent Studies
That Use Monthly Data**

Variable	Data Set (See Notes)	Proportion Leaving AFDC/TANF in:		
		6 Months or Less	12 Months or Less	24 Months or Less
This study	Admin. Records			
Family cases ^a	1992-1999	0.22	0.41	0.58
This study - pre-reform period	Admin. Records			
Family cases	1992-1999	0.21	0.38	0.58
This study - post-reform period	Admin. Records			
Family cases	1992-1999	0.25	0.48	0.71
This study - long-term cases ^b	Admin. Records			
Family cases	1992-1999	0.26	0.17	---
UC Cleveland	Ohio IMF			
All recipients ^c	1992-2000	0.37	0.56	0.75
Adults		0.45	0.66	0.84
UC Cleveland - pre-reform period	Ohio IMF			
All recipients	1992-2000	0.35	0.54	0.73
Adults		0.43	0.64	0.82
UC Cleveland - post-reform period	Ohio IMF			
All recipients	1992-2000	0.47	0.68	0.87
Adults		0.55	0.78	0.93
UC Cleveland - long-term recipients ^b	Ohio IMF			
All recipients	1992-2000	0.32	0.47	---
Adults		0.40	0.57	---
Hoynes (2000)	California LDB 1987-1992	0.28	0.48	0.62
Blank and Ruggles (1996)	SIPP 1986, 1987	---	0.55	0.75
Fitzgerald (1995) ^d	SIPP 1984, 1985	0.35	0.52	0.70
Gritz and MaCurdy (1992)	NLSY 1979-1987	0.36	0.55	0.68
Pavetti (1993)	NLSY 1979-1989	---	0.56	0.70
Harris (1993)	PSID 1984-1989	0.24	0.44	0.64

SOURCES: MDRC calculations using Pennsylvania administrative welfare records and Cuyahoga County's Income Maintenance System records; Hoynes, 2000; Blank and Ruggles, 1996; Fitzgerald, 1995; Gritz and MaCurdy, 1992; Pavetti, 1993; and Harris, 1993.

NOTES: For this study, the "pre-reform period" refers to the period before the implementation of Pennsylvania's welfare reform program in March 1997. The "post-reform" period refers to dates after March 1997. For UC Cleveland, the "pre-reform period" refers to the period before the implementation of Cuyahoga County's TANF program in October 1997. The "post-reform period" refers to dates after October 1997.

(continued)

Appendix Table A.3 (continued)

IMF = Income Maintenance Files.

LDB = Longitudinal Database of Cases.

SIPP = Survey of Income and Program Participation.

NLSY = National Longitudinal Survey of Youth.

PSID = Panel Study of Income Dynamics.

^a"Family cases" include adults and children. Accordingly, children on child-only cases, which are not subject to the restrictions imposed by Ohio Works First, are excluded from the analysis.

^b"Long-term recipients" are defined as receiving cash assistance 18 out of 24 months. The proportion of long-term recipients leaving AFDC within 3 months after the base period is 0.217. For this study, long-term cases are defined similarly.

^c"All recipients" includes adults and children. Accordingly, children on child-only cases, which were not subject to the restrictions imposed by welfare reform, are included in this calculation.

^dThe calculations from Fitzgerald (1995) measure the proportion that a spell lasts less than the specified time period, whereas the remaining studies measure the proportion that a spell lasts less than or equal to the given time period.

Appendix B
Methodological Notes

Using Neighborhood Indicators for Research: Strengths and Limitations

The advantages of using aggregate indicators to measure change in neighborhoods and the population residing therein are several.¹ First, since welfare policy changes were under way before the study began, indicators created from data that have already been collected provide a retrospective baseline. Second, the availability of statistical indicators allows many neighborhoods to be studied, because the data sources cover the entire city. Third, the use of Geographic Information System (GIS) technology makes it practical to manipulate this sort of data and to build up to the desired units of geography through aggregation. Fourth, the data can be subjected both to traditional time-trend analyses and also to spatial and ecological analyses.²

Several limitations arise as well from using available indicators. Indicators are typically constructed from data collected for administrative, not research, purposes. Thus, they may be proxies only for the concepts of interest. The use of administrative data could also be a potential source for bias. For example, crimes are known to be underreported to the police,³ law enforcement jurisdictions differ in their response to crime reports,⁴ and practices within jurisdictions change over time. These factors can affect whether a crime record is generated and how the crime is classified. Child abuse and neglect reports are vulnerable to similar problems.⁵

¹Coulton, 1997.

²Neighborhood indicators are calculated through aggregations of people, houses, businesses, streets, buildings, and so on; they are limited in the degree to which they can be used to draw conclusions about individuals. Aggregate variables are legitimate measures of ecological phenomena such as neighborhood conditions and characteristics of neighborhood residents. It is important, however, that the theory and hypotheses that drive the analyses be pertinent to the aggregate units rather than to the individual cases that go into the aggregate measure.

³O'Brien, 1985.

⁴Sherman, Gartin, and Buerger, 1989.

⁵O'Toole, Turbett, and Nalpeka, 1983.

The Calculation of Concentration Indices

The Dissimilarity Index

The dissimilarity index is calculated as:

$$D = .5 \sum_i |q_i - r_i|$$

where q_i is the welfare population and r_i represents the share of all persons not on welfare living in the census tract.

The Isolation Index

The isolation index is calculated as shown below. In this case, it is 1 minus the probability that a cash welfare recipient will encounter a nonwelfare recipient. It is calculated as:

$$P = \sum_i q_i [y_i / t_i]$$

where q_i represents the share of a given subpopulation (for example all welfare recipients) living in census tract i ; y_i is the number of persons not in the specified subpopulation living in census tract i ; and t_i is the total population of census tract i . The P-index “is the minority-weighted average of each census tract’s majority proportion”,⁶ $1 - P$ can be interpreted as an index of isolation, with a higher value meaning more isolation. This index is sensitive to the relative size of the minority group.

⁶Massey and Denton, 1988.

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Recent Publications on MDRC Projects

Note: For works not published by MDRC, the publisher's name is shown in parentheses. With a few exceptions, this list includes reports published by MDRC since 1999. A complete publications list is available from MDRC and on its Web site (www.mdrc.org), from which copies of MDRC's publications can also be downloaded.

Reforming Welfare and Making Work Pay

Next Generation Project

A collaboration among researchers at MDRC and several other leading research institutions focused on studying the effects of welfare, antipoverty, and employment policies on children and families.

How Welfare and Work Policies Affect Children: A Synthesis of Research. 2001. Pamela Morris, Aletha Huston, Greg Duncan, Danielle Crosby, Johannes Bos.

How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research. 2001. Dan Bloom, Charles Michalopoulos.

How Welfare and Work Policies for Parents Affect Adolescents: A Synthesis of Research. 2002. Lisa Gennetian, Greg Duncan, Virginia Knox, Wanda Vargas, Elizabeth Clark-Kauffman, Andrew London.

ReWORKing Welfare: Technical Assistance for States and Localities

A multifaceted effort to assist states and localities in designing and implementing their welfare reform programs. The project includes a series of "how-to" guides, conferences, briefings, and customized, in-depth technical assistance.

After AFDC: Welfare-to-Work Choices and Challenges for States. 1997. Dan Bloom.

Work First: How to Implement an Employment-Focused Approach to Welfare Reform. 1997. Amy Brown.

Business Partnerships: How to Involve Employers in Welfare Reform. 1998. Amy Brown, Maria Buck, Erik Skinner.

Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities. 1999. Gayle Hamilton, Susan Scrivener.

Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs. 2000. Gordon Berlin.

Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce. 2000. Julie Strawn, Karin Martinson.

Beyond Work First: How to Help Hard-to-Employ Individuals Get Jobs and Succeed in the Workforce. 2001. Amy Brown.

Project on Devolution and Urban Change

A multiyear study in four major urban counties — Cuyahoga County, Ohio (which includes the city of Cleveland), Los Angeles, Miami-Dade, and Philadelphia — that examines how welfare reforms are being implemented and are affecting poor people, their neighborhoods, and the institutions that serve them.

Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change. 1999. Janet Quint, Kathryn Edin, Maria Buck, Barbara Fink, Yolanda Padilla, Olis Simmons-Hewitt, Mary Valmont.

Food Security and Hunger in Poor, Mother-Headed Families in Four U.S. Cities. 2000. Denise Polit, Andrew London, John Martinez.

Assessing the Impact of Welfare Reform on Urban Communities: The Urban Change Project and Methodological Considerations. 2000. Charles Michalopoulos, Johannes Bos, Robert Lalonde, Nandita Verma.

Post-TANF Food Stamp and Medicaid Benefits: Factors That Aid or Impede Their Receipt. 2001. Janet Quint, Rebecca Widom.

Social Service Organizations and Welfare Reform. 2001. Barbara Fink, Rebecca Widom.

Monitoring Outcomes for Cuyahoga County's Welfare Leavers: How Are They Faring? 2001. Nandita Verma, Claudia Coulton.

The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change. 2001. Denise Polit, Andrew London, John Martinez.

Is Work Enough? The Experiences of Current and Former Welfare Mothers Who Work. 2001. Denise Polit, Rebecca Widom, Kathryn Edin, Stan Bowie, Andrew London, Ellen Scott, Abel Valenzuela.

Readying Welfare Recipients for Work: Lessons from Four Big Cities as They Implement Welfare Reform. 2002. Thomas Brock, Laura Nelson, Megan Reiter.

Welfare Reform in Cleveland: Implementation, Effects, and Experiences of Poor Families and Neighborhoods. 2002. Thomas Brock, Claudia Coulton, Andrew London, Denise Polit, Lashawn Richburg-Hayes, Ellen Scott, Nandita Verma.

Comparing Outcomes for Los Angeles County's HUD-Assisted and Unassisted CalWORKs Leavers. 2003. Nandita Verma, Richard Hendra.
Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring? 2003. Nandita Verma, Richard Hendra.

Wisconsin Works

This study examines how Wisconsin's welfare-to-work program, one of the first to end welfare as an entitlement, is administered in Milwaukee.

Complaint Resolution in the Context of Welfare Reform: How W-2 Settles Disputes. 2001. Suzanne Lynn.

Exceptions to the Rule: The Implementation of 24-Month Time-Limit Extensions in W-2. 2001. Susan Gooden, Fred Doolittle.

Matching Applicants with Services: Initial Assessments in the Milwaukee County W-2 Program. 2001. Susan Gooden, Fred Doolittle, Ben Glispie.

Community Service Jobs in Wisconsin Works: The Milwaukee County Experience. 2003. Andrea Robles, Fred Doolittle, Susan Gooden.

Employment Retention and Advancement Project

Conceived and funded by the U.S. Department of Health and Human Services (HHS), this demonstration project is aimed at testing various ways to help low-income people find, keep, and advance in jobs.

New Strategies to Promote Stable Employment and Career Progression: An Introduction to the Employment Retention and Advancement Project (HHS). 2002. Dan Bloom, Jacquelyn Anderson, Melissa Wavelet, Karen Gardiner, Michael Fishman.

Time Limits

Welfare Time Limits: State Policies, Implementation, and Effects on Families. 2002. Dan Bloom, Mary Farrell, Barbara Fink.

Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload. 2002. Cynthia Miller.

Florida's Family Transition Program

An evaluation of Florida's initial time-limited welfare program, which includes services, requirements, and financial work incentives intended to reduce long-term welfare receipt and help welfare recipients find and keep jobs.

The Family Transition Program: Implementation and Three-Year Impacts of Florida's Initial Time-Limited Welfare Program. 1999. Dan Bloom, Mary Farrell, James Kemple, Nandita Verma.

The Family Transition Program: Final Report on Florida's Initial Time-Limited Welfare Program. 2000. Dan Bloom, James Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, Richard Hendra.

Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

Welfare Time Limits: An Interim Report Card. 1999. Dan Bloom.

Connecticut's Jobs First Program

An evaluation of Connecticut's statewide time-limited welfare program, which includes financial work incentives and requirements to participate in employment-related services aimed at rapid job placement. This study provides some of the earliest information on the effects of time limits in major urban areas.

Connecticut Post-Time Limit Tracking Study: Six-Month Survey Results. 1999. Jo Anna Hunter-Manns, Dan Bloom.

Jobs First: Implementation and Early Impacts of Connecticut's Welfare Reform Initiative. 2000. Dan Bloom, Laura Melton, Charles Michalopoulos, Susan Scrivener, Johanna Walter.

Connecticut's Jobs First Program: An Analysis of Welfare Leavers. 2000. Laura Melton, Dan Bloom.

Final Report on Connecticut's Welfare Reform Initiative. 2002. Dan Bloom, Susan Scrivener, Charles Michalopoulos, Pamela Morris, Richard Hendra, Diana Adams-Ciardullo, Johanna Walter.

Vermont's Welfare Restructuring Project

An evaluation of Vermont's statewide welfare reform program, which includes a work requirement after a certain period of welfare receipt, and financial work incentives.

Forty-Two-Month Impacts of Vermont's Welfare Restructuring Project. 1999. Richard Hendra, Charles Michalopoulos.

WRP: Key Findings from the Forty-Two-Month Client Survey. 2000. Dan Bloom, Richard Hendra, Charles Michalopoulos.

WRP: Final Report on Vermont's Welfare Restructuring Project. 2002. Susan Scrivener, Richard Hendra, Cindy Redcross, Dan Bloom, Charles Michalopoulos, Johanna Walter.

Financial Incentives

Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs. 2000. Gordon Berlin.

Minnesota Family Investment Program

An evaluation of Minnesota's pilot welfare reform initiative, which aims to encourage work, alleviate poverty, and reduce welfare dependence.

Reforming Welfare and Rewarding Work: Final Report on the Minnesota Family Investment Program. 2000:
Volume 1: Effects on Adults. Cynthia Miller, Virginia Knox, Lisa Gennetian, Martey Dodoo, Jo Anna Hunter, Cindy Redcross.
Volume 2: Effects on Children. Lisa Gennetian, Cynthia Miller.

Reforming Welfare and Rewarding Work: A Summary of the Final Report on the Minnesota Family Investment Program. 2000. Virginia Knox, Cynthia Miller, Lisa Gennetian.

Final Report on the Implementation and Impacts of the Minnesota Family Investment Program in Ramsey County. 2000. Patricia Auspos, Cynthia Miller, Jo Anna Hunter.

New Hope Project

A test of a community-based, work-focused antipoverty program and welfare alternative operating in Milwaukee.

New Hope for People with Low Incomes: Two-Year Results of a Program to Reduce Poverty and Reform Welfare. 1999. Johannes Bos, Aletha Huston, Robert Granger, Greg Duncan, Thomas Brock, Vonnie McLoyd.

New Hope for Families and Children: Five-Year Results of a Program to Reduce Poverty and Reform Welfare. 2003. Aletha Huston, Cynthia Miller, Lashawn Richburg-Hayes, Greg Duncan, Carolyn Eldred, Thomas Weisner, Edward Lowe, Vonnie McLoyd, Danielle Crosby, Marika Ripke, Cindy Redcross.

Canada's Self-Sufficiency Project

A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

Does SSP Plus Increase Employment? The Effect of Adding Services to the Self-Sufficiency Project's Financial Incentives (SRDC). 1999. Gail Quets, Philip Robins, Elsie Pan, Charles Michalopoulos, David Card.

When Financial Work Incentives Pay for Themselves: Early Findings from the Self-Sufficiency Project's Applicant Study (SRDC). 1999. Charles Michalopoulos, Philip Robins, David Card.

The Self-Sufficiency Project at 36 Months: Effects of a Financial Work Incentive on Employment and Income (SRDC). 2000. Charles Michalopoulos,

David Card, Lisa Gennetian, Kristen Harknett, Philip K. Robins.

The Self-Sufficiency Project at 36 Months: Effects on Children of a Program That Increased Parental Employment and Income (SRDC). 2000. Pamela Morris, Charles Michalopoulos.

When Financial Incentives Pay for Themselves: Interim Findings from the Self-Sufficiency Project's Applicant Study (SRDC). 2001. Charles Michalopoulos, Tracey Hoy.

SSP Plus at 36 Months: Effects of Adding Employment Services to Financial Work Incentives (SRDC). 2001. Ying Lei, Charles Michalopoulos.

Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients (SRDC). 2002. Charles Michalopoulos, Doug Tattie, Cynthia Miller, Philip Robins, Pamela Morris, David Gyarmati, Cindy Redcross, Kelly Foley, Reuben Ford.

Mandatory Welfare Employment Programs

National Evaluation of Welfare-to-Work Strategies

Conceived and sponsored by the U.S. Department of Health and Human Services (HHS), with support from the U.S. Department of Education (ED), this is the largest-scale evaluation ever conducted of different strategies for moving people from welfare to employment.

Do Mandatory Welfare-to-Work Programs Affect the Well-Being of Children? A Synthesis of Child Research Conducted as Part of the National Evaluation of Welfare-to-Work Strategies (HHS/ED). 2000. Gayle Hamilton.

Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs (HHS/ED). 2000. Stephen Freedman, Daniel Friedlander, Gayle Hamilton, JoAnn Rock, Marisa Mitchell, Jodi Nudelman, Amanda Schweder, Laura Storto.

Impacts on Young Children and Their Families Two Years After Enrollment: Findings from the Child Outcomes Study (HHS/ED). 2000. Sharon McGroder, Martha Zaslow, Kristin Moore, Suzanne LeMenestrel.

What Works Best for Whom: Impacts of 20 Welfare-to-Work Programs by Subgroup (HHS/ED). 2000. Charles Michalopoulos, Christine Schwartz.

Evaluating Two Approaches to Case Management: Implementation, Participation Patterns, Costs, and Three-Year Impacts of the Columbus Welfare-to-Work Program (HHS/ED). 2001. Susan Scrivener, Johanna Walter.

How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs – Executive Summary (HHS/ED). 2001. Gayle Hamilton, Stephen Freedman, Lisa Gennetian, Charles Michalopoulos, Johanna Walter, Diana Adams-Ciardullo, Anna Gassman-Pines, Sharon McGroder, Martha Zaslow, Surjeet Ahluwalia, Jennifer Brooks.

Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies (HHS/ED). 2002. Gayle Hamilton.

Los Angeles’s Jobs-First GAIN Program

An evaluation of Los Angeles’s refocused GAIN (welfare-to-work) program, which emphasizes rapid employment. This is the first in-depth study of a full-scale “work first” program in one of the nation’s largest urban areas.

The Los Angeles Jobs-First GAIN Evaluation: First-Year Findings on Participation Patterns and Impacts. 1999. Stephen Freedman, Marisa Mitchell, David Navarro.

The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center. 2000. Stephen Freedman, Jean Knab, Lisa Gennetian, David Navarro.

Teen Parents on Welfare

Teenage Parent Programs: A Synthesis of the Long-Term Effects of the New Chance Demonstration, Ohio’s Learning, Earning, and Parenting (LEAP) Program, and the Teenage Parent Demonstration (TPD). 1998. Robert Granger, Rachel Cytron.

Ohio’s LEAP Program

An evaluation of Ohio’s Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

LEAP: Final Report on Ohio’s Welfare Initiative to Improve School Attendance Among Teenage Parents. 1997. Johannes Bos, Veronica Fellerath.

New Chance Demonstration

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children. 1997. Janet Quint, Johannes Bos, Denise Polit.

Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study. 1998. Martha Zaslow, Carolyn Eldred, editors.

Center for Employment Training Replication

This study is testing whether the successful results for youth of a training program developed in San Jose can be replicated in 12 other sites around the country.

Evaluation of the Center for Employment Training Replication Sites: Interim Report (Berkeley Policy Associates). 2000. Stephen Walsh, Deana Goldsmith, Yasuyo Abe, Andrea Cann.

Working with Disadvantaged Youth: Thirty-Month Findings from the Evaluation of the Center for Employment Training Replication Sites. 2003. Cynthia Miller, Johannes Bos, Kristin Porter, Fannie Tsend, Fred Doolittle, Deana Tanguay, Mary Vencill.

Focusing on Fathers

Parents’ Fair Share Demonstration

A demonstration for unemployed noncustodial parents (usually fathers) of children on welfare. PFS aims to improve the men’s employment and earnings, reduce child poverty by increasing child support payments, and assist the fathers in playing a broader constructive role in their children’s lives.

Fathers’ Fair Share: Helping Poor Men Manage Child Support and Fatherhood (Russell Sage Foundation). 1999. Earl Johnson, Ann Levine, Fred Doolittle.

Parenting and Providing: The Impact of Parents’ Fair Share on Paternal Involvement. 2000. Virginia Knox, Cindy Redcross.

Working and Earning: The Impact of Parents’ Fair Share on Low-Income Fathers’ Employment. 2000. John M. Martinez, Cynthia Miller.

The Responsible Fatherhood Curriculum. 2000. Eileen Hayes, with Kay Sherwood.

The Challenge of Helping Low-Income Fathers Support Their Children: Final Lessons from Parents’ Fair Share. 2001. Cynthia Miller, Virginia Knox.

Career Advancement and Wage Progression

Opening Doors to Earning Credentials

An exploration of strategies for increasing low-wage workers’ access to and completion of community college programs.

Opening Doors: Expanding Educational Opportunities for Low-Income Workers. 2001. Susan Golonka, Lisa Matus-Grossman.

Welfare Reform and Community Colleges: A Policy and Research Context. 2002. Thomas Brock, Lisa Matus-Grossman, Gayle Hamilton.

Opening Doors: Students' Perspectives on Juggling Work, Family, and College. 2002. Lisa Matus-Grossman, Susan Gooden.

Opening Doors: Supporting CalWORKs Students at California Community Colleges: An Exploratory Focus Group Study. 2002. Laura Nelson, Rogéair Purnell.

Education Reform

Career Academies

The largest and most comprehensive evaluation of a school-to-work initiative, this study examines a promising approach to high school restructuring and the school-to-work transition.

Career Academies: Building Career Awareness and Work-Based Learning Activities Through Employer Partnerships. 1999. James Kemple, Susan Poglinco, Jason Snipes.

Career Academies: Impacts on Students' Engagement and Performance in High School. 2000. James Kemple, Jason Snipes.

Career Academies: Impacts on Students' Initial Transitions to Post-Secondary Education and Employment. 2001. James Kemple.

First Things First

This demonstration and research project looks at First Things First, a whole-school reform that combines a variety of best practices aimed at raising achievement and graduation rates in both urban and rural settings.

Scaling Up First Things First: Site Selection and the Planning Year. 2002. Janet Quint.

Closing Achievement Gaps

Conducted for the Council of the Great City Schools, this study identifies districtwide approaches to urban school reform that appear to raise overall student performance while reducing achievement gaps among racial groups.

Foundations for Success: Case Studies of How Urban School Systems Improve Student Achievement. 2002. Jason Snipes, Fred Doolittle, Corinne Herlihy.

Project GRAD

This evaluation examines Project GRAD, an education initiative targeted at urban schools and combining a number of proven or promising reforms.

Building the Foundation for Improved Student Performance: The Pre-Curricular Phase of Project GRAD Newark. 2000. Sandra Ham, Fred Doolittle, Glee Ivory Holton.

Accelerated Schools

This study examines the implementation and impacts on achievement of the Accelerated Schools model, a whole-school reform targeted at at-risk students.

Evaluating the Accelerated Schools Approach: A Look at Early Implementation and Impacts on Student Achievement in Eight Elementary Schools. 2001. Howard Bloom, Sandra Ham, Laura Melton, Julienne O'Brien.

Extended-Service Schools Initiative

Conducted in partnership with Public/Private Ventures (P/PV), this evaluation of after-school programs operated as part of the Extended-Service Schools Initiative examines the programs' implementation, quality, cost, and effects on students.

Multiple Choices After School: Findings from the Extended-Service Schools Initiative (P/PV). 2002. Jean Baldwin Grossman, Marilyn Price, Veronica Fellerath, Linda Jucovy, Lauren Kotloff, Rebecca Raley, Karen Walker.

School-to-Work Project

A study of innovative programs that help students make the transition from school to work or careers.

Home-Grown Lessons: Innovative Programs Linking School and Work (Jossey-Bass Publishers). 1995. Edward Pauly, Hilary Kopp, Joshua Haimson.

Home-Grown Progress: The Evolution of Innovative School-to-Work Programs. 1997. Rachel Pedraza, Edward Pauly, Hilary Kopp.

Project Transition

A demonstration program that tested a combination of school-based strategies to facilitate students' transition from middle school to high school.

Project Transition: Testing an Intervention to Help High School Freshmen Succeed. 1999. Janet Quint, Cynthia Miller, Jennifer Pastor, Rachel Cytron.

Equity 2000

Equity 2000 is a nationwide initiative sponsored by the College Board to improve low-income students' access to college. The MDRC paper examines the implementation of Equity 2000 in Milwaukee Public Schools.

Getting to the Right Algebra: The Equity 2000 Initiative in Milwaukee Public Schools. 1999. Sandra Ham, Erica Walker.

Employment and Community Initiatives

Jobs-Plus Initiative

A multisite effort to greatly increase employment among public housing residents.

Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration. 1999. James Riccio.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Jobs-Plus Site-by-Site: An Early Look at Program Implementation. 2000. Edited by Susan Philipson Bloom with Susan Blank.

Building New Partnerships for Employment: Collaboration Among Agencies and Public Housing Residents in the Jobs-Plus Demonstration. 2001. Linda Kato, James Riccio.

Making Work Pay for Public Housing Residents: Financial-Incentive Designs at Six Jobs-Plus Demonstration Sites. 2002. Cynthia Miller, James Riccio.

The Special Challenges of Offering Employment Programs in Culturally Diverse Communities: The Jobs-Plus Experience in Public Housing Developments. 2002. Linda Kato.

The Employment Experiences of Public Housing Residents: Findings from the Jobs-Plus Baseline Survey. 2002. John Martinez.

Children in Public Housing Developments: An Examination of the Children at the Beginning of the Jobs-Plus Demonstration. 2002. Pamela Morris, Stephanie Jones.

Jobs-Plus Site-by-Site: Key Features of Mature Employment Programs in Seven Public Housing Communities. 2003. Linda Kato.

Staying or Leaving: Lessons from Jobs-Plus About the Mobility of Public Housing Residents and Implications for Place-Based Initiatives. 2003. Nandita Verma.

Neighborhood Jobs Initiative

An initiative to increase employment in a number of low-income communities.

The Neighborhood Jobs Initiative: An Early Report on the Vision and Challenges of Bringing an Employment Focus to a Community-Building Initiative. 2001. Frieda Molina, Laura Nelson.

Structures of Opportunity: Developing the Neighborhood Jobs Initiative in Fort Worth, Texas. 2002. Tony Proscio.

Final Report on the Neighborhood Jobs Initiative: Lessons and Implications for Future Community Employment Initiatives. 2003. Frieda Molina, Craig Howard.

Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

Designing and Administering a Wage-Paying Community Service Employment Program Under

TANF: Some Considerations and Choices. 1999. Kay Sherwood.

San Francisco Works: Toward an Employer-Led Approach to Welfare Reform and Workforce Development. 2000. Steven Bliss.

Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of unemployment insurance.

Testing a Re-Employment Incentive for Displaced Workers: The Earnings Supplement Project. 1999. Howard Bloom, Saul Schwartz, Susanna Lui-Gurr, Suk-Won Lee.

MDRC Working Papers on Research Methodology

A series of papers that explore alternative methods of examining the implementation and impacts of programs and policies.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Estimating Program Impacts on Student Achievement Using "Short" Interrupted Time Series. 1999. Howard Bloom.

Using Cluster Random Assignment to Measure Program Impacts: Statistical Implications for the Evaluation of Education Programs. 1999. Howard Bloom, Johannes Bos, Suk-Won Lee.

The Politics of Random Assignment: Implementing Studies and Impacting Policy. 2000. Judith Gueron.

Assessing the Impact of Welfare Reform on Urban Communities: The Urban Change Project and Methodological Considerations. 2000. Charles Michalopoulos, Joannes Bos, Robert Lalonde, Nandita Verma.

Measuring the Impacts of Whole School Reforms: Methodological Lessons from an Evaluation of Accelerated Schools. 2001. Howard Bloom.

A Meta-Analysis of Government Sponsored Training Programs. 2001. David Greenberg, Charles Michalopoulos, Philip Robins.

Modeling the Performance of Welfare-to-Work Programs: The Effects of Program Management and Services, Economic Environment, and Client Characteristics. 2001. Howard Bloom, Carolyn Hill, James Riccio.

A Regression-Based Strategy for Defining Subgroups in a Social Experiment. 2001. James Kemple, Jason Snipes.

Explaining Variation in the Effects of Welfare-to-Work Programs. 2001. David Greenberg, Robert Meyer, Charles Michalopoulos, Michael Wiseman.

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Can Nonexperimental Comparison Group Methods Match the Findings from a Random Assignment Evaluation of Mandatory Welfare-to-Work Programs? 2002. Howard Bloom, Charles Michalopoulos, Carolyn Hill, Ying Lei.

Using Instrumental Variables Analysis to Learn More from Social Policy Experiments. 2002. Lisa Gennetian, Johannes Bos, Pamela Morris.

Using Place-Based Random Assignment and Comparative Interrupted Time-Series Analysis to Evaluate the Jobs-Plus Employment Program for Public Housing Residents. 2002. Howard Bloom, James Riccio

Intensive Qualitative Research Challenges, Best Uses, and Opportunities. 2003. Alissa Gardenhire, Laura Nelson

Exploring the Feasibility and Quality of Matched Neighborhood Research Designs. 2003. David Seith, Nandita Verma, Howard Bloom, George Galster.

About MDRC

MDRC is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and Oakland, California.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations — field tests of promising program models — and evaluations of government and community initiatives, and we employ a wide range of methods to determine a program's effects, including large-scale studies, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work — including best practices for program operators — with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.