

Between Welfare Reform and Reauthorization

Income Support Systems in
Cuyahoga and Philadelphia, 2000 to 2005

David Seith

Sarah Rich

Lashawn Richburg-Hayes



The Project on Devolution and Urban Change



March 2007

**The Project on Devolution
and Urban Change**

**Between Welfare Reform and Reauthorization
Income Support Systems
in Cuyahoga and Philadelphia,
2000 to 2005**

**David Seith
Sarah Rich
Lashawn Richburg-Hayes**



March 2007

Funders of the Project on Devolution and Urban Change

Ford Foundation	John S. and James L. Knight Foundation
Charles Stewart Mott Foundation	The Joyce Foundation
The Pew Charitable Trusts	The Cleveland Foundation
W. K. Kellogg Foundation	The George Gund Foundation
The Robert Wood Johnson Foundation	William Penn Foundation
U.S. Department of Health and Human Services (including interagency funds from U.S. Department of Agriculture)	The James Irvine Foundation
The Annie E. Casey Foundation	The California Wellness Foundation
	The Edna McConnell Clark Foundation

Special supplemental funding for this report's analysis was provided by:

Charles Stewart Mott Foundation
John S. and James L. Knight Foundation
The Joyce Foundation
The Cleveland Foundation
The George Gund Foundation
William Penn Foundation

Dissemination of MDRC publications is supported by the following funders that help finance MDRC's public policy outreach and expanding efforts to communicate the results and implications of our work to policymakers, practitioners, and others: Alcoa Foundation, The Ambrose Monell Foundation, Bristol-Myers Squibb Foundation, and The Starr Foundation. In addition, earnings from the MDRC Endowment help sustain our dissemination efforts. Contributors to the MDRC Endowment include Alcoa Foundation, The Ambrose Monell Foundation, Anheuser-Busch Foundation, Bristol-Myers Squibb Foundation, Charles Stewart Mott Foundation, Ford Foundation, The George Gund Foundation, The Grable Foundation, The Lizabeth and Frank Newman Charitable Foundation, The New York Times Company Foundation, Jan Nicholson, Paul H. O'Neill Charitable Foundation, John S. Reed, The Sandler Family Supporting Foundation, and The Stupski Family Fund, as well as other individual contributors.

The findings and conclusions in this report do not necessarily represent the official positions or policies of the funders.

For information about MDRC and copies of our publications, see our Web site: www.mdrc.org.

Copyright © 2007 by MDRC. All rights reserved.

Overview

In 1996, Congress passed and President Clinton signed federal welfare reform legislation, replacing the nation's primary welfare program, Aid to Families with Dependent Children (AFDC), with a new program called Temporary Assistance for Needy Families (TANF). Designed to replace an entitlement with a temporary benefit, TANF transformed the nation's welfare program in several important ways: It gave states annual, fixed block grants that offered them greater flexibility to design and administer their own welfare programs; it created a five-year lifetime limit on receipt of cash assistance; and it required recipients to work and called for states to impose sanctions (financial penalties) on those recipients who did not.

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) in 1997 to chronicle TANF programs and the resulting changes in the lives of low-income families and in the institutions that serve them in four urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. Between 2002 and 2005, MDRC released reports on each of the four cities to tell the stories of welfare reform up until 2001. These reports found four different approaches to welfare reform but remarkably similar results. In all four counties, welfare caseloads were down; conditions improved in high-poverty and high-welfare neighborhoods; and welfare recipients who were surveyed at two points in time were more likely to be working and to be financially better off in 2001 than in 1998, even though most remained poor.

This report updates the story of welfare reform in two of the four Urban Change cities: Cleveland and Philadelphia. As it turned out, the 1990s represented the best environment in which to implement welfare reform. Poverty rates among children reached record lows during the decade, and employment levels among single-parent women reached a record high. By March 2001, the national economy fell into a recession that would officially last eight months, although employment continued to decline through August 2003. Welfare-to-work budgets and civil service workforces were scaled back in response to state budget deficits. It was during this period of job losses and budget deficits that families started reaching the federal five-year time limit on cash assistance, in 2002.

How have state service delivery systems evolved as a result of these changing conditions? And how have the longer-term effects of welfare reform played out in caseload dynamics and in social and health indicators in low-income neighborhoods? To address these questions, this report extends three sets of analyses from the earlier Urban Change studies of Cleveland and Philadelphia: An implementation analysis examines the policies and programs that welfare agencies put into place through 2005; an analysis of administrative records estimates the effects of welfare reform on caseload trends in welfare receipt and employment through 2003 for Cleveland and through 2001 for Philadelphia; and a neighborhood indicators analysis describes the changing conditions of low-income communities through 2003.

Contents

Overview		iii
List of Tables and Figures		vii
Preface		xiii
Acknowledgments		xv
Executive Summary		ES-1
 Chapter		
1	Introduction	1
	Significant Policy Changes Resulting from Welfare Reform	3
	Cuyahoga and Philadelphia: Context and Findings from Earlier Urban Change Reports	8
	Three Common Challenges Faced by Cuyahoga and Philadelphia	21
	The Organization of This Report	22
2	The Evolution of Income and Work Supports in Cuyahoga County, 1997-2005	25
	Summary of Findings	26
	Policy Decisions and Organizational Changes	27
	Local Programmatic Initiatives and Challenges Following the Early Period of Welfare Reform	37
	A Shift Toward Administering Other Income Supports	46
	Summary and Conclusions	52
3	The Evolution of Income and Work Supports in Philadelphia County, 1997-2005	53
	Summary of Findings	54
	An Evolving Policy	54
	Coalitions to Provide Intensive Services and Work Supports	71
	Summary and Conclusions	75
4	Continuing Effects of Welfare Reform? An Extended Analysis of Entry, Exits, and Employment	77
	Summary of Findings	80
	The Expected Effects of Reforms	81
	Data and Outcomes	82
	Did the 1996 Reforms Alter the Likelihood That a Case Received Cash Assistance?	84
	The Effects of the 1996 Reforms on Employment	107
	Summary and Conclusions	115

5	Neighborhood Poverty and Social Distress	117
	Summary of Findings	118
	Questions, Indicators, and Data Sources	119
	Neighborhood Poverty	125
	A Neighborhood View of the Safety Net	136
	Trends in Maternal and Infant Health	141
	Homicide	148
	Home Investments	151
	Moving in Circles or Moving Out?	152
	Summary and Conclusions	161
6	Responding to the Challenges of Welfare Reform and Reauthorization in Practice and Policy	165
	Summary of Findings	165
	Assisting Recipients in the Transition from Welfare to Work	166
	Serving Recipients Who Have Severe or Multiple Barriers to Employment	170
	Providing Work Supports to Low-Income Families	174
	Reauthorization Intensifies the Three Challenges of Welfare Reform	182
Appendixes		
	A: Supplemental Exhibits to Chapter 4	189
	B: Trends in Maternal and Child Health, Neighborhood Safety, and Home Purchases, by Poverty Concentration	197
	C: Neighborhood Welfare Concentration and Social Distress	211
	D: The Circumstances and Experiences of Residents of Cuyahoga and Philadelphia Counties, As Analyzed by Race/Ethnicity	229
	E: The Nature and Challenges of Major U.S. Income Supports, Subsidy Programs, and Medical Insurance	247
	References	257
	Earlier MDRC Publications on the Project on Devolution and Urban Change	267

List of Tables and Figures

Table

1.1	Data Used for the Urban Change Extension Study	3
1.2	Demographic Composition and Labor Force Participation, Philadelphia and Cuyahoga Counties, 1990 and 2000	9
2.1	Cash Assistance Policies in Ohio	28
3.1	Cash Assistance Policies in Pennsylvania	57
4.1	Comparison of Welfare-Related Outcomes Through 2001 in Cuyahoga County (Ohio) and Philadelphia County	78
4.2	Estimated Effect of 1996 Welfare Reforms on Cases Exiting Cash Assistance Within a Specified Period of Time	94
4.3	Estimated Effect of 1996 Welfare Reforms on Cases Starting Cash Assistance Within a Specified Period of Time	102
4.4	Estimated Effect of 1996 Welfare Reforms on Employment and Employment Stability	111
5.1	Questions, Indicators, and Data Sources of the Four Components of the Neighborhood Indicators Analysis	121
5.2	Demographic Composition and Labor Force Participation, by Neighborhood Poverty Status, Cuyahoga, 1990 and 2000	127
5.3	Demographic Composition and Labor Force Participation, by Neighborhood Poverty Status, Philadelphia, 1990 and 2000	130
5.4	Summary of Trends in Neighborhood Conditions in the Pre-, Early, and Post-Reform Periods, Cuyahoga and Philadelphia Counties	145
5.5	Characteristics and Experiences of Welfare Recipients in 2000, by Five-Year Mobility Status	154
5.6	Characteristics and Experiences of Welfare Recipients in 2000, by Distance Moved from 1995 Address	157
6.1	Number of Filers Claiming the EITC, Total and Average Amount Claimed, Philadelphia and Cuyahoga Counties, 1997-2002	177
6.2	Income and Work Support Policies in Ohio and Pennsylvania	178
A.1	Estimated Effect of 1996 Welfare Reforms on Employment and Employment Stability for Welfare Cases in Cuyahoga County	193

A.2	Sample Sizes for New-Entrant Groups, by Year of First Cash Assistance Receipt	194
C.1	Demographic Composition and Labor Force Participation Among Neighborhoods, by Welfare Concentration, Cuyahoga, 1990 and 2000	213
C.2	Demographic Composition and Labor Force Participation Among Neighborhoods, by Welfare Concentration, Philadelphia, 1990 and 2000	215
D.1	Demographic Composition and Labor Force Participation Countywide, by Race/Ethnicity, Cuyahoga, 1990 and 2000	231
D.2	Demographic Composition and Labor Force Participation Countywide, by Race/Ethnicity, Philadelphia, 1990 and 2000	234

Figure

1.1	Unemployment in Cuyahoga County and Surrounding Areas	10
1.2	Unemployment in Philadelphia County and Surrounding Areas	11
1.3	Maximum Monthly TANF Benefit Amount for a Family of Three, in Dollars and as a Percentage of the Federal Poverty Line, by State, 2003	12
1.4	Annual Federal TANF Grant Amount per Low-Income Child, by State, 2002	14
1.5	Combined State and Federal TANF Expenditures and Transfers for the United States, 1997-2003	15
1.6	Combined State and Federal TANF Expenditures and Transfers for the State of Ohio, 1997-2003	16
1.7	Combined State and Federal TANF Expenditures and Transfers for the Commonwealth of Pennsylvania, 1997-2003	17
1.8	TANF Caseload Declines, by State, August 1996 to September 2002	18
2.1	Monthly Cash Assistance Caseloads in Cuyahoga County, 1992/93 - 2003/04	30
2.2	Number of Extensions Granted Monthly in Cuyahoga County, October 2000 to December 2004	31
2.3	Monthly Participation Rate in Cuyahoga County, November 1997 to December 2004	33
2.4	Percentage of Adult Cases Closed Monthly Due to Sanctions in Cuyahoga County, January 2000 to December 2004	34
2.5	Monthly Food Stamp, Medicaid, and Child Care Caseloads in Cuyahoga County, January 2000 to December 2004	47

3.1	Time Line of Policies and Programs Responding to the Three Main Challenges of Welfare Reform	56
3.2	Trends in Adult Caseload, by Participation Status, Philadelphia County, 1999-2005	59
3.3	Total, New, and Exiting Post-60-Month Recipients of Extended TANF, Philadelphia County, 2002-2005	64
4.1	Number of Open Welfare Cases Each Month and Number of Unemployed Workers in Cuyahoga and Philadelphia Counties, January 1993 Through December 2004	85
4.2	Number of New Welfare Cases That Opened Each Month in Cuyahoga and Philadelphia Counties, January 1993 Through December 2002	88
4.3	Number of Adult-Headed Welfare Cases That Closed Each Month in Cuyahoga and Philadelphia Counties, 1993-2003	89
4.4	Percentage of New Welfare Cases That Closed Within Six Months in Cuyahoga and Philadelphia Counties, January 1993 Through April 2002	91
4.5	Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term in Cuyahoga and Philadelphia Counties, January 1995 Through June 2002	96
4.6	Number of New Welfare Cases That Opened Each Month in Cuyahoga and Philadelphia Counties, January 1993 Through July 2002	100
4.7	Percentage of Closed Welfare Cases That Reopened Within Six Months in Cuyahoga and Philadelphia Counties, March 1993 Through June 2002	103
4.8	Percentage of New Food Stamp Recipients That Opened Welfare Cases Within Six Months of Opening a Food Stamp Case in Cuyahoga County, January 1993 Through June 2002	106
4.9	Percentage of Recipients Employed Within Four Quarters of Starting AFDC/TANF in Cuyahoga County, January 1993, Quarter 1, Through December 2002, Quarter 4	109
4.10	Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF in Philadelphia County, January 1993, Quarter 1, Through December 1999, Quarter 3	112
5.1	Change in Neighborhood Poverty, Cuyahoga, 1990 to 2000	133
5.2	Change in Neighborhood Poverty, Philadelphia, 1990 to 2000	134
5.3	Adult Food Stamp Recipients, Poor Adults, and Adult Food Stamp Take-Up Ratio, by Neighborhood Poverty Status, Cuyahoga, 1992-2000	138
5.4	Adult Cash Assistance Recipients, Poor Adults, and Adult Cash Assistance Take-Up Ratio, by Neighborhood Poverty Status, Cuyahoga, 1992-2000	139

5.5	Adult Food Stamp Recipients, Poor Adults, and Adult Food Stamp Take-Up Ratio, by Neighborhood Poverty Status, Philadelphia, 1992-2000	140
5.6	Adult Cash Assistance Recipients, Poor Adults, and Adult Cash Assistance Take-Up Ratio, by Neighborhood Poverty Status, Philadelphia, 1992-2000	142
5.7	Long-Term Adult Cash Recipients as a Proportion of All Adult Cash Recipients, by Neighborhood Poverty Status, Cuyahoga and Philadelphia Counties	143
5.8	Summary of Social Distress as Measured by Maternal and Infant Health: Snapshots of Cuyahoga Neighborhoods at Three Points in Time	149
5.9	Summary of Social Distress as Measured by Maternal and Infant Health: Snapshots of Three Philadelphia Neighborhoods at Three Points in Time	150
6.1	Annualized Earnings and Benefits for a Minimum-Wage Worker in a Family of Three Compared with the Federal Poverty Guideline and Median Family Income, by Work Effort, 2003	175
A.1	Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF in Cuyahoga County, January 1993, Quarter 1, Through December 2002, Quarter 3	191
B.1	Births to Teens (Ages 15-19) per 1,000, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	201
B.2	Percentage of Births with Any Prenatal Care, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	202
B.3	Percentage of Births with Adequate Prenatal Care, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	203
B.4	Low-Birth-Weight Births as a Percentage of All Births, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	204
B.5	Rate of Infant Deaths per 1,000 Live Births, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	205
B.6	Incidence of Homicide per 100,000 Residents, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	206
B.7	Percentage of Low-Income Households Applying for Mortgages, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	207
B.8	Home Mortgage Loan Approval Rates Among Low-Income Applicants, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	208

B.9	Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Applicants, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	209
B.10	Median Amount of Approved Mortgages to Low-Income Applicants, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003	210
C.1	Births to Teens (Ages 15-19) per 1,000, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	219
C.2	Percentage of Births with Any Prenatal Care, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	220
C.3	Percentage of Births with Adequate Prenatal Care, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	221
C.4	Low-Birth-Weight Births as a Percentage of All Births, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	222
C.5	Rate of Infant Deaths per 1,000 Live Births, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	223
C.6	Incidence of Homicide per 100,000 Residents, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	224
C.7	Percentage of Low-Income Households Applying for Mortgages By Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	225
C.8	Home Mortgage Loan Approval Rates Among Low-Income Applicants, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	226
C.9	Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Applicants, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	227
C.10	Median Amount of Approved Mortgages to Low-Income Applicants, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003	228
D.1	Births to Teens (Ages 15-19) per 1,000, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	236
D.2	Percentage of Births with Any Prenatal Care, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	237
D.3	Percentage of Births with Adequate Prenatal Care, by Race/Ethnicity, Cuyahoga County, 1992-2002 (Countywide)	238
D.4	Low-Birth-Weight Births as a Percentage of All Births, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	239
D.5	Rate of Infant Deaths per 1,000 Live Births, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	240

D.6	Incidence of Homicide per 100,000 Residents, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	241
D.7	Percentage of Low-Income Households Applying for Mortgages, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	242
D.8	Home Mortgage Loan Approval Rates Among Low-Income Applicants, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	243
D.9	Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Applicants, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	244
D.10	Median Amount of Approved Mortgages to Low-Income Applicants, by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)	245

Preface

This report is the last one from MDRC's Project on Devolution and Urban Change, a ten-year effort to chart the course of welfare reform in four big urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. The goal of the study was to find out whether federal welfare reform would lead to meaningful changes in urban welfare bureaucracies and to learn how new policies would affect the poorest families and neighborhoods. Given the broad sweep of the overhaul, the Urban Change study used a variety of qualitative and quantitative methods to examine how governments, neighborhoods, and families experienced welfare reform over a multiyear period. Between 2002 and 2005, MDRC released reports on each of the four cities, describing welfare reform up until 2001. This report updates the story in two of the four Urban Change cities: Cleveland and Philadelphia.

Across the four Urban Change cities, we found four very different approaches to welfare reform but remarkably similar results. Welfare caseloads were down in all four counties; conditions improved in high-poverty and high-welfare neighborhoods in all four counties; and welfare recipients who were surveyed at two points in time were more likely to be working and to be financially better off in 2001 than in 1998.

This report describes how — in the early 2000s, a time marked by an economic downturn, state budget cuts, and welfare time limits — Cleveland and Philadelphia met the three main challenges of welfare reform: how to assist recipients in moving from welfare to work, how to serve recipients who have multiple or severe barriers to employment, and how to provide work supports to low-income families.

The cumulative Urban Change findings contain a number of lessons for policymakers. First, the federal welfare block grant's flexibility and funding level were crucial in helping the cities and states develop and provide services that they deemed best suited to their welfare programs. Second, even though participation rates and employment rates soared and welfare receipt plummeted into the 2000s, Ohio was one of the only states to meet a 50 percent participation rate — the standard that all states must achieve under the welfare reauthorization of early 2006. Third, helping former welfare recipients stabilize their often precarious foothold in the labor market and obtain better jobs may mean doing a better job of connecting families to work supports, like the Earned Income Tax Credit, and to specialized programs designed to upgrade their work skills. Finally, in all four cities, the needs of the working poor and the problems of the hard-to-employ loom large. As states continue to seek solutions to these problems, they need both the flexibility to try new approaches and better evidence about what works.

Gordon L. Berlin
President

Acknowledgments

This report represents the culmination of several years of research and could not have happened without the support of many people. We especially thank the families — predominantly low-income women with children — whose lives are represented in the statistics and stories throughout this volume. We hope that the report reflects their experiences and contributes to policy decisions that will improve their lives and opportunities.

The Cuyahoga study would have been impossible without the support of administrators at the Cuyahoga County Division of Employment and Family Services, including Joe Gauntner, Bob Math, Christine Fox, David Dombrosky, Robert Staib, Jacquie Ward, Michelle Lattimore, Sandra Foster, and Walter Parfejewiec. We especially want to thank Bob Math for his extraordinary hospitality and assistance in coordinating the research visits. We appreciate the time and insights of Neighborhood Service Center Managers Dina Capretta-Kozak, Theresa Moore, and Sandy Zaborniak and of case managers in the Fairfax, Mt. Pleasant, and Westshore Neighborhood Service Centers. We also want to thank the academics, advocates, and social service providers who helped us to understand how policies within the offices corresponded to changes in the broader income and work support system: Claudia Coulton at the Center on Urban Poverty and Social Change at Case Western University, Alison Motz at the City of Cleveland Workforce Investment Board, Bob Paponetti at the Cuyahoga County Workforce Investment Board, Mick Latkovich and Robin Smalley at Vocational Guidance Services, John Corlett at the Center for Community Solutions, Maureen Dee at Catholic Charities, Maureen Luehrs-Kenney at the Merrick Settlement House, Leo Serrano at the Spanish American Committee, and Marge Thomas at Spectrum Services. Finally, we thank Frances Hersh at the Unemployment Compensation Program Services of the Ohio Department of Job and Family Services for her help in acquiring the follow-up administrative records data.

Similarly, the Philadelphia study would have been impossible without the support of administrators at the Pennsylvania Department of Public Welfare, including David Florey, Niles Schore, Carol Rebert, and Roger Martin, as well as Harriet Dichter at the Office of Child Development. We are particularly grateful for the time and insights of administrators and staff at the Philadelphia County Assistance Office, including County Administrators Don Jose Stovall and Marlene Shapiro; District Administrators Tom Wombough, Barry McDonnell, and Joao Nhambiau; and eligibility workers and Career Development Unit caseworkers at the Elmwood, Hill, Synder, and West Districts. We also want to thank the academics, service providers, and advocates who helped us to understand how policies within the offices corresponded to changes in the broader income and work support system: Carol Goertzel at Pathways, Inc.; Mark Alan Hughes at the University of Pennsylvania; Jonathon Stein and Richard Weishaupt at Community Legal Services; James Klassen and Laura Casa at the Transitional Work Corporation; John

MacDonald and Nelly Sulpeveda at Impact Services; Allison Ruvo David at Jewish Employment and Vocational Services; and Linda Blanchette at the Philadelphia Workforce Development Corporation. Finally, we thank Greg Snyder and David Flory of the Pennsylvania Department of Public Welfare for their help in providing follow-up administrative records data.

As noted at the beginning of the report, a consortium of foundations provided the financial support for the Project on Devolution and Urban Change. For the Cuyahoga study, we are particularly indebted to Jennifer Phillips at the Joyce Foundation, Benita Melton at the Charles Stewart Mott Foundation, Goldie Alvis at the Cleveland Foundation, and Marcia Egbert at the George Gund Foundation. For the Philadelphia study, we are indebted to Feather Houston and Ronnie Bloom at the William Penn Foundation and Julie Kohler at the John S. and James L. Knight Foundation.

A number of individuals in partner institutions helped to compile and process neighborhood indicators data, including Claudia Coulton and Lisa Nelson at the Center on Urban Poverty and Social Change at Case Western University and Lynn Kotranski and Gary Klein at the Philadelphia Health Management Corporation.

Within MDRC, we received substantive advice on several drafts from Gordon Berlin, Thomas Brock, David Butler, John Hutchins, Robert Ivry, and Charles Michalopoulos. Zawadi Rucks and Reanin McRoberts served as report coordinators. Robert Weber edited the report, and Stephanie Cowell prepared it for publication.

The Authors

Executive Summary

In 1996, Congress passed and President Clinton signed federal welfare reform legislation, replacing the nation's primary welfare program, Aid to Families with Dependent Children (AFDC), with a new program called Temporary Assistance for Needy Families (TANF). Designed to replace an entitlement with a temporary benefit, TANF transformed the nation's welfare program in several important ways: it gave states annual, fixed block grants that offered them greater flexibility to design and administer their own welfare programs; it created a five-year lifetime limit on cash benefits; and it required recipients to work and called for states to impose sanctions (financial penalties) on those recipients who did not.

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) in 1997 to chronicle TANF programs and the resulting changes in the lives of low-income families and in the institutions that serve them in four urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. Between 2002 and 2005, MDRC released reports on each of the four cities to tell the stories of welfare reform up until 2001.¹

These reports found four different approaches to welfare reform but remarkably similar results. In all four counties, welfare caseloads were down; conditions improved in high-poverty and high-welfare neighborhoods; and welfare recipients who were surveyed at two points in time were more likely to be working and to be financially better off in 2001 than in 1998, even though most remained poor.

This report updates the story of welfare reform in two of the four Urban Change cities: Cleveland and Philadelphia. As it turned out, the 1990s represented the best environment in which to implement welfare reform. Poverty rates among children reached record lows during the decade, and employment levels among single-parent women reached a record high. By March 2001, the national economy fell into a recession that would officially last eight months, although employment continued to decline through August 2003. Welfare-to-work budgets and civil service workforces were scaled back in response to state budget deficits. It was during this period of job losses and budget deficits that families started reaching the federal five-year time limit on cash assistance, in 2002.

¹See Brock et al., *Welfare Reform in Cleveland* (New York: MDRC, 2002); Michalopoulos et al., *Welfare Reform in Philadelphia* (2003); Brock et al., *Welfare Reform in Miami* (2004); and Polit et al., *Welfare Reform in Los Angeles* (2005).

How have state service delivery systems evolved as a result of these changing conditions? And how have the longer-term effects of welfare reform played out in caseload dynamics and in social and health indicators in low-income neighborhoods? To address these questions, this report extends three sets of analyses from the earlier Urban Change studies of Cleveland and Philadelphia: an implementation analysis examines the policies and programs that welfare agencies put into place through 2005; an analysis of administrative records estimates the effects of welfare reform on caseload trends in welfare receipt and employment through 2003 for Cleveland and through 2001 for Philadelphia;² and a neighborhood indicators analysis describes the changing conditions of low-income communities in both counties through 2003.

Findings on Program Implementation

State welfare agencies nationwide confronted three primary operational challenges in implementing the TANF program: how to assist recipients in moving from welfare to work, how to serve recipients who have multiple or severe barriers to employment, and how to provide work supports to low-income families — both those on and off the welfare rolls.

Cuyahoga: Emphasizing Participation Requirements and Work Supports

- **Ohio adopted a strict interpretation of time limits and work participation rates that was designed to encourage recipients to leave welfare for work.**

Ohio embraced the federal intention of welfare reform as temporary assistance; the state adopted a time limit that was shorter than required (three years instead of five) and combined this policy with stringent work participation requirements for recipients. Cuyahoga County's welfare agency, Employment and Family Services (EFS), took responsibility for developing services for recipients that would count toward the participation rate while assisting them to transition quickly from welfare to work. In late 2003, Cuyahoga reported a work participation rate that was over 50 percent of the adult TANF caseload.

- **Following the initial phase of welfare reform, Cuyahoga focused on improving the work-related services that it offered to recipients. However, policy restrictions, budgetary limitations, and organizational fluctuations posed challenges to assisting some groups of recipients into work.**

²For Philadelphia, administrative records were available only for recipients who *began* receiving TANF, food stamp, or Medicaid benefits between 1992 and 1999 — meaning that this analysis does not include recipients who came onto the rolls after July 1999 in Philadelphia.

Prompted by caseload declines, staff reductions, and a limited budget in the early 2000s, Cuyahoga’s administrators continually reconsidered how best to use their TANF resources. The county put considerable efforts into improving its system of awarding contracts for work-related services and into developing a comprehensive assessment tool to identify recipients’ barriers to employment. However, staff reported that the pressure to meet narrow participation requirements within limited time frames constrained their ability to provide more intensive services for recipients who had severe or multiple barriers to employment. Ironically, the state of Ohio had restricted the amount of TANF funds distributed to the counties in order to create a “rainy day” reserve; by 2003, Ohio had the largest unobligated reserve of any state: \$342 million.

- **As the cash assistance caseloads continued to decline and the economy faltered early in this decade, Cuyahoga shifted its focus to administering other income supports.**

As Cuyahoga implemented the state TANF time limit in late 2000, and as the national recession began in March 2001, the number of families in Cuyahoga who were receiving other work and income supports — such as Medicaid, food stamps, and child care — increased. To meet the needs of this growing population, Cuyahoga began to shift its focus toward administering these supports. The county implemented extensive outreach efforts to target eligible families; however, state and local budgetary and organizational constraints limited ongoing outreach and the distribution of supports.

Philadelphia: Emphasizing Works Supports and Intensive Services

- **Welfare reform in Pennsylvania evolved through three fairly distinct administrative phases.**

Between 1997 and 1999, the Department of Public Welfare (DPW) realigned case management and employment services with the new work participation requirements. Between 2000 and 2002, DPW strictly enforced those requirements but at the same time offered new services to families who were “playing by the rules.” Following a gubernatorial change in January 2003, the state expanded education and training opportunities, tried to prevent unnecessary sanctions, and redesigned case management services.

- **Pennsylvania imposed the minimum participation requirements allowable under federal law: 20 hours per week for recipients with 24 months of cash assistance receipt.**

Although state law authorized more severe sanctioning policies than required by federal legislation — full-family sanctions and a lifetime ban on cash assistance for the third infraction — in practice, these enforcement tools were used sparingly during most periods. Reflecting the

state's moderate participation requirements (and changing enforcement policies), Pennsylvania has consistently been listed at the bottom of annual federal reports on all-family participation rates.

- **Pennsylvania provided new services for recipients with employment barriers, and it created an “Extended TANF” program for recipients who reached the federal five-year time limit.**

In 2001, DPW launched several special programs for recipients with severe or multiple employment barriers, including the Maximizing Participation Project, which offered voluntary assessment and behavioral health services to recipients who were exempt from the work requirements for medical or physical disabilities. In 2002 (when the federal time limit hit), DPW created the “Extended TANF” program, which provided benefits to adults who were participating as required in work-related activities. By the end of 2004, less than 20 percent of the caseload were in this program.

- **Broad coalitions provided intensive services and work supports.**

DPW formed broad coalitions of Philadelphia advocates and service providers to supply specialized services for recipients who had severe employment barriers and to provide access to work supports for low-wage workers. DPW also piloted neighborhood service centers in order to provide more continuity and coordination in case management. Administrators have also acknowledged the need to move toward immediate, universal engagement of recipients in work-related activities.

Findings on the Effects of Welfare Reform

This report presents a number of findings on the effects of welfare reform related to caseload and employment outcomes, by comparing trends before TANF in Cuyahoga and Philadelphia Counties with trends after reforms were implemented. Many of the results are quite similar to what was found in earlier reports, including the markedly increased exit rates among long-term recipients.

- **During the 1990s and into the early 2000s, welfare caseloads declined by record levels in both counties.**

Cuyahoga County experienced an 84 percent decline in the number of cases with at least one adult between 1993 and 2002, while Philadelphia experienced a 69 percent decline between 1993 and 2001; both declines were larger than the nationwide caseload decline of about 59 percent over a similar period. The behavior of welfare recipients in both counties changed over time in offsetting ways that were consistent, on average, with reduced caseloads.

For instance, fewer people came onto the rolls at the end of the period than in 1993, and cases closed faster at the end of the period than in 1993.

- **Although long-term recipients shortened their stays on TANF, the rate of case closures among all recipients did not change much after the implementation of reform.**

Before the implementation of welfare reform, the proportion of cases that closed in Cuyahoga County within a specified period of time — say six months — was gradually increasing, and the closure rate was fairly stable in Philadelphia County. After 1997, these trends changed, and cases closed slightly slower than expected. These outflows may have been associated with a policy change that encouraged work but allowed longer welfare spells by allowing recipients to receive benefits even with increased earnings. Long-term recipients — defined as those cases that received cash assistance for 18 of the first 24 months after opening — are the exception to these findings. Long-term recipients left welfare at faster rates after reform than was predicted by earlier trends, in both Cuyahoga and Philadelphia Counties.

- **Employment levels and trends differed between the two counties.**

Earlier MDRC reports suggest that employment among welfare recipients was steady and did not increase in Cuyahoga County after TANF was implemented. After 2000, however, the proportion of new welfare recipients who went to work declined in Cuyahoga County, and there was a decrease in stable employment, perhaps reflecting the recession that occurred at that time. Although employment levels among welfare recipients were lower in Philadelphia than in Cuyahoga, they grew over time and accelerated after TANF, suggesting that welfare reform encouraged a movement to work. Unfortunately, data for new welfare recipients in Philadelphia for the period after 2000 were not available for this analysis.

Findings on Neighborhood Poverty and Social Distress

Indicators of social distress are often several times greater in high-poverty than in low-poverty neighborhoods. At the outset of welfare reform in the 1990s, many observers reasoned that high-poverty neighborhoods would be more vulnerable to policy changes that could harm them or would be more likely to benefit from policies that had a positive effect (because high-poverty neighborhoods would have more room to improve). Prior Urban Change reports show that neither the worst fears of welfare reform's opponents nor the highest ambitions of its proponents were realized. This report examines trends in neighborhood indicators — including levels of poverty, cash assistance and food stamp receipt, maternal and infant health measures, crime statistics, and prevalence of home ownership — to portray how Cuyahoga and Philadelphia changed in the 1990s and early 2000s. To understand outcomes for three different classes

of residents, the analysis divides census tracts (called “neighborhoods”) into three categories of decreasing poverty: poor, working-poor, and nonpoor.

- **Overall poverty rates declined in Cuyahoga and increased in Philadelphia between 1990 and 2000.** Cuyahoga’s overall decline in poverty was concentrated in its poorest neighborhoods, where the female labor force participation rate increased by 17 percent. Although poverty increased across Philadelphia, increases were smallest in poor neighborhoods. Child poverty rates in *poor* neighborhoods declined in both counties.
- **While the number of Cuyahoga’s poor neighborhoods remained stable, Philadelphia’s share of poor neighborhoods increased.** Several nonpoor neighborhoods in Cuyahoga’s inner suburbs became working-poor. Meanwhile, conditions worsened in some Philadelphia working-poor neighborhoods, and several shifted from working-poor to poor status.
- **Despite differences in neighborhood poverty rates, trends in receipt of food stamps and cash assistance were similar across neighborhoods.** Cash assistance and food stamp caseloads declined in both counties in the 1990s. In Philadelphia, both types of caseloads declined faster in nonpoor than in poor neighborhoods. Differences in neighborhood poverty were not associated with substantial differences in long-term receipt rates in either county.
- **Neighborhood indicators of social distress improved in the 1990s and early 2000s, particularly in poor neighborhoods and in the early reform period of strong economic growth (from 1997 to 1999).** In both counties, teen birthrates and rates of homicide declined to record lows, and the proportion of mothers receiving adequate prenatal care increased.
- **Although poor families are highly mobile and are likely to change residences, few welfare recipients who lived in poor neighborhoods in 1995 escaped poor neighborhoods by 2000.** Among families receiving welfare and living in poor neighborhoods in 1995, many moved at least once between 1995 and 2000. But most did not move far. Those who moved three miles or more were significantly less likely to live in poor neighborhoods in 2000. In Philadelphia, their new neighborhoods were also safer, and residents were more likely to describe them as “good” or “very good” places to raise children.

Conclusions and Policy Implications

Despite different priorities, policies, and contexts, administrators in Cuyahoga and Philadelphia Counties faced the same three main challenges of welfare reform: how to assist recipients in moving from welfare to work, how to serve recipients who have multiple or severe barriers to employment, and how to provide work supports to low-income families.

- **Cuyahoga and Philadelphia took different basic approaches to moving welfare recipients to work, although both counties strove to increase recipients' engagement, create an appropriate mix of education and training versus employment services, and implement sanctioning policies fairly and effectively.**

While Ohio implemented strict work participation requirements for recipients and Pennsylvania allowed recipients more flexibility, both counties struggled with determining the right combination of employment and education and training services to offer. Both counties also used performance-based contracting to monitor the quality of the services offered by outside providers, and they contracted with third-party organizations to review how they implemented their sanctioning policies.

- **As welfare caseloads declined, both counties sought new ways to serve recipients who had severe or multiple employment barriers.**

They designed new assessment and referral procedures and developed specialized services, including transitional jobs programs.

- **To help low-income families (whether on the TANF rolls or not), both counties worked to increase access to work support programs, including child care, food stamps, health insurance, and tax credits.**

They established telephone hotlines and Internet-based benefit-eligibility screeners to disseminate information about work supports, aligned TANF and food stamp eligibility requirements, and sought to make high-quality child care more accessible to working families.

* * *

In the wake of the early 2006 federal reauthorization of the TANF program — which has effectively increased the caseload participation requirements that states must meet, starting in Fiscal Year 2007 — it is likely to become even more important for TANF agencies across the country to address all three of the operational challenges. Essentially, reauthorization pushes states to immediately engage 50 percent of all TANF families and 90 percent of two-parent TANF families in work-related activities. Not surprisingly, there is a great deal of uncertainty about the implications of the more binding participation standards. States are now more experienced in designing

and running their own welfare programs than they were in 1996, but the labor market is not as tight as it was then. Arguably, many families who can afford to do without cash assistance have already left the rolls. And despite the fact that most states have implemented work requirements and quick-employment services, Ohio is one of the few that met the 50 percent all-family participation standard. Few have met the 90 percent two-parent family standard.

The findings from this report suggest several observations about the next phase of welfare reform:

- **Participation requirements accelerated welfare-to-work transitions, but more can be done to “make work pay.”**

Many cash assistance leavers remain poor or near poor, essentially trading low monthly cash assistance grants for low monthly paychecks. Past research shows that welfare programs that combine participation requirements with incentives to make work pay (such as generous earned income disregards) promote employment *and* increase family income. Outreach campaigns in both Cuyahoga and Philadelphia publicized the federal Earned Income Tax Credit and other benefits. Looking forward, policymakers might consider additional investments in work incentive policies, and they might consider including enhanced earned income tax credits (such as Pennsylvania’s TAX BACK) and expanded earnings disregards for federal work supports, such as food stamps, and state-administered supports, such as TANF and child care. Strengthening these work incentives along with participation requirements is more likely to help families not just get off welfare but also get out of poverty.

- **Clearer evidence and better incentives are needed to improve services for recipients with severe or multiple employment barriers.**

While TANF has offered little guidance about how to serve recipients who have severe or multiple employment barriers, many states and counties have worked hard to prepare the most-at-risk families for the prospect of time-limited welfare. This report describes the steps that Cuyahoga and Philadelphia took to screen for employment barriers and to provide effective service models. While many adults with severe or multiple barriers *can* work successfully, the challenge for researchers and policymakers is to understand which combination of standard welfare-to-work services, transitional employment and on-the-job case management, and mental and behavioral health treatment works most effectively for participants with various barriers to employment. As evidence builds about the most effective combination of treatments for adults with various employment barriers, policymakers at the federal and state levels can budget and respond accordingly. Until then, policymakers might consider how to design incentives that generate a creative and thoughtful range of service models — and then how to build a learning agenda to determine what works best.

- **More can be done to coordinate work support policies and to broaden outreach and eligibility.**

Federal, state, and local policymakers tried to improve coordination between cash assistance and work support policies. Federal reforms delinked TANF and Medicaid, to make it easier for low-income families to receive Medicaid without relying on TANF. Federal policymakers dramatically increased resources for other work supports, such as children's health insurance and child care. In some cases, states offered supplemental policies, such as Pennsylvania's Adult Basic Coverage health insurance program. State and local agencies established telephone hotlines and online benefit-eligibility screeners, which enabled families to find out easily if they qualified for work supports. But administrators in both counties argued that simple modifications to existing programs could further improve coordination.

Chapter 1

Introduction

In 1996, Congress passed and President Clinton signed federal welfare reform legislation, replacing the nation's primary welfare program, Aid to Families with Dependent Children (AFDC), with a new program called Temporary Assistance for Needy Families (TANF). Designed to assist low-income families in moving from welfare to work, TANF transformed the nation's welfare program in several important ways. Whereas AFDC was an entitlement program — meaning that federal funding to states went up or down as welfare caseloads rose or fell — TANF instead offered states annual, fixed block grants with greater flexibility to design and administer their own welfare programs. As an entitlement, AFDC offered families monthly cash welfare benefits for as long as they met the income eligibility guidelines; TANF instead limited most families to 60 months of federal benefits within a lifetime (although states could continue benefits for up to 20 percent of families under a “hardship exemption”). Finally, TANF increased the proportion of cash assistance recipients who were required either to work or to prepare for work, and it required states to impose sanctions (financial penalties) on those who did not.

Anticipating that welfare reform might pose special 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) in 1997 to chronicle TANF programs and the resulting changes in the lives of low-income families and in the institutions that serve them in four urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia. Between 2002 and 2005, MDRC released reports on each of the four cities to tell the stories of welfare reform up until 2001.¹

These reports found four different approaches to welfare reform but remarkably similar results between 1997 and 2001. In all four counties, welfare caseloads were down; conditions improved in high-poverty and high-welfare neighborhoods; and welfare recipients who were surveyed at two points in time were more likely to be working and to be financially better off in 2001 than in 1998, even though most remained poor. But what has changed during the five years since the earlier studies were completed?

This report updates the story of welfare reform in two of the four Urban Change cities: Cleveland and Philadelphia. As it turns out, the 1990s were perhaps the best of times for welfare reform. Poverty rates among children reached record lows during the decade, and employment

¹See Brock et al. (2002) on Cleveland; Michalopoulos et al. (2003) on Philadelphia; Brock et al. (2004) on Miami; and Polit, Nelson, Richburg-Hayes, and Seith (2005) on Los Angeles.

levels among single-parent women reached a record high.² By March 2001, the national economy fell into a recession that would officially last eight months, although employment continued to decline through August 2003.³ Welfare-to-work budgets and civil service workforces were scaled back in response to state budget deficits. It was during this period of job losses and budget deficits that families started reaching the federal five-year time limit on cash assistance, in 2002.

How have state service delivery systems evolved as a result of these changing conditions — and how have the longer-term effects of welfare reform played out in caseload dynamics and in social and health indicators in low-income neighborhoods?

To address these questions, this report extends three sets of analyses from the earlier Urban Change studies of Cleveland and Philadelphia: an *implementation analysis* examines the policies and programs that welfare agencies put into place through 2005; an *impact analysis* estimates the effects of welfare reform on caseload trends in welfare receipt and employment through 2003 for Cleveland and through 2001 for Philadelphia;⁴ and a *neighborhood indicators analysis* describes the changing conditions of low-income communities through 2003.⁵ Support for these extended analyses was limited to Cuyahoga and Philadelphia. Fortunately, of the four Urban Change counties, these two might make for the most relevant and rewarding comparisons — relevant because their respective states fall in the middle of the range on several important dimensions, including welfare benefit levels and some demographic characteristics, and rewarding because they approached reform with different administrative priorities and policy interpretations. (Table 1.1 summarizes the data used in the Urban Change extension study.)

This Introduction explains five significant policy changes associated with TANF that are important for understanding the report's findings; it reviews findings from earlier Urban Change reports about welfare reform in Cuyahoga and Philadelphia Counties; it describes some common challenges facing the two counties in the latter years of welfare reform; and it provides an overview of the questions addressed by each of the report's chapters.

²See, for example, Blank and Schmidt (2001); Haskins (2001).

³National Bureau of Economic Research, Business Cycle Dating Committee (2003).

⁴For Philadelphia, administrative records were available only for recipients who *began* receiving TANF, food stamp, or Medicaid benefits between 1992 and 1999 — meaning that this analysis does not include recipients who came onto the rolls after July 1999 in Philadelphia.

⁵This extension study does not include a follow-up survey or ethnographic analysis, as the earlier Urban Change reports did, which limits its ability to assess the effects of policy changes and the economic downturn for families.

The Project on Devolution and Urban Change

Table 1.1

Data Used for the Urban Change Extension Study

Data Type	Data Source	Sample	Time Period and Coverage	Chapter Relying on Data
Program implementation	Field/observational research	3 rounds of interviews and observations conducted in 3 site offices for each county	Conducted between 2004 and 2005	2, 3, 6
State administrative records: cash assistance, food stamp, Medicaid, and unemployment insurance records	Center on Urban Poverty and Social Change, Case Western Reserve University; Ohio Department of Job and Family Services	The universe of recipients who received food stamps, AFDC/TANF, or Medicaid in Cuyahoga between July 1992 and December 2003 (n = 536,256)	Eligibility records for the period July 1992 to December 2003; unemployment insurance records for the period January 1992 to December 2003	4, 5
	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 (n = 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	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 2003 Vital records; tax assessor's property files; child welfare, crime, and welfare and wage records	All residential census tracts in Philadelphia	5

Significant Policy Changes Resulting from Welfare Reform

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which created TANF, changed the nation's welfare system in fundamental ways. Five particular features of the program are important for understanding the story of welfare reform: (1) the new flexibility states had to design and administer their own programs, (2) the federal work requirement for welfare recipients and the work participation targets set for the states, (3) the 60-month federal lifetime time limit for receiving benefits, (4) the delinking of Medicaid eligibility from welfare receipt, and (5) the expansion of spending on child care assistance.

- **TANF gave states fixed block grants with unprecedented flexibility to design and administer their own programs.**⁶

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, and what basic services and activities were available to participants in welfare-to-work programs. States could deviate from the regulations only if they received special waivers.⁷

Under TANF, the federal government set four major parameters but otherwise gave states unprecedented freedom to design and administer their own welfare programs. First, the federal government provided states with annual block grants based on AFDC caseload levels in the mid-1990s, when the number of welfare recipients was at an all-time high.⁸ Second, PRWORA included a maintenance-of-effort provision that required states to spend at least 75-80 percent of their peak-year AFDC expenditures on TANF. Third, the federal government required that TANF expenditures should be allocated only to programs and services “reasonably calculated” to serve one of the four broad goals of the TANF program: (a) to assist needy families, (b) to end the dependence of needy parents by promoting work and marriage, (c) to reduce out-of-wedlock pregnancies, and (d) to encourage the formation and maintenance of two-parent families. Fourth, the federal government required states to meet certain targets for the proportion of their caseload that was participating in work activities each year, as described below.

Together, the federal block grants, state maintenance-of-effort funds, and falling caseloads meant that most states had much more money to spend on behalf of poor people as well as much more flexibility in deciding how to spend it. Within federal guidelines, states determined which families were eligible for TANF, the amounts of monthly benefits, how quickly benefits phased down as earnings went up, which families were required to participate in employment activities, which types of activities counted as work and for how many hours per week, and how long families could receive cash assistance before reaching time limits. States determined what proportion of the federal block grant and their own maintenance-of-effort

⁶Several of the policy details in this section are adapted from Quint et al. (1999).

⁷In the years immediately preceding the passage of PRWORA, the U.S. Department of Health and Human Services granted waivers to 43 states so that they could experiment with new policies and programs for welfare recipients; nevertheless, most waivers covered modest changes, and Pennsylvania was one of the few states that did not receive a waiver.

⁸States could choose peak spending amounts from one of three alternative base periods. See Weaver (2002).

funds went to administration and quality control, what proportion was paid out to families directly in ongoing cash assistance, and what proportion funded employment services and work supports, such as child care and transportation assistance.

Federal rules made a distinction among (1) TANF funds that were used to meet families' ongoing needs for "basic assistance" (such as cash benefits) and (2) funds that were used to offer "nonassistance" to parents who were working (such as supportive services like child care and transportation help) and (3) funds to help families through short-term crises of up to four months. TANF funds for basic assistance were subject to requirements like time limits and mandatory participation in work activities (discussed below), but nonassistance resources were more discretionary. States used those to fund a variety of programs to help families leave welfare for work. Diversion programs offered a one-time, lump sum payment instead of ongoing cash assistance to families who could get back on their feet with the help of such a payment. Other programs used TANF nonassistance funds to offer child care and transportation services to a broader range of working and former TANF recipients, to provide case management and tutoring services at community colleges, or to offer after-school programs for young parents and children who were deemed at risk.

- **TANF imposed stricter work requirements for recipients, required states to have a certain proportion of their caseloads in work activities, and mandated that states impose sanctions (financial penalties) on recipients who did not meet work requirements. TANF included financial penalties for states that did not meet work participation targets for their caseloads, but it also offered states a "caseload reduction credit," which essentially meant that they did not have to meet the participation requirement if their caseloads dropped sufficiently.**

Compared with AFDC's policies, TANF required a *greater proportion* of adults to participate in a *narrower range of work activities* for a *greater number of hours*. Adults who were previously exempt from work requirements — parents of children younger than age 3 and recipients who were caring for disabled family members — would be required to work or to participate in work-related activities. Specifically, starting in Fiscal Year (FY) 1997, PRWORA required 25 percent of all families and 75 percent of two-parent families to participate in work activities within 24 months of coming onto TANF. It increased this all-family participation requirement to 40 percent in 2000 and to 50 percent in 2002, where the rate remained until FY 2007. It also increased the two-parent participation rate, to 90 percent, starting in 1999. Most single parents must participate 30 hours per week. Two-parent families must participate at least 35 to 55 hours per week, depending on their circumstances. States may exempt parents of children younger than age 1, and they may not sanction parents for failing to participate if they have children younger than age 6 and child care is not available. Countable employment-related ac-

tivities include employment, on-the-job training, work experience, community service, job search, vocational or skills training, education directly related to work, secondary school attendance, and providing child care services to other parents. Recipients may participate in job search activities for no more than six weeks in total and for no more than four consecutive weeks. Recipients may participate in vocational training for up to 12 months, but no more than 30 percent of recipients who are in education or training activities may be counted toward a state's participation rate.

In addition, only families who participated for the required number of hours in specified activities counted toward the statewide participation rate. That is, states were not given "partial credit" for families who worked 20 hours if the federal benchmark for similar families was 30 hours. (This full-credit-only policy particularly hurt Pennsylvania, which required only 20 hours of participation per week despite the federal mandate of 30 hours per week.)

Although the welfare reform law called for the federal government to penalize states that failed to meet the federal participation requirements, states have not been subject to any penalties, because of the effect of the caseload reduction credit. This credit allowed states to reduce the proportion of mandatory participants by 1 percentage point for each percentage point decline in the state TANF caseload since 1995. Without the caseload reduction credit, only 10 states (including Ohio) would have met the all-family federal participation requirements in 2003.⁹ On the other hand, given the caseload reduction credit, the 2003 all-family federal participation requirement was reduced to zero in 22 states, including Ohio and Pennsylvania.¹⁰

PRWORA required states to impose financial sanctions on families who were not participating to the extent required. Thirty-six states, including Ohio, chose to impose full-family sanctions, that is, to terminate the entire family's cash grant.¹¹ Others terminated only the adult portion of the grant. Pennsylvania sanctioned the adult portion of the grant for families who had received fewer than 24 months of cash assistance and sanctioned the entire grant for those with assistance for 24 months or more. Importantly, the federal law ensured that food stamp benefits did not increase for families who lost TANF income due to sanctions (an unintended coordination problem under the former program). In fact, a number of states, including Ohio and Pennsylvania, sanctioned food stamp benefits for TANF-related infractions, and some, including Ohio, even sanctioned Medicaid benefits.

⁹The federal government accepted states' reports of their own participation rates and did not conduct independent audits of participation rates.

¹⁰The Deficit Reduction Act of 2005, which reauthorized the TANF program, "reset" the caseload reduction credit. As of October 1, 2006, adjustments to participation rates are based on caseload declines after 2005, rather than after 1995.

¹¹Pavetti and Bloom (2001).

- **TANF imposed a federal lifetime limit of five years on welfare benefits, although states were free to create shorter time limits for recipients.**

AFDC was available as an entitlement to families as long as they met the income eligibility guidelines. Federal funding for TANF was limited to 60 months within a lifetime, although states could continue to provide benefits to up to 20 percent of families under a “hardship exemption.” Pennsylvania was one of the few states that did. Ohio, however, created a time limit of only 36 months.

- **TANF delinked cash assistance from Medicaid but imposed cumbersome transitional Medicaid eligibility regulations.**

In order to receive Medicaid before federal welfare reform, most low-income families needed to qualify for AFDC. Inasmuch as the value of Medicaid coverage is much greater than TANF — particularly for otherwise uninsured families who have medical expenses — policy analysts argued that many families applied for and retained AFDC in order to qualify for Medicaid. The federal welfare law delinked Medicaid eligibility from TANF. It required states to continue to provide Medicaid to families with children who met the AFDC eligibility guidelines that were in place before the 1996 reforms. Pregnant women and children under age 6 with family incomes below 133 percent of the federal poverty guideline and children under age 19 with family incomes below 100 percent of the federal poverty guideline are categorically eligible for Medicaid. But the transitional Medicaid regulations created by the federal welfare reform law were cumbersome. For example, families who received Medicaid in three of the past six months were eligible for six months of transitional Medicaid assistance. Families who utilized those first six months were then eligible for an additional six months, provided that they submitted documentation of earnings and child care costs in the fourth, seventh, and tenth months.¹²

- **TANF consolidated and dramatically expanded funding for child care.**

PRWORA merged four preexisting child care programs into a new Child Care Development and Block Grant (CCDBG), and it increased the funding for the new grant above the levels of the preceding four programs combined. (The former programs were AFDC Child Care, Transitional Child Care, the existing CCDBG, and At-Risk Grants.) Although PRWORA eliminated the federal guarantee of child care, it allows states to transfer up to 30 percent of TANF resources into the CCDBG. In addition, many states have spent TANF funds directly on child care assistance. As a result of these various changes in law and policy, federal and state child care spending rose dramatically in the late 1990s.

¹²Under Section 1931, the Health Care Financing Administration allowed retroactive Medicaid coverage to substitute for the requirement regarding three of six previous months. For an insightful discussion of the opportunities and constraints of transitional Medicaid, see Greenstein and Guyer (2001).

Cuyahoga and Philadelphia: Context and Findings from Earlier Urban Change Reports

To set the stage for the rest of the report, this section offers a brief introduction to the welfare policy context in Ohio and Pennsylvania and reviews findings from the earlier Urban Change reports, covering the period from 1992 through 1999 in Philadelphia and through 2001 in Cleveland.

Ohio and Pennsylvania: Similar Starting Points

As shown in Table 1.2, Cuyahoga and Philadelphia Counties were similar in 1990, but Cuyahoga included several middle-income suburbs, and its economy was much stronger. In 1990, each county had about 1.5 million residents, most of whom were non-Hispanic whites or non-Hispanic blacks, with relatively small but growing Hispanic, Asian, and foreign-born constituencies. More than half of residents were working-age adults, about 60 percent of whom were engaged in the labor force. But there were a few important differences between the counties in 1990. Philadelphia had a higher median family income than Cuyahoga (\$42,690 versus \$33,379), but it also had a substantially higher poverty rate (20 percent versus 14 percent). The geographic boundaries of the City and County of Philadelphia are coterminous, while Cuyahoga County includes several middle-income suburban municipalities. Thus, while levels of poverty and social distress within the City of Cleveland were similar to those of Philadelphia, Cuyahoga County's middle-income suburbs buoyed overall county trends and contributed to the county's municipal revenues. And there are other indications that Cuyahoga's economy was stronger than Philadelphia's in the 1990s: Inflation-adjusted median family income rose 38 percent in Cuyahoga, while it fell 3 percent in Philadelphia; and while Cuyahoga's labor force participation rate increased and its poverty rates slightly declined, the converse was true in Philadelphia.

Figures 1.1 and 1.2 show that unemployment was also considerably higher in Philadelphia County, declining from 8.0 percent in 1994 to 5.8 percent in 2000 and then climbing to 7.6 percent in 2003. In Cuyahoga County, the unemployment rate declined from 6.0 percent in 1994 to 4.5 in 2001 and then climbed to 6.8 in 2003.

Ohio and Pennsylvania are similar to each other and fall toward the middle of the states on a range of policy and contextual factors. When TANF benefits are ranked from most to least generous, for example, as shown in Figure 1.3, a single mother of two children with no income in 2003 qualified for similar monthly benefits in Ohio (\$373) and in Pennsylvania (\$403), and both states are near the midpoint of this measure.

Levels and trends in overall TANF expenditures are also similar in the two states. As mentioned above, PRWORA set TANF block grant levels based on AFDC levels in the mid-1990s, when caseloads were at an all-time high. Inasmuch as wealthier states spent much more

The Project on Devolution and Urban Change

Table 1.2

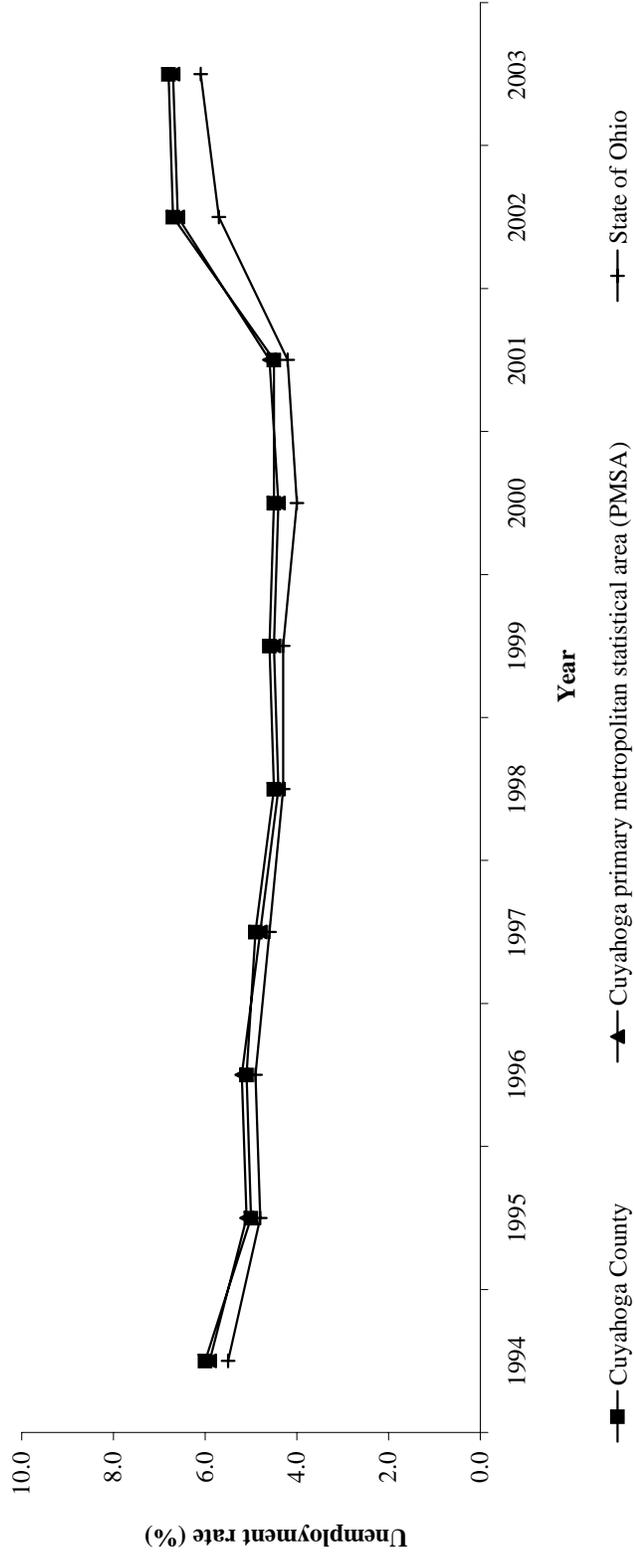
**Demographic Composition and Labor Force Participation,
Philadelphia and Cuyahoga Counties, 1990 and 2000**

	Cuyahoga County		Philadelphia County	
	1990	2000	1990	2000
Population	1,395,953	1,375,699	1,562,925	1,500,715
<u>Age composition (%)</u>				
Children (ages 0-14)	20.3	21.1	20.3	21.4
Teens (ages 15-19)	6.3	6.3	6.8	7.2
Adults (ages 18-64)	57.7	57.7	57.6	57.2
Seniors (ages 65 and up)	15.6	15.0	15.4	14.2
<u>Racial/ethnic composition and nativity (%)</u>				
Hispanic	2.1	3.3	5.3	8.4
Black, non-Hispanic	24.6	27.0	39.5	42.4
White, non-Hispanic	71.8	66.2	52.3	42.6
Asian	1.2	1.7	2.7	4.2
Foreign born	5.6	6.3	6.7	9.1
<u>Education and labor force participation (%)</u>				
Percentage without a high school diploma	25.9	18.3	35.7	43.5
Total labor force participation rate	61.6	62.7	58.5	56.2
<u>Median rent and home ownership</u>				
Median rent (2005 dollars)	411	548	588	574
Five-year household mobility rate (%)	61.0	59.9	64.7	62.1
Home ownership (%)	62.4	63.7	62.3	59.4
<u>Income and poverty</u>				
Median family income (2005 dollars)	33,379	46,114	42,690	41,386
Ratio of income to poverty (%)				
Below 50% of poverty	7.5	6.4	10.6	12.0
Below 100% of poverty	13.6	12.9	20.2	22.9
Below 200% of poverty	29.0	28.8	39.6	43.3
<u>Provider ratio</u>				
Ratio of working adults to children ^a	2.20	2.17	2.04	1.81

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

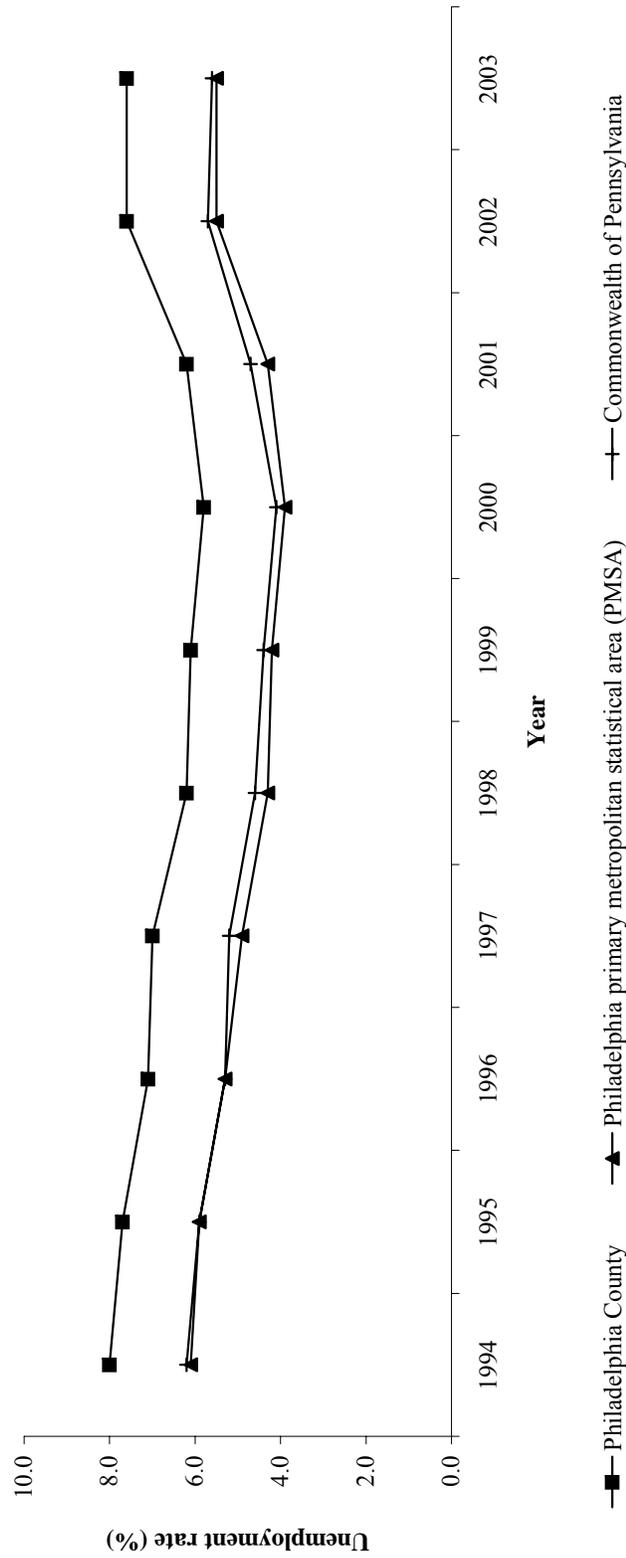
NOTE: ^aThe ratio of working adults to children is defined as the number of adults in the civilian labor force (both employed and unemployed, but looking for work) divided by the number of children ages 0 to 18 years old.

The Project on Devolution and Urban Change
Figure 1.1
Unemployment in Cuyahoga County and Surrounding Areas



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

The Project on Devolution and Urban Change
Figure 1.2
Unemployment in Philadelphia County and Surrounding Areas

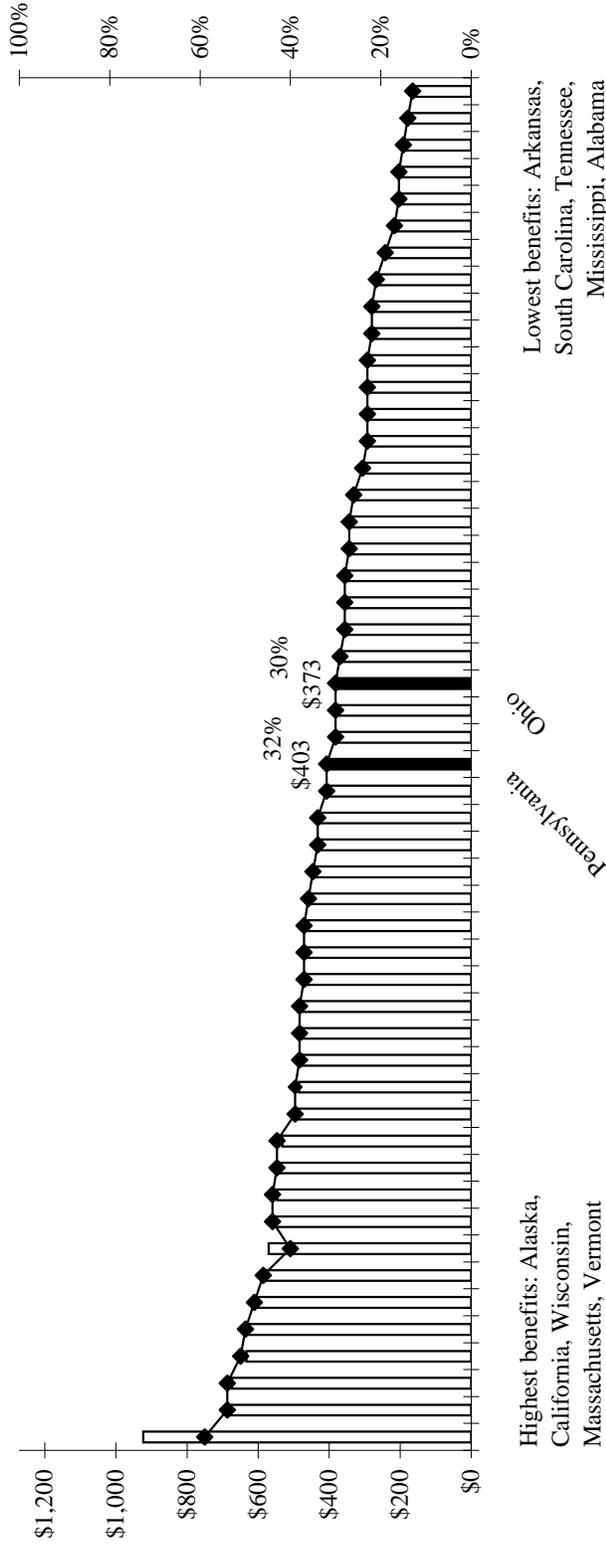


SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

The Project on Devolution and Urban Change

Figure 1.3

Maximum Monthly TANF Benefit Amount for a Family of Three, in Dollars and as a Percentage of the Federal Poverty Guideline, by State, 2003



SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families (2004a).

NOTES: The bars indicate dollar amounts, and the points on the graph line indicate percentages.

The 2003 poverty guideline for a family of three was \$15,260 in the 48 contiguous states and the District of Columbia (\$19,070 in Alaska and \$17,550 in Hawaii).

than poorer states, considerable disparities remain. Annual federal TANF grants to Ohio (\$729 million) and Pennsylvania (\$719 million) in 2002 rank fourteenth and sixteenth, respectively, among the states and the District of Columbia when the annual grant to each state is adjusted by the number of children below the federal poverty guideline, as shown in Figure 1.4.¹³

Under PRWORA, millions of parents would need to be enrolled in employment services that were previously offered on a voluntary basis and thus on a much smaller scale. To participate in these programs, and ultimately to sustain employment, many parents would need child care. And to track compliance, administrative information systems would need to be developed.

The level and composition of federal and state TANF expenditures from 1997 to 2003 are shown for all states combined (Figure 1.5), for Ohio (Figure 1.6), and for Pennsylvania (Figure 1.7). Between 1997 and 2000, combined federal and state TANF expenditures grew 48 percent nationwide, 21 percent in Ohio, and 58 percent in Pennsylvania. But as caseloads fell and the range of supportive services increased, the proportion of TANF expenditures allocated to basic assistance declined dramatically, from 71 percent to 35 percent nationwide, from 78 percent to 28 percent in Ohio, and from 72 percent to 26 percent in Pennsylvania. Combined federal and state expenditures on work-related activities more than doubled in 2003, from \$979 million to \$2.6 billion, that is, from 4 percent to 9 percent of all TANF expenditures. Combined federal and state expenditures on child care — both as transfers to the CCDBG and as direct TANF expenditures — soared from \$256.8 million in 1997 to \$4.9 billion in 2003, and from less than 1 percent to 11 percent of all TANF expenditures. Since 1999, Ohio has spent roughly 10 percent to 26 percent of its TANF dollars on child care, and Pennsylvania has spent 12 percent to 18 percent of its TANF resources on child care transfers and expenditures. Clearly, cash assistance was evolving from an income support system to an employment services and work support system.^{14, 15}

As a result of strong economic growth, policy changes, and these substantial program investments, cash assistance caseloads declined dramatically, as shown in Figure 1.8. Between August 1996, when PRWORA was passed, and September 2002, TANF caseloads declined by 54 percent across all states, by 66 percent in Ohio, and by 61 percent in Pennsylvania.

¹³Standardizing comparisons of TANF allocations across states by adjusting for the number of low-income children was suggested by Weaver (2002).

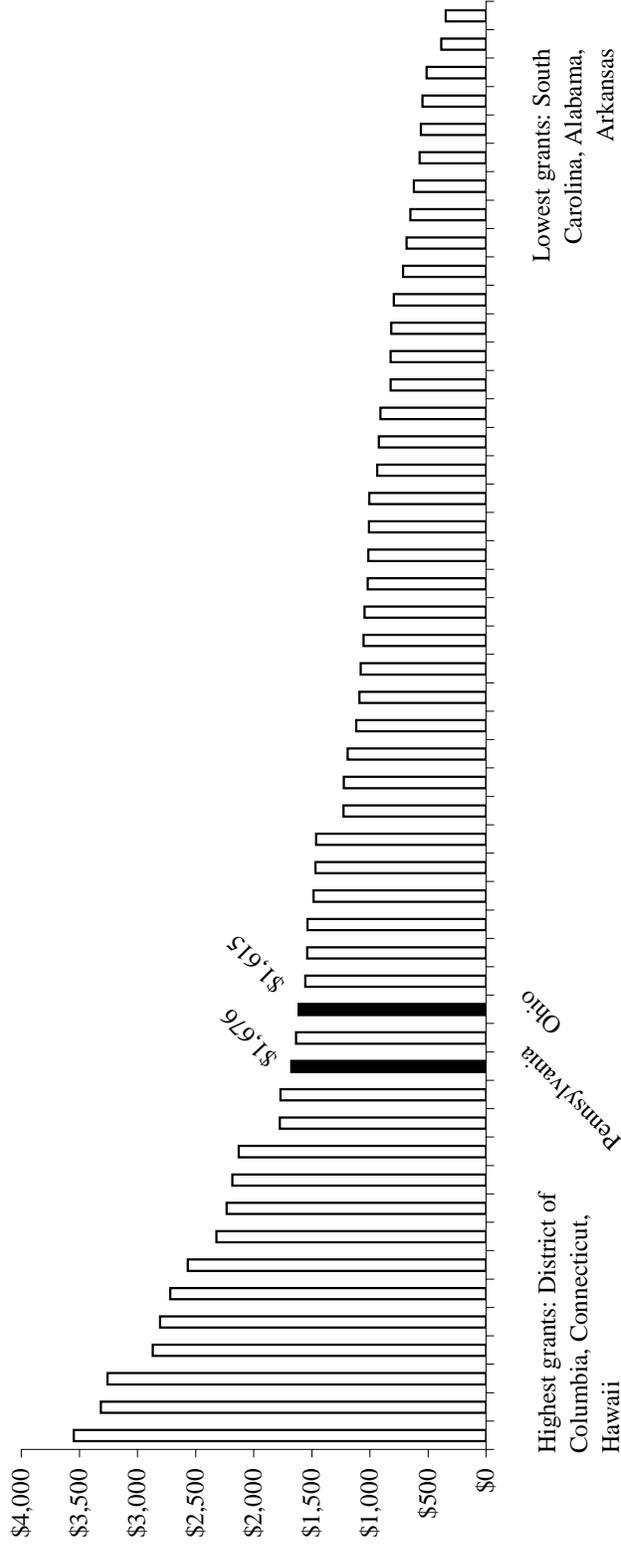
¹⁴This observation was also noted by Sawhill and Haskins (2002).

¹⁵Recognizing this evolution, the remainder of the report refers to TANF financial assistance, employment services, and related benefits as “income and work supports.”

The Project on Devolution and Urban Change

Figure 1.4

Annual Federal TANF Grant Amount per Low-Income Child, by State, 2002



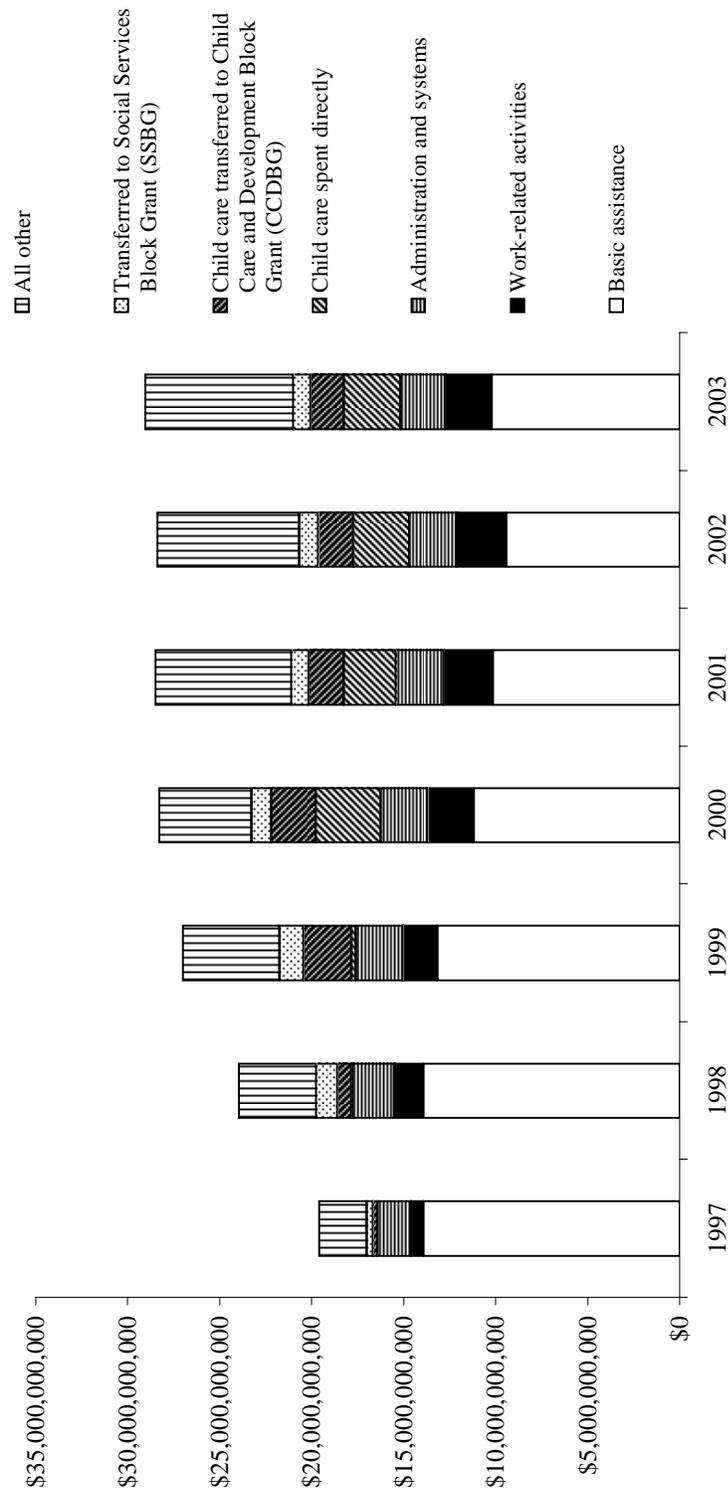
SOURCES: U.S. Department of Health and Human Services, Administration for Children and Families; U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey.

NOTE: Low-income children are defined as those living below the federal poverty guideline.

The Project on Devolution and Urban Change

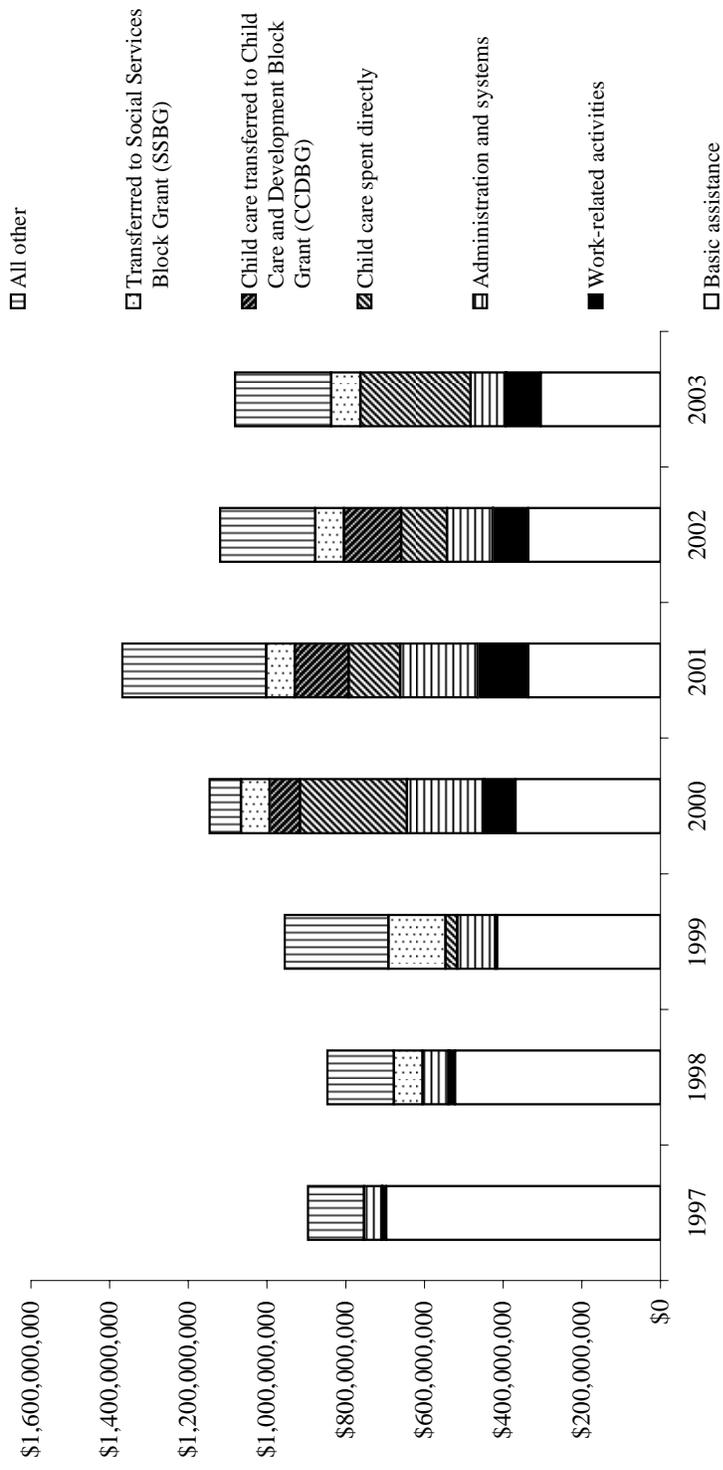
Figure 1.5

Combined State and Federal TANF Expenditures and Transfers for the United States, 1997-2003



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

The Project on Devolution and Urban Change
Figure 1.6
Combined State and Federal TANF Expenditures and Transfers
for the State of Ohio, 1997-2003

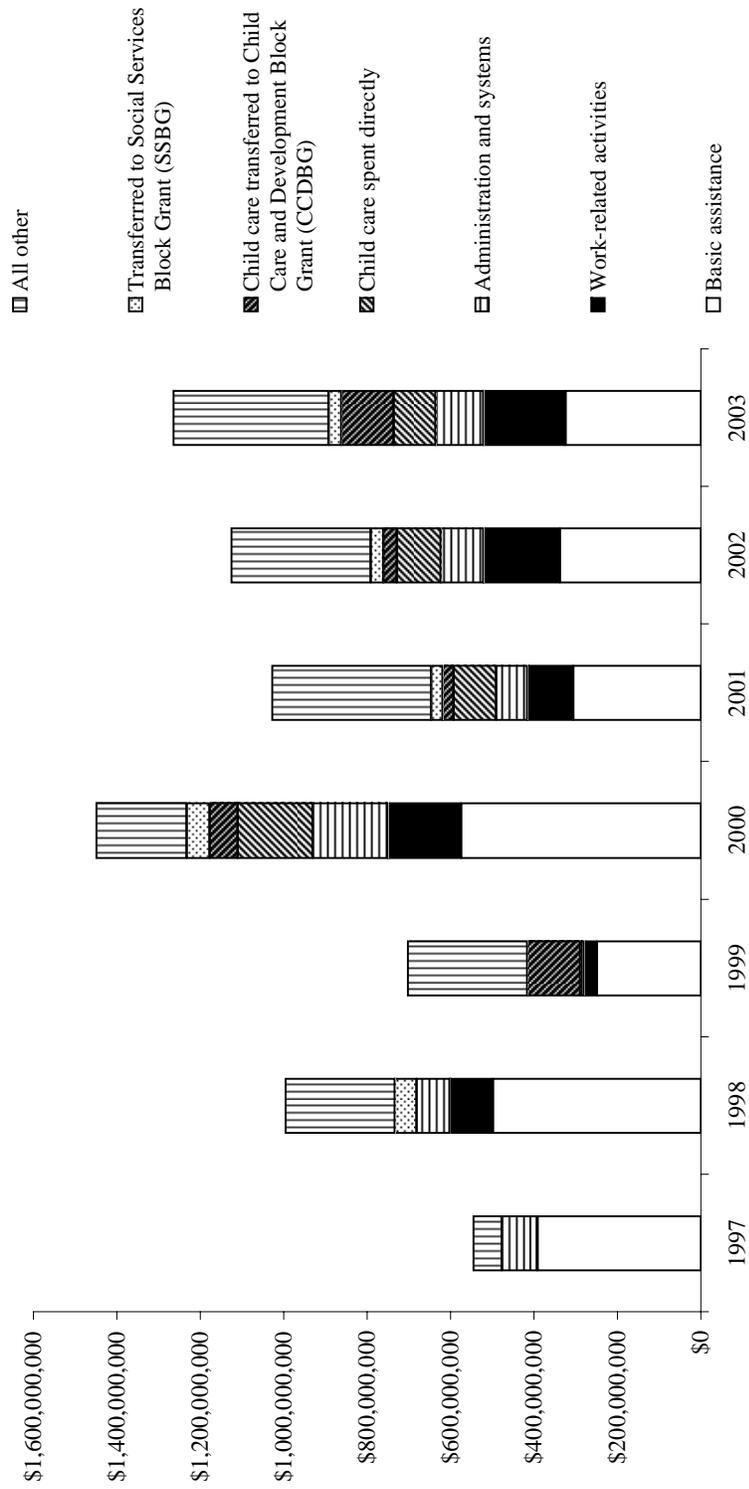


SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families.

The Project on Devolution and Urban Change

Figure 1.7

Combined State and Federal TANF Expenditures and Transfers for the Commonwealth of Pennsylvania, 1997-2003

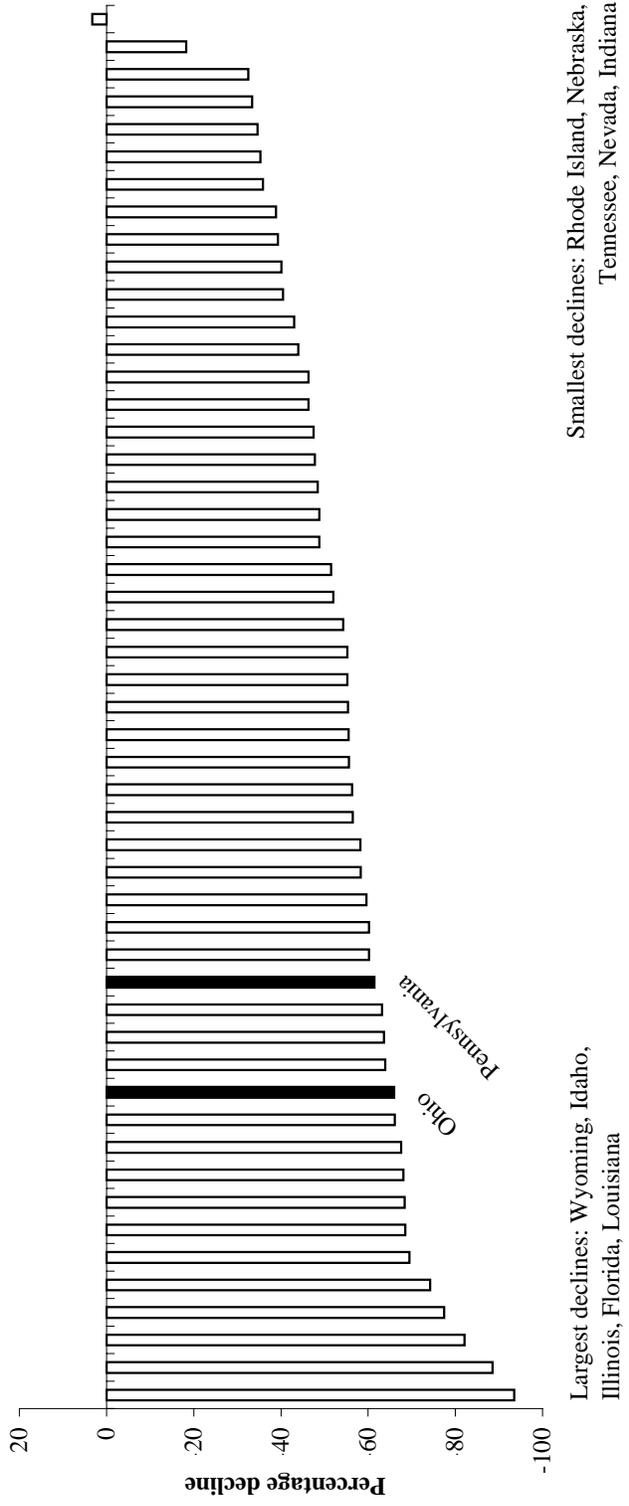


SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families.

The Project on Devolution and Urban Change

Figure 1.8

TANF Caseload Declines, by State,
August 1996 to September 2002



SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families (2004a).

Different Approaches to Welfare Reform, Yet Similar Results

Ohio established a shorter time limit on TANF benefits than the federal law required — three years instead of five.¹⁶ Pennsylvania offered extended TANF beyond the five-year federal lifetime limit. Ohio required immediate engagement in work-related activities for 30 hours per week, with almost no exemptions. Ohio set higher participation targets than the federal legislation required, starting at 40 percent of the welfare caseload and increasing to a high of 55 percent in 2001. (The federal participation targets were 50 percent in FY 2002 through 2005.) Pennsylvania exempted between one-third and one-half of adult recipients from participation requirements. Other than an initial eight-week job search for all recipients, it required only 20 hours of participation per week, and that was only for recipients who had received 24 cumulative months of cash assistance.

Another important difference between the two counties is structural. TANF is county-administered in Ohio, and the state devolved a considerable amount of administrative authority to the Cuyahoga County Division of Employment and Family Services. The Pennsylvania TANF system, by contrast, is state-administered, with all decision-making, accountability, and resource allocation authority residing in Harrisburg, under the Pennsylvania Department of Public Welfare.

Nevertheless, despite these different policy and structural features, outcomes in the two counties were surprisingly similar between 1997 and 2001, as recounted in MDRC’s earlier Urban Change reports and reviewed below.

- **In both counties, welfare caseloads declined as long-term recipients left the rolls faster than before and fewer “at-risk” families applied for cash assistance.**

Caseloads declined dramatically in both counties. Between 1997 and 2001, the number of adult TANF recipients declined 60 percent in Cuyahoga and 56 percent in Philadelphia. In theory, caseload declines could be a result of increasing exit rates (current recipients leaving TANF faster) and/or decreasing entry rates (fewer “at-risk” families applying for TANF).

¹⁶As discussed in Chapter 2, Ohio does offer Transitional Assistance to families who accumulate 36 months of TANF receipt and then leave TANF for 24 months — three years on, two years off, two years on. But the eligibility conditions for “good-cause extensions” (granted to recipients who are physically disabled or mentally ill or who are caring for a similarly afflicted family member) are so restrictive that Cuyahoga County has granted Transitional Assistance to only about 5 to 15 families per month between October 2002 and December 2004.

Caseloads declined for both reasons in both counties.¹⁷ First, TANF encouraged long-term recipients to leave the rolls faster. Each year between 1995 and 1999 or 2000,¹⁸ welfare recipients shortened their stays on TANF. In other words, exit rates were increasing. TANF strengthened this trend among long-term recipients (those who received cash assistance for 18 months), but it slowed down the increasing exit rates among all recipients. Second, welfare reform deterred food stamp recipients from coming onto the TANF rolls. Because they often have incomes just a little higher than those who are receiving TANF, food stamp recipients can be considered “at risk” for receiving TANF. In the early 1990s, the number of families entering TANF from the Food Stamp Program increased each year in both counties. Welfare reform reversed this trend. The number of food stamp recipients declined each year after welfare reform.¹⁹

- **Welfare recipients worked more hours and earned more money, but half of them (or more) remained poor.**

According to the Urban Change survey responses, welfare recipients in both counties reported increases in employment, earnings, and income between 1998 and 2001. But few obtained well-paying jobs with benefits; half (or more) remained poor; and half (or more) continued to rely on food stamps and Medicaid. Outcomes were much less favorable for those without a high-school diploma. In 2001 — three years after the first survey — 20 percent of respondents in each site were neither working nor receiving benefits.

- **Most neighborhood conditions either remained stable or improved, but large disparities remained.**

Between 1992 and 2000, most indicators of neighborhood conditions remained stable or improved in both Cuyahoga and Philadelphia. Some of the biggest improvements occurred in “high-welfare neighborhoods” — those where a fifth or more of residents received cash assistance prior to welfare reform. For example, teen birthrates and the incidence of violent crime declined sharply in both counties and especially in high-welfare neighborhoods. But these improving trends began long before the federal welfare reform legislation, and it does not appear that they were affected, for better or worse, by welfare reform. And despite improving trends,

¹⁷The impact analyses in the Urban Change study estimate the effects of TANF on rates of welfare entry and exit as well as on rates of employment. To do this, MDRC compares what actually happens with caseloads in the post-reform period with a projected trend based on pre-TANF caseload dynamics. (Chapter 4 presents the details of this methodology.)

¹⁸Administrative records of TANF receipt and employment were available from 1992 through 2000 in Cuyahoga and from 1992 through 1999 in Philadelphia.

¹⁹On a related measure, the number of new TANF entrants (those without recent TANF receipt) continued to decline after welfare reform. But, in Philadelphia, welfare reform slowed down the declining trend. In other words, there were more new TANF entrants in Philadelphia than would have been expected based on pre-TANF trends.

large disparities remained between the conditions in low-income neighborhoods and those in the balance of the counties.

- **Welfare reform increased short-term employment and recidivism among Philadelphia recipients.**

In both counties, employment rates among new welfare recipients increased each year between 1995 and 1999/2000. In Philadelphia, where pre-TANF employment rates were relatively low (42 percent), welfare reform accelerated this increase. In Cuyahoga, however, reform did not affect employment rates, which were higher before TANF (62 percent). The proportion of recipients who retained employment for four quarters — the employment stability rate — also increased in both counties, but TANF slightly slowed down the increase in Cuyahoga.

In Philadelphia, the number of welfare recipients who left TANF and returned within six months — the recidivism rate — decreased each year before welfare reform but slightly increased afterward, suggesting that reform increased recidivism. In Cuyahoga, the recidivism rate increased before welfare reform and continued to increase afterward, suggesting that reform had no effect. Nevertheless, the recidivism rate was higher in Cuyahoga than in Philadelphia both before reform (17 percent versus 16 percent) and after it (23 percent versus 17 percent).

Taken together, these outcomes for survey respondents, caseloads, and neighborhoods show that an increasing number of welfare recipients went to work in both counties. Fewer low-income families turned to cash assistance for the first time. Poverty and instances of severe material hardship declined, and neighborhood indicators improved. Yet few welfare leavers retained employment or attained sufficient increases in earnings and income to achieve self-sufficiency. Absolute levels of social distress in poor neighborhoods remained high. Reliance on alternative income supports (such as food stamps and Medicaid) increased, and a growing proportion of welfare leavers returned to cash assistance.

Three Common Challenges Faced by Cuyahoga and Philadelphia

In the first few years of welfare reform, states had the resources and flexibility to meet the challenges of the new policies. Coupled with economic growth, the policy reforms accelerated caseload declines throughout the 1990s. Moreover, given the caseload reduction credit, caseload declines offered states a reprieve from the ongoing challenge of meeting the target participation rates. By March 2001, however, the national economy fell into a recession, and employment rates continued to decline through August 2003. Welfare-to-work budgets and civil service workforces were scaled back in response to state budget deficits. Both Cuyahoga and Philadelphia faced three principal challenges, which were only made more difficult by the changing and difficult context of the early to middle 2000s:

1. Assisting recipients in the transition from welfare to work

The federal time limit on welfare benefits gave service delivery systems a sense of urgency in the early 2000s — they had 60 months to assist recipients in moving from cash assistance to work, and some long-term recipients were hitting the time limit. Participation requirements suggested what they must do, both in order to help recipients make that transition and in order to maintain federal funding.

2. Serving recipients with severe or multiple barriers to employment

Time limits, broader participation requirements, and policy decisions regarding exemptions all amplified the importance of identifying and serving recipients who were at risk of becoming long-term recipients.

3. Providing income supports to the working poor

TANF intensified the challenge of providing non-time-limited income and work supports to low-wage workers, for a few reasons. First, to participate as required in employment-related activities, and ultimately to sustain employment, many mothers would need child care. Second, because neither cash assistance nor full-time, minimum-wage earnings provide enough income to support a family, most families would need to piece together income from several different sources, including such income and work supports as food stamps and Medicaid. Third, TANF played a narrower role within the overall income support system than AFDC had; it offered a more limited range of supports to a narrower segment of the low-income population. Many policy observers expressed concern that declines in TANF caseloads would outpace declines in poverty.

The Organization of This Report

This report, which seeks to tell the story of how Cuyahoga and Philadelphia Counties approached the foregoing three challenges, is organized into six chapters. Each chapter provides a different view of how welfare reform was implemented in Cuyahoga and Philadelphia and what happened as a result.

- Chapter 2 discusses how Cuyahoga income and work support systems evolved from 2001 to 2005 to meet these three critical challenges of welfare reform: how to encourage families to work, how to help recipients with severe or multiple employment barriers, and how to ensure that low-income families get the work supports that they need.
- Chapter 3 discusses how Philadelphia income and work support systems evolved from 2001 to 2005 to meet the same three challenges.

- Chapter 4 uses administrative records of earnings and welfare and food stamp receipt between 2001 and 2003 to examine how patterns of employment and welfare use changed over this period. Did welfare reform have a measurable effect on TANF exit or entry rates or on employment rates among TANF recipients?
- Chapter 5 monitors trends in poor, working-poor, and nonpoor neighborhoods; it addresses the question: How did conditions in low-income neighborhoods change following the implementation of welfare reform?
- Chapter 6 highlights programmatic initiatives common to both counties and closes with a brief discussion of what welfare reauthorization might mean for Cuyahoga and Philadelphia.

Chapter 2

The Evolution of Income and Work Supports in Cuyahoga County, 1997-2005

The welfare reform legislation that was passed by Congress in 1996, establishing the Temporary Assistance for Needy Families (TANF) program, allowed state and local governments substantial flexibility in interpreting the new policies, determining administrative priorities, and managing their welfare programs. In implementing welfare reform, state and local agencies established policies and worked to develop services to assist recipients in transitioning from welfare to work within the framework of the time limit and the participation requirements (see Chapter 1). As welfare caseloads declined, two subsequent challenges became increasingly prominent: how to serve recipients who had severe or multiple barriers to work and how to ensure that low-wage workers who were not receiving cash assistance did receive the other income supports for which they were eligible.

Like other counties across the nation, Cuyahoga County, Ohio — which encompasses Cleveland — adapted its welfare system as welfare reform was put into effect, and it has continued adapting the system to confront the ensuing challenges that have arisen. This chapter discusses the implementation of welfare reform in Cuyahoga from 1997 through 2005, as administrators responded to the policy changes of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the continuing effects of those reforms on the welfare system. The previous Urban Change report on Cuyahoga examines the post-reform period until 2001;¹ this chapter addresses that earlier period of welfare reform but focuses in particular on 2000 through 2005. It seeks to understand in which ways the county continued its course and how it changed its responses as more recipients hit the time limit, as the national economy began to decline,² and as the later challenges of welfare reform — providing services to hard-to-employ recipients and providing income supports to those no longer receiving cash assistance — emerged.

The chapter draws on more than 25 interviews with TANF administrators, district office managers, caseworkers, advocates, and private sector providers over the course of three site visits to Cuyahoga County in 2004. Organized into sections based on the three key findings listed below, the chapter begins by describing state policies and local caseload trends and organizational shifts; it then discusses local programmatic initiatives and challenges; and it concludes with a section on the increasing importance of other income supports in Cuyahoga.

¹Brock et al. (2002).

²According to the National Bureau of Economic Research, Business Cycle Dating Committee (2003), the economy went into recession beginning in March 2001. Employment declines lasted through August 2003.

Summary of Findings

- **Ohio adopted a strict interpretation of time limits and work participation rates that was designed to encourage recipients to leave welfare for work. Cuyahoga aligned itself with this vision of welfare reform and delivered consistent messages over time requiring recipients to work or participate in work-related activities.** Following the passage of PRWORA, Ohio approved a time limit that was shorter than the federally mandated time limit, and it set a target participation rate that was higher than the federal goal. State administrators stressed these policy priorities to the local agencies in charge of implementing welfare reform, but they chose to devolve many of the programmatic decisions to the counties. Cuyahoga's welfare agency reorganized to meet the demands of welfare reform and promoted a strong message to encourage recipients to participate in work-related services and to transition off welfare before the time limits hit. This message remained consistent throughout the period studied in this report, from 2000 through 2005.
- **Following the initial phase of welfare reform, Cuyahoga focused on improving the work-related services that it offered to recipients. However, policy restrictions, budgetary limitations, and organizational fluctuations posed challenges to assisting some groups of recipients into work.** Prompted by caseload declines, staff reductions, and a limited budget, Cuyahoga's administrators continually reconsidered how best to use their TANF resources. The county put considerable efforts into improving its system of awarding contracts for work-related services and into developing a comprehensive assessment tool to identify recipients' barriers to employment. However, staff reported that the pressure to meet narrow participation requirements within limited time frames constrained their ability to provide intensive services for recipients who had severe or multiple barriers to employment.
- **As the cash assistance caseloads continued to decline and the economy faltered early in the decade, Cuyahoga shifted its focus to administering other income supports.** As Cuyahoga implemented the state TANF time limit in late 2000, and as the national recession began in March 2001, the number of families in Cuyahoga who were receiving other work and income supports — such as Medicaid, food stamps, and child care — increased. To meet the needs of this growing population, Cuyahoga began to shift its focus toward administering these supports. The county implemented extensive outreach efforts to target eligible families; however, state and local budgetary and organizational constraints limited ongoing outreach and the distribution of supports.

Policy Decisions and Organizational Changes

This section of the chapter examines Ohio's TANF policies and Cuyahoga County's basic local implementation decisions aimed at meeting the state requirements. The section first details state and county policies on time limits and participation rates and examines state-level funding decisions. The second part then discusses the county's efforts to reorganize the welfare agency to adapt to welfare reform and, later, to respond to constricted resources.

State and Local Policy Decisions

Ohio began taking steps to reduce the welfare caseload and promote recipients' self-sufficiency before PRWORA came into effect. Starting in the late 1980s, the state put considerable resources into developing its welfare-to-work program, Job Opportunities and Basic Skills Training (JOBS). In 1995, when the Family Support Act required states to enroll 20 percent of their JOBS-mandatory welfare population (adults whose youngest child was age 3 or older) in JOBS, Ohio achieved a statewide participation rate of 33.8 percent, placing it in the top third of states nationwide.³ Also in 1995, Ohio eliminated its state General Assistance program for able-bodied adults without children, and it passed a bill requiring all adult welfare recipients with dependent children to enter into a self-sufficiency contract with the welfare department. The bill called for limiting the amount of time that families could receive cash assistance to 36 months within a 60-month period, although this component was subject to federal approval of a waiver proposal and did not go into effect.⁴

After PRWORA was signed into law, Ohio drafted legislation authorizing Ohio Works First (OWF), which replaced both Aid to Families with Dependent Children (AFDC) and JOBS. Statewide implementation of OWF began in October 1997. Among the objectives of PRWORA, ending welfare dependence by promoting work resonated most strongly in Ohio, and moving low-income families from welfare to work became the overarching objective of OWF. According to the state plan, OWF — along with the associated program that was intended to divert applications for cash assistance — aimed to “transform public assistance from a system focused on entitlement to one focused on employment, personal responsibility and self-sufficiency.”⁵

The following three subsections discuss the state and county policies on time limits and participation requirements and examine the state's TANF budgeting decisions.

³U.S. Department of Health and Human Services, Administration for Children and Families (1998).

⁴State of Ohio (1995).

⁵State of Ohio, Ohio Department of Human Services (1997).

Time Limits

Ohio implemented a time-limit policy that is more restrictive than the federally mandated 60-month limit. The state plan limits families to 36 months of cash assistance, followed by a minimum period of 24 months of ineligibility. After 24 months off welfare, families become eligible again for up to 24 additional months of cash assistance, although the eligibility requirements are more restrictive. (Table 2.1 presents a summary of Ohio's policies.)

The Project on Devolution and Urban Change

Table 2.1

Cash Assistance Policies in Ohio

Benefit Type	
Maximum grant, family of 3	\$373 ^a
Time-limit policy	36 months of cash assistance, followed by 24 months off, lifetime limit of 60 months
Earnings disregard policy	\$250 plus 50 percent of earnings
Income levels at which eligibility ends, family of 3	\$976 ^b
Work requirements	
Point at which adults are expected to be working	Immediately
Age of youngest child for "mandatory" recipients	1 ^c
Number of hours of work activities required each week	30
Penalty for noncompliance	Termination of family cash grant ^d

SOURCES: U.S. House of Representatives (2004); site contacts; State of Ohio, Ohio Department of Job and Family Services (2002).

NOTES: ^aTANF grant level as of January 2003.

^bIncome eligibility level as of January 2003.

^cThe State of Ohio permits counties to set lower age limits for "mandatory" recipients. In Cuyahoga County, work activities are required of TANF recipients whose youngest child is 12 weeks or older.

^dOhio has a three-tiered sanctioning policy for noncompliance with work requirements. Tier 1 lasts 30 days or until compliance, whichever is longer. Tier 2 lasts a minimum of 90 days, and Tier 3 lasts a minimum of 180 days.

In accordance with the state plan, Cuyahoga County's public benefits agency, Employment and Family Services (EFS), made few exceptions in its enforcement of the 36-month time limit. The first families hit the time limit in October 2000. In Cuyahoga, almost 4,000 families were terminated from cash assistance due to time limits in the first year after families reached the limit, and an additional 1,000 to 2,000 families were cut off each year in Fiscal Years 2002, 2003, and 2004. By the end of FY 2004, a total of 8,454 families had been terminated due to time limits. Reflecting these restrictive policies, the county's adult caseload declined steadily, from about 12,800 families in October 2000 to under 7,000 by the end of 2004. Even during the period of economic downturn beginning in 2001 — when welfare rolls might have been expected to increase or at least stabilize — Cuyahoga's OWF adult caseload continued to decline.⁶ (Figure 2.1 shows the total caseload, including both adult cases and child-only cases.)

Cuyahoga offered few exceptions to its 36-month time limit. Ohio's TANF plan offers guidance for counties to determine their own policies regarding extensions for families hitting the time limit, loosely defining two different types of extensions, detailed below. Cuyahoga does offer these two types of extensions but has chosen to adopt narrow eligibility criteria within the state's guidelines. Neither type of extension is used frequently (Figure 2.2).

The first type of extension is a "good-cause extension," for which certain recipients are eligible after they have received TANF for 36 months and subsequently have left for 24 months. Cuyahoga extends good-cause eligibility to recipients who are physically disabled or mentally ill or who are caring for a family member who has a physical disability or mental illness.⁷ Between October 2002 and December 2004, Cuyahoga typically granted good-cause extensions to only about 5 to 15 families per month. This indicates that very few families returned to cash assistance after their interim period off benefits.

The second type of extension is a "hardship extension," which the counties can make available after a recipient has reached either the 36-month or the 60-month limit if staff determine that the time limit is a "hardship."⁸ This is the only assistance available to recipients who have used up all 60 months of TANF or have used 36 months but have not left for 24 months. In Cuyahoga, the hardship extension offers three- to six-month extensions to recipients facing

⁶The national TANF caseload also continued to decline during the economic recession. In Cuyahoga, the child-only caseload — cases with no adult (the caretakers' income does not affect eligibility) — which was not subject to time limits or work requirements, remained stable throughout the period. Thus, the proportion of the total caseload made up of child-only cases grew relative to the total caseload and, in early 2005, made up about 50 percent of the county's total caseload.

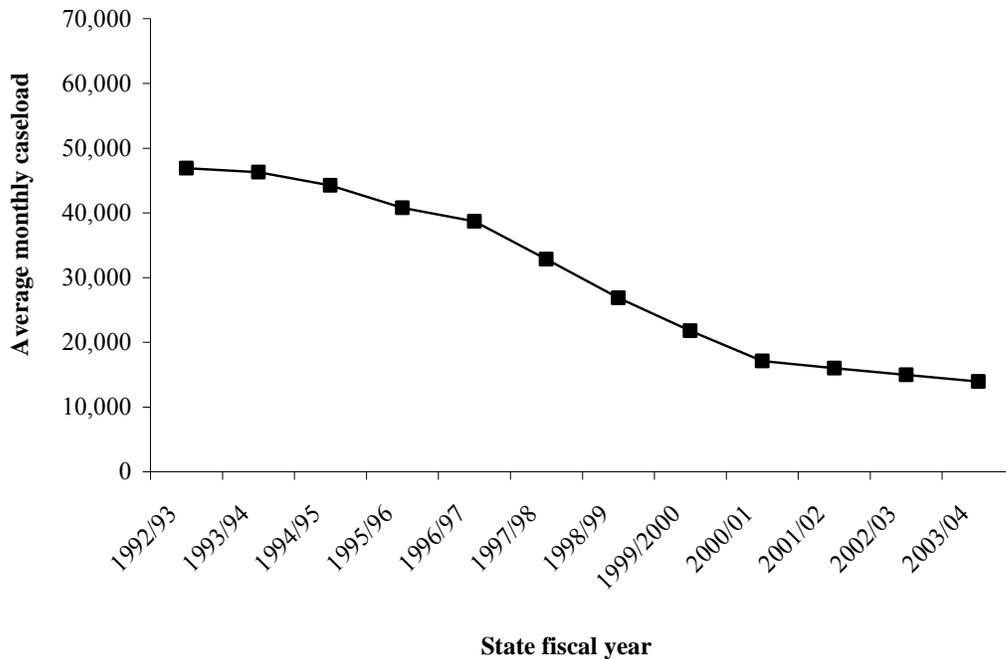
⁷Cuyahoga County Division of Employment and Family Services (2002a).

⁸State of Ohio, Ohio Department of Job and Family Services (2002).

The Project on Devolution and Urban Change

Figure 2.1

Monthly Cash Assistance Caseloads in Cuyahoga County, 1992/93 - 2003/04



SOURCE: Cuyahoga County Income Maintenance Files, Cuyahoga County Division of Employment and Family Services.

NOTE: A case represents any configuration of household members who receive benefits together. For AFDC/TANF, a case may include adults and children together or children only.

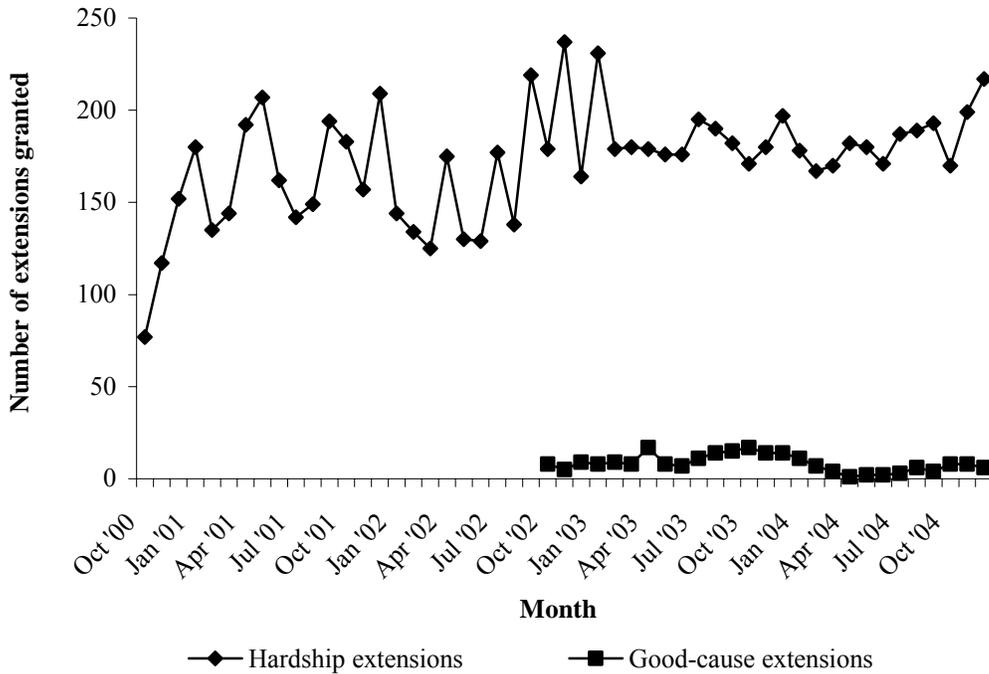
six different barriers, such as physical disability, mental illness, extenuating caretaking responsibilities, and domestic violence.⁹ Cuyahoga has offered these extensions since October 2000, when the 36-month time limit was implemented. Since then, around 100 to 250 cases per month have received hardship extensions in Cuyahoga. This number consistently makes up under 4

⁹The six barriers include (1) physical disability, mental illness, or short-term medical crises; (2) parenting or caretaking responsibilities for children under 12 weeks of age; (3) caretaking responsibilities for physically disabled or mentally ill family members or for family members who have short-term medical crises; (4) loss of employment through no fault of the recipient's own; (5) domestic violence; and (6) situations in which teen parents are designated as heads-of-household (Cuyahoga County Division of Employment and Family Services, 2002b).

The Project on Devolution and Urban Change

Figure 2.2

Number of Extensions Granted Monthly in Cuyahoga County, October 2000 to December 2004



SOURCE: Cuyahoga County Division of Employment and Family Services.

percent of the county’s caseload, falling well below the state’s mandate that no more than 20 percent of the caseload be made up of cases receiving hardship extensions.

Participation Requirements

Consistent with its strict time-limit policies, Ohio also took a restrictive position on the federal participation requirements. Ohio requires immediate engagement at 30 hours per week and, throughout the reform period, has emphasized the importance of meeting this participation goal. The state set a participation rate goal that was higher than the federally required

rate:¹⁰ 40 percent of the entire caseload after federal welfare reform passed, raised by 5 percent each fiscal year beginning in 1999 until the target reached 55 percent in 2001, where it remained level. State administrators have worked to meet this goal, and, in 2003, Ohio ranked sixth in the work participation rate among the 50 states and Washington, DC.¹¹

Cuyahoga offers few exemptions from the participation requirement. State law allows counties to exempt parents of children up to age 1 from work activities, but Cuyahoga took a more restrictive stance by exempting only parents of children under 12 weeks old. Further, although these parents are not required to participate in work-related activities, the state mandates that they participate in “developmental” activities, such as parenting classes.

The state emphasized to the counties the importance of meeting the participation rate goals, and Cuyahoga took the message seriously. An EFS staff member explained the pressure from the state to meet the rate:

It’s a fever. The participation rate is very important, and that is not to say that every other area that we need to deal with, other than OWF, is not as important, but when we look at the potential of being sanctioned by the state and losing money for programs that could provide assistance to our clients, we look at the participation rate as something very important to meet.

Cuyahoga’s participation rate steadily increased following the passage of PRWORA. According to county-reported data, the rate remained between 35 percent and 45 percent from 1999 to mid-2003 but increased to above 50 percent in late 2003 (see Figure 2.3).¹²

The county was able to meet this rate while maintaining a low sanctioning rate: After peaking at 350 sanctions per month in May 2000, sanctions leveled off at about 100 per month, or about 1 to 2 percent of the monthly caseload (see Figure 2.4).¹³ Administrators attribute Cuyahoga’s high participation rate to the consistent work-oriented messages that caseworkers delivered to recipients. In addition, as the previous Urban Change report series shows, line staff in Cuyahoga had relatively low caseloads — less than 50 percent of the number of recipients

¹⁰As mentioned in Chapter 1, the federal target participation rate was 25 percent starting in FY 1997, 40 percent starting in FY 2000, and then 50 percent starting in FY 2002 and thereafter (U.S. Department of Health and Human Services, Administration for Children and Families, 2004b).

¹¹U.S. Department of Health and Human Services, Administration for Children and Families (2004c).

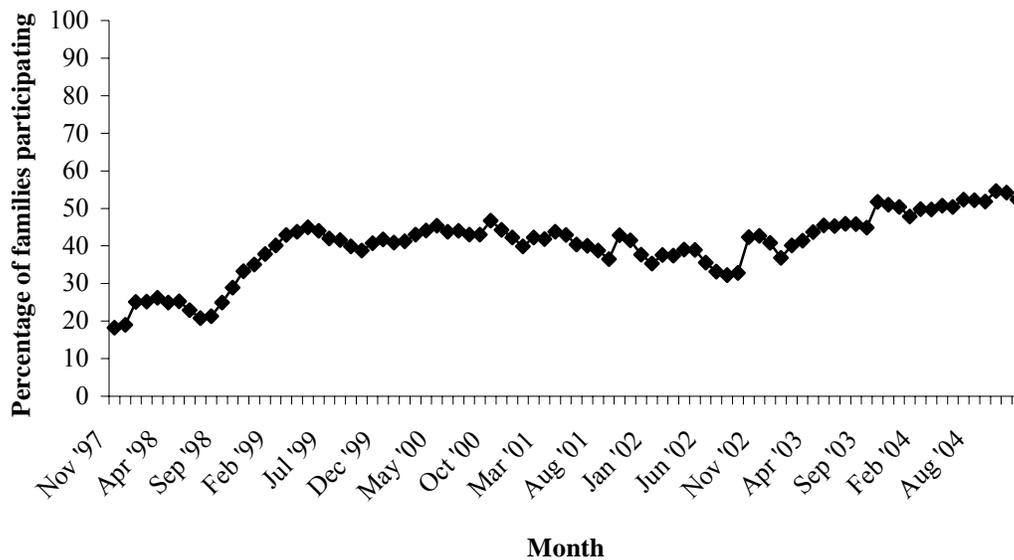
¹²Participation rate data have not been verified independently by MDRC.

¹³Sanctioning is discussed in Chapter 1.

The Project on Devolution and Urban Change

Figure 2.3

Monthly Participation Rate in Cuyahoga County,
November 1997 to December 2004



SOURCE: Cuyahoga County Division of Employment and Family Services.

per caseworker in other cities — which may have allowed caseworkers more time to provide closer case management and monitoring.¹⁴

State Funding for TANF

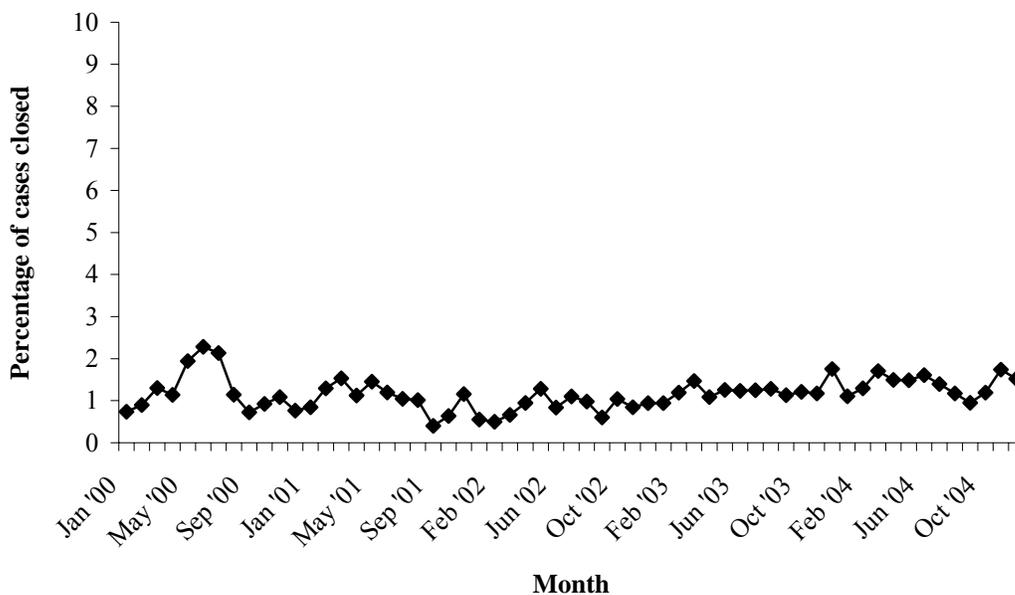
Following the passage of PRWORA, as Ohio imposed strict time limits and participation requirements, the state also began restricting the TANF funds distributed to the counties by maintaining a considerable amount of its TANF grant in unobligated reserves. Although

¹⁴Bloom, Hill, and Riccio (2001) find that an emphasis on quick employment, personalized attention to recipients, and smaller ratios of case managers to recipients each have a significant independent impact on recipients' earnings.

The Project on Devolution and Urban Change

Figure 2.4

Percentage of Adult Cases Closed Monthly Due to Sanctions in Cuyahoga County, January 2000 to December 2004



SOURCE: Cuyahoga County Division of Employment and Family Services.

NOTE: Sanctioning data for November 2001 were unavailable and, thus, are not included in this figure.

caseloads were declining and the reserves were originally intended to create a “welfare rainy day fund,” rules issued in 1999 by the U.S. Department of Health and Human Services limited the ways that the funds could be used.¹⁵ Between FY 1997 and FY 2003, Ohio’s reserves increased every year except 2002, and its unobligated reserves reached \$342 million in 2003 — more than any other state’s.¹⁶

Another state funding decision also resulted in a decrease in TANF spending. From 1997 to 2004, the Ohio Department of Job and Family Services consolidated the distribution of food

¹⁵Corlett (2006).

¹⁶U.S. Department of Health and Human Services, Administration for Children and Families (2005).

stamps, Medicaid, and TANF funds to counties and permitted counties to transfer funds between accounts as long as they did not overspend the total consolidated amount. As the TANF caseloads fell and the other caseloads rose, the counties used TANF funds to overspend on food stamp and Medicaid administrative costs. The total amount of funds that were contested was estimated at \$283 million statewide between state FY 2000 and the early months of FY 2005.¹⁷

In addition, the Cuyahoga Board of County Commissioners ultimately sued the state for using some of its TANF money to balance its budget as it faced a deficit in 2001.¹⁸ In 2004, the Cuyahoga Court of Common Pleas ruled that the state shifted \$60 million in TANF funds to a general fund later used to balance the state's budget.¹⁹ The court ordered the \$60 million to be returned to a fund for TANF. However, the state has appealed the decision, and state administrators claim that even if the state loses the appeal, the money will be returned to counties through program expenditures, not as a direct transfer.

In effect, these state decisions have limited the funding that the counties have received for TANF. In Cuyahoga, spending for OWF decreased from over \$125 million in 1998 to about \$50 million in 2004, constituting a 60 percent decline.²⁰

Local Organizational Responses

Facing the challenges of offering time-limited welfare, Cuyahoga County's administrators restructured the welfare agency multiple times between 1998 and 2005 to meet the state's TANF policy requirements and to make the most of its limited resources.

The following three subsections discuss several organizational shifts that the county underwent. Initially, in 1998, the county reorganized to focus on the institutional demands of welfare reform and to cultivate a strong work-oriented philosophy in its offices. Three years later, beginning in 2001, countywide staff reductions greatly decreased the number of EFS employees, especially experienced staff. In 2002, facing declines in staff and resources as well as a declining TANF caseload, the agency chose to restructure again.

Responding to Welfare Reform: Initial Organizational Changes

In 1998 — shortly after the passage of Ohio's welfare reform plan — EFS made three organizational changes to focus on the demands of time-limited welfare and to foster a culture emphasizing work activities and time limits.²¹ EFS restructured into two divisions, one of which

¹⁷Corlett (2006).

¹⁸Candisky (2001).

¹⁹Candisky (2004).

²⁰Corlett (2006).

²¹For more information, see Brock et al. (2002).

worked exclusively with cash assistance recipients. Cuyahoga Employment & Training was designed to offer intensive, integrated benefits assistance and work-first services to prepare TANF recipients for work, while Cuyahoga Health & Nutrition administered other income and work supports — such as food stamps, Medicaid, and child care — for families not receiving TANF. EFS also created an integrated TANF case management model, in which staff performed intake and income maintenance functions as well as welfare-to-work functions. In addition, EFS focused on developing its neighborhood-based offices across the county to better connect recipients to jobs and other resources in their communities.

Within the new separate TANF division, the county promoted a strong work message, and administrators worked to make sure that TANF staff and recipients understood the new policies. This is reflected in staff and recipient surveys conducted for the previous Cuyahoga Urban Change report. A staff survey administered in 2000 reveals that staff were generally well informed about time limits; this is also mirrored in recipients' relatively high understanding of time limits, as indicated in interviews in 1998 and 2001.²² In addition, the staff survey shows that line staff strongly emphasized program activities. They reported that they were encouraged to understand each recipient's circumstances in order to make the best judgment about which benefits and services to offer and that they were able to closely monitor their recipients' participation.

Countywide Early Retirement Program: EFS Staff Decreases

In 2001, facing budget pressures and declining sales tax and investment revenue, the Cuyahoga Board of County Commissioners — under which EFS falls — instituted the Early Retirement Incentive Program (ERIP). Employees who voluntarily resigned from public service to the county for five years were eligible for up to five years of pension and health care benefits. Hundreds of staff in the welfare offices accepted early retirement, which resulted in a significant loss of experienced personnel. EFS administrators explained:

It's people that could probably make really great referrals and move them through the system pretty fast, [people that] had a lot of experience.

They knew the program better, they had the institutional history, the institutional bonds for many years, whereas now we have much less tenured staff and, because one worker is doing so many multiple programs now, it really

²²Brock et al. (2002). This staff survey was fielded to all Cuyahoga case managers, and 256 completed a survey (the response rate was 88 percent). The customer surveys were fielded to randomly selected recipients of cash assistance in Cuyahoga County who were single mothers, were between the ages of 18 and 45, and resided in neighborhoods where either the poverty rate exceeded 30 percent or the rate of welfare receipt exceeded 20 percent. In Wave 1, 80 percent of the sample completed a survey. In Wave 2, 86 percent of Wave 1 respondents completed a survey. A total of 689 respondents completed both surveys.

takes awhile to really understand it all. . . . It's a more difficult job to do than it was years ago.

Department heads were told that they would be able to replace up to 40 percent of the retiring workforce with less senior, less highly paid personnel; however, subsequent hiring freezes resulted in even lower replacement ratios. EFS employed 1,377 full-time employees in January 2000, compared with only 886 in October 2003, constituting a 36 percent workforce reduction (although approximately 100 of the staff members leaving EFS were transferred elsewhere within the county). This decline was similar to the 39 percent decline in TANF caseloads during the same period, but food stamp, Medicaid, and child care caseloads — also the responsibility of EFS — were rising, so EFS ultimately served far more recipients with fewer staff in January 2003 than in January 2000. The hiring freeze was lifted in late 2003, but the number of new staff hired did not replace the number lost. Service manager directors reported that caseloads rose during this period. In 2004, the OWF caseload goal toward which managers were striving was 85 per caseworker, which was higher than the average of 77 reported by line staff in 2000.²³ Further, budget declines also diminished the resources available for training new staff.

Responding to Staff and Caseload Declines: Restructuring Again

Staff and caseload reductions prompted EFS to restructure again in 2002. After reorganizing into two separate divisions in 1998, the agency was compelled by declining caseloads and restricted resources to reconsolidate into one division in 2002, to streamline management and meet budgetary goals.

Local Programmatic Initiatives and Challenges Following the Early Period of Welfare Reform

Facing staff reductions, limited resources, and the emerging challenge of how to assist long-term and hard-to-employ recipients within the time-limit and participation rate requirements, EFS sought — following the initial phase of welfare reform — to improve its services and efficiency. The next subsection discusses Cuyahoga's efforts to better the services it offered to recipients as well as the referral process to place recipients into services. However, as the second subsection examines, policy restrictions, budgetary limitations, and organizational fluctuations posed challenges to assisting some recipients — particularly those who were harder to serve — in transitioning from welfare to work. Finally, the third subsection discusses the county's efforts to work with the many recipients who were reaching the 36-month time limit.

²³Brock et al. (2002).

Improving Efficiency and Effectiveness: Revamping Service Contracting and Targeting Referrals

As discussed in the first section of this chapter, Cuyahoga County endeavored to establish the basic structures for accomplishing welfare reform by reorganizing and ensuring that staff delivered a consistent work-oriented message. Following the initial phase of welfare reform — with caseloads reduced by half between 1996 and 2000 and with a decreased number of staff and limited resources — the county sought to improve its efficiency and the services it offered. This subsection discusses two such efforts. First, EFS revamped its system of awarding contracts in order to ensure that only the organizations that met performance outcomes received new contracts. Second, it developed an upfront comprehensive assessment tool in order to identify recipients' barriers to employment and to make the most appropriate referrals.

Improving Service Contracting and Honing Service Provider Options

With the county's emphasis on work and self-sufficiency, program options available to welfare recipients in Cuyahoga generally focused on placing them immediately into work. Staff reported that job search/job club programs (which provide short-term job preparation activities, such as résumé-building, workshops on how to dress and other work habits, and computerized job search engines) dominated initial referrals, and unpaid work experience programs (which provide unpaid employment that counts toward the participation rate) provided a common second-resort option.

During the early years following welfare reform, relatively expansive budgets also allowed for other types of programs. However, because of declining caseloads and other competing priorities, EFS cut the contracting budget dramatically. According to county administrators, the budget fell from \$40 million in 2000 to \$9 million in 2003. Caseload declines throughout the period decreased the number of recipients who needed to be placed, but the 78 percent decline in the contracting budget between 2000 and 2003 far exceeded the 31 percent decline in the caseload from FY 1999 to FY 2002. Furthermore, some recipients who remained on the caseload faced multiple or severe barriers to employment. Although the budget for contracting increased again in 2005 — when the consolidated Medicaid, food stamp, and TANF funding approach was brought to an end — the simultaneous budget and caseload declines until then prompted Cuyahoga administrators to explore new approaches to contracting and service provider options.

In order to identify the services that were most effective in assisting recipients into work and to make the most efficient use of its reduced contracting resources, Cuyahoga administrators strove to improve their system of awarding service contracts. The county began to move toward contracts that had more clearly specified performance benchmarks and multiple payment points that allowed administrators to balance funding for upfront program implementation with funding to reward the programs' successes. This performance monitoring system allowed administrators to make judgments about which programs were most effective and to narrow the

pool of service providers accordingly, renewing contracts only with organizations that met performance-based standards. The county sought to create a competitive contracting environment, and it continued to hold its subcontractors to high performance standards even as the caseload declined and the economy faltered.

In conjunction with this effort, administrators also sought to broaden the service options from generic job club activities to services targeted at particular groups on the TANF caseload, including recipients who faced more severe barriers to employment. While some of the expensive vocational programs were cut,²⁴ the county made efforts to develop new programs to meet recipients' specific needs. For example, the 2004 list of service providers included programs targeting ex-felons, teen parents, women in transitional housing, and recipients who had mental illnesses. Administrators continually attempted to identify groups whose needs were not being met by the range of providers, in order to seek out new programs to target those groups. For example, the county developed a program for expecting mothers and for mothers with children less than 15 weeks old that combines parenting classes with a work-readiness component.

The goal of such programs nonetheless remains consistent with Cuyahoga's work-focused approach and its emphasis on requiring all recipients to work, regardless of their personal barriers. Although the programs are targeted at particular groups of recipients, they are designed to offer more specialized job search/job readiness services, sometimes in conjunction with basic skills training or barrier-removal components, rather than to grant these groups of recipients exemptions from working or participating in work-related activities.

Underlying the types of programs that the county chooses to fund is a philosophy that work can be a means toward solving other barriers in recipients' lives. For example, a staff member at a mental health services provider explained:

We also see work very much as treatment, because many of our clients — without work — live in poverty. Many of them don't have that many social connections; a lot of them don't have connections with their families that much anymore. . . . And they sit at home . . . and they get sicker. So we just see helping them get involved in work and helping them earn some money and feel like a productive member of society, and having this identity as being a worker and not just as a mental patient, and having them interact with people on a different level, as a treatment.

A program that exemplifies Cuyahoga's targeted work-first approach — and that local administrators, staff, and advocacy groups agree provides one of the most effective welfare-to-

²⁴Candisky (2004).

work programs (although it has not been formally assessed in a random assignment evaluation) — is the transitional employment program. Beginning in 2002, Vocational Guidance Services, a nonprofit organization that traditionally focused on servicing people with disabilities, was awarded a contract to implement the Transitional Jobs Program for TANF recipients.²⁵ The program is targeted at recipients whose cash assistance will end in 12 months or less and who have been unsuccessful in finding employment through previous programs due to multiple or severe barriers to employment. It combines paid work experience with case management and barrier-removal components, with the goal of helping recipients transition into unsubsidized employment. The Transitional Jobs Program’s orientation materials for recipients outline the organization’s outlook that all recipients can (and should) work:

A steady, paying job is an important part of a happy life. Given the opportunity, people want to work and take care of themselves.

One non-random assignment assessment of Cuyahoga’s Transitional Jobs Program concludes that “the retention rates for the program were significantly greater than the rates of other vendors in the County serving similar populations” and that “both placement and retention rates are even higher when the population is separated out and only time limited TANF participants are looked at.”²⁶ The program’s perceived success led to a contract renewal in 2004. However, the high cost of the program limits the number of available slots, and the program serves a relatively small proportion of the OWF caseload.

Improving the Referral Process: Developing an Upfront Assessment Tool

With the wider variety of service options that Cuyahoga developed through its attempt to improve its contracting system, EFS administrators recognized a corresponding need to improve the referral process to ensure that recipients were assigned to the programs that best met their needs. In July 2004, in order to identify recipients’ employment barriers and make more accurate referrals, EFS began piloting the “Comprehensive Employment Screen” to assess recipients upfront, at intake. The county contracted with Catholic Charities to design the screen and deliver it to all OWF recipients at intake in two of the seven public assistance offices, or Neighborhood Family Service Centers. The assessment tool was later expanded to be administered in all seven offices.

²⁵To launch this program, Cuyahoga contracted with the Transitional Work Corporation in Philadelphia.

²⁶Transitional Work Corporation (2004). Note that these results represent outcomes for TANF recipients assigned to the Transitional Jobs Program. A more rigorous assessment of impacts would compare outcomes for recipients assigned to the program against the outcomes of a similar group of recipients that did not have access to it, in order to determine the value added of the services provided by the Transitional Jobs Program.

The Comprehensive Employment Screen replaces the former assessment that recipients went through at intake, which included components about substance abuse and about mental health. The screen tests for five potential barriers to employment, including employment and education history, family and relationship issues (that is, domestic violence, child care, and other caretaking responsibilities), physical health issues and learning disabilities, mental illness, and drug- or alcohol-related barriers. The results of the screen are compiled into a report that caseworkers receive in order to help them make the referrals that best fit a recipient's needs.

Although there were some implementation challenges in shifting the role of caseworkers, EFS administrators and staff were generally optimistic about the new assessment procedure. A case manager explained:

It's pretty successful. . . . This is basically a one-stop shop . . . because the screening is done by one individual who is capable to assess any kind of need the client might have. . . . It's been a step in the right direction. . . . [The screeners] are really helping our community, and they're making a difference upfront. . . . When the workers get the clients, they know what the needs are, if they can put them in a program right away or if they need to wait. They've got a better picture of who's at their desk. . . . It's an important part of determining how close the client is to being self-sufficient, or what we can do to help clients before trying to track them into some type of job search or job readiness or employment that they would not be able to sustain.

Cuyahoga administrators are also using the Comprehensive Employment Screen to chart recipients' needs and further tailor their program options.

Nonetheless, the screening process highlights the challenges that the county faces to offer a sufficient range of programs to address recipients' needs, to ensure that the available programs are effective, and to enforce regular participation.

The Ongoing Challenges of Assisting Hard-to-Employ Recipients

Cuyahoga County staff worked to implement new procedures aimed at offering recipients effective services to assist them in the transition from welfare to work and at referring them to the most appropriate services. Nonetheless, the county encountered multiple challenges in assisting some groups of recipients to leave welfare. This subsection outlines three challenges that staff confronted. First, EFS administrators and caseworkers reported that the intensiveness of services was often limited by policies restricting the types of activities that recipients could participate in and the amount of time that they could participate in them. Second, some staff reported that budgetary shortcomings also limited the variety of programs available and did not

allow enough money per program placement. Third, the county came across difficulties in placing recipients in some of the new programs and in enforcing universal participation.

Policy Restrictions

Cuyahoga County staff explained that the state participation requirements posed three constraints: the number of weeks that recipients could participate in certain programs, the number of hours per week that recipients could participate in some programs, and the types of programs allowable. Caseworkers reported that these factors restricted their ability to help recipients who faced greater employment barriers in making the transition from welfare to work.

Ohio established an annual 240-hour (eight-week) preemployment service period, during which recipients can participate in barrier-removal programs, such as basic education, mental health counseling, vocational rehabilitation services, substance abuse programs, and domestic violence counseling. Following the eight-week preemployment service period, recipients may participate in barrier-removal activities, but only for 10 of the 30 hours required per week. Caseworkers and service providers reported that these restrictions on the number of weeks and the number of hours per week that recipients can participate in these activities limited the intensiveness of those services and did not provide enough time to address serious barriers. An EFS staff member explained:

Because of the pressure on us from the state to meet that rate, it forces us to move clients when they may not be ready to move from one activity to another, because we have to get another activity to meet the rate.

Furthermore, some staff and administrators reported that even the new programs that were targeted at specific populations offered services that were nonetheless very similar to the standard job search and job readiness services. One EFS staff member complained:

They're so restrictive in what counts toward participation rates.

They claimed that the county overemphasized immediate job placement and that recipients cycled repeatedly through the same types of programs.

A study by Case Western Reserve University in 2004 confirmed that the three most common activities that Cuyahoga TANF recipients engaged in were the preparation of résumés and job applications, following up job leads provided by program staff, and general job search activities, such as identifying job openings and contacting employers. Paid on-the-job training and occupational skills training were two of the three least common activities.²⁷ Many case-

²⁷Fischer, Beimers, Polousky, and Coulton (2005).

workers who were interviewed for this study also commented that although recipients could participate to some extent in educational programs, they thought that some recipients could have benefited even more from increased access to such programs.

The limited number of weeks that recipients could participate in certain programs — including the barrier-removal programs as well as the job search programs²⁸ — and the restrictions on the types of activities allowable left a sizable number of recipients in the county’s unpaid work experience program, which many administrators and caseworkers perceived to be less effective than many other services. In an attempt to improve this service, EFS contracted with the local Workforce Investment Board to offer a program that would combine unpaid work placements with barrier-removal activities, in order to satisfy the participation requirements while giving recipients a longer period of other services. However, organizational challenges complicated collaboration and hindered, to some extent, the execution of the program.

Caseworkers and service providers generally agreed that it was important for recipients to participate in activities. However, they felt that the restrictions on the barrier-removal and educational activities posed formidable challenges to offering services that would effectively help recipients gain stable employment when they had serious barriers to overcome.

Budgetary Challenges

Cuyahoga County also faced budgetary challenges that limited the amount of money available per program placement and that some caseworkers reported limited the variety of programs available.

Due to caseload declines, tighter contract monitoring, and decreases in the contracting budget through 2005, administrators reduced the number of service providers under contract with the county. Some administrators reported that the decreased funding did not lead to a corresponding reduction in the variety of service options available. However, as previously mentioned, the funding decreased by a greater percentage than the caseload declined, and line staff reported that they missed some of the programs that had been available during the early years following welfare reform.

In addition, some staff members reported that the limited amount of money available per program placement was not enough to assist recipients who had serious barriers to work. Just as the policy restrictions constrained the breadth of the programs available, staff explained that, even in some of the programs designed to offer more intensive services, the budget also left only enough to offer basic job search and job readiness programs.

²⁸Ohio adopted the federal policies stipulating that no more than six total weeks per year of job search and no more than four consecutive weeks of it may count toward the participation rate.

Challenges to Enforcing Participation

Despite Cuyahoga's relatively high participation rate and its attempts to diversify program options to meet the needs of the caseload, the county is working to enforce universal participation and raise its rate even higher.²⁹

The county has struggled to fill the slots in many of its programs, including some of the newer programs recently contracted. For example, although administrators perceived that many recipients face mental health barriers and although a mental health component is included in the Comprehensive Employment Screen to target those recipients, the new mental health services provider had received few referrals as of late 2004. Some EFS administrators conjectured that caseworkers tended to revert to habit and continued to assign recipients to the same programs, rather than to the new programs. Caseworkers have differing skills than those who conduct the recipients' assessments, and they may not fully understand the results of the screening. Caseworkers also explained that they are sometimes overwhelmed by their caseloads, making it difficult to determine the most accurate referrals for all recipients. Furthermore, privacy issues may inhibit recipients from discussing their personal barriers with screeners or caseworkers, and so their barriers may not surface.

Cuyahoga continues to grapple with how and to what extent to implement sanctions for recipients who do not participate in work activities. The county has maintained low sanctioning rates throughout the period following welfare reform (see Figure 2.4). One consultant, hired by EFS to evaluate service contracting, recommended a more consistent implementation of sanctions, to encourage participation,³⁰ and some midlevel managers and Neighborhood Family Service Center directors reported that they would support a cautious increase in the use of sanctions. Caseworkers, however, remained reluctant to sanction. Administrators explained that caseworkers see sanctioning as punitive, rather than corrective, and that caseworkers feel that it is not their job to act as recipients' disciplinarians. An EFS staff member explained:

It's almost like coaches [Self-Sufficiency Coaches, or case managers] don't want to force people into things. . . . They'd rather come to some mutual agreement. When they get into this forcing people thing, I think they almost feel that they have no right to do that. . . . Coaches often view themselves not as social workers, and this [sanctioning] is kind of a social work role. . . . I think most coaches are good at the basics, but when you start to get into the very "touchy-feely" type stuff, they tend to shy away. It's not their focus.

²⁹Cuyahoga's participation rate is relatively high compared with national state averages: Only nine states had participation rates above 50 percent in Fiscal Year 2003 (U.S. Department of Health and Human Services, Administration for Children and Families, 2006).

³⁰The evaluation was completed in 2004 by the Mid America Consulting Group.

In addition, staff at varying levels agreed that the extensive paperwork involved in the sanctioning process made it too cumbersome to be implemented effectively. The process was streamlined in 2003, yet caseworkers continue to perceive it as an overwhelming procedure. Some staff reported that the 15-day processing period was too far removed from the instance of noncompliance — for example, a recipient who was not in compliance during the second half of a month would not be in sanction status until the month after the following month.

Assisting Recipients Who Reach the Time Limit

Despite the county's attempts to focus on providing effective services to promote recipients' self-sufficiency, many recipients are reaching the time limit and are being terminated from TANF. In order to assist these recipients as the time limits approached, Cuyahoga implemented a home-visit safety net review process designed to ensure that families (particularly children) were not harmed by the termination of the cash assistance grant and that they remained connected to the other benefits for which they were eligible. (The program is also in place for sanctioned recipients, to ensure that they have a plan to resolve the sanction and regain cash benefits. Cuyahoga also recently expanded the services for post-time-limited families receiving extensions on their TANF grants.)

OWF caseworkers meet with recipients as they approach the time limit, and they refer recipients who they determine are leaving without an income or a viable plan to support themselves to a safety net review provider. During a home visit, the provider assesses whether families are receiving all the benefits for which they are eligible and whether they have basic daily living needs, such as food, clothing, and beds or cribs. After the initial visit, the provider has 90 days (with an occasional extension) to help connect the family to safety net services that can further help them. For example, they can link recipients with the Salvation Army and other organizations that provide material goods. They can also assist recipients in applying for extensions on cash assistance as well as applying for other income supports, such as food stamps and Medicaid. In addition, they sometimes refer recipients to legal organizations for help with applying for Supplemental Security Income (SSI).

The home visits were originally envisioned as a means to prevent child abuse and neglect, but providers reported that they rarely found these situations and that the home visits mostly served to review families' housing conditions and material needs. A 2000 to 2004 assessment conducted by EFS administrators found that the three most frequently requested basic needs involved utilities, clothing, and transportation.³¹ Providers reported that the safety net reviews were extremely valuable in helping connect recipients to local services to meet some daily needs:

³¹Fox (2004). The assessment sample included 3,498 individuals.

I know they were looking for big things, children being taken and drugs rampant and that, and I don't think it is those big things, it's the little things that can destroy a family. . . . I think it's more the small things, and people aren't looking for that or maybe don't think that's important.

Nonetheless, the reviews are not intended to provide a means to raise families out of poverty. A Case Western Reserve University study of welfare leavers in Cuyahoga found that an estimated 81 percent of families leaving cash assistance due to time limits had incomes below the poverty threshold by the sixth month after leaving.³² In addition, over one-quarter (27 percent) did not work, and nearly three-quarters (72 percent) did not work continuously, defined as working at least 20 hours per week in the six months after they left welfare. Employment rates dropped as the recession began in March 2001. Furthermore, families leaving welfare due to time limits faced significant material hardships, including living in overcrowded housing and, in some cases, eviction.

A Shift Toward Administering Other Income Supports

From the outset of welfare reform, and even somewhat before, Ohio established policies that were designed to encourage work and discourage TANF receipt. In conjunction with its TANF policies aimed at pushing recipients to transition off welfare, Ohio implemented policies to administer one-time cash grants to divert potential recipients from applying for welfare. In addition, even before welfare reform, Ohio had established child care policies aimed at increasing the accessibility of child care as a work support for low-income families.

At the county level, as the cash assistance caseload diminished and the economy declined, Cuyahoga increasingly shifted its focus toward administering these and other non-TANF benefits. Cuyahoga conducted extensive outreach efforts to ensure that families who were eligible for such benefits as Medicaid, food stamps, and child care received them. The caseloads for these benefits rose (see Figure 2.5), exceeding the decline in the number of TANF recipients; EFS thus served an increasing number of recipients, a growing proportion of whom were receiving non-TANF income supports. However, the funds available to conduct outreach and distribute these benefits fluctuated throughout the reform period, reflecting policy, organizational, and budgetary challenges.

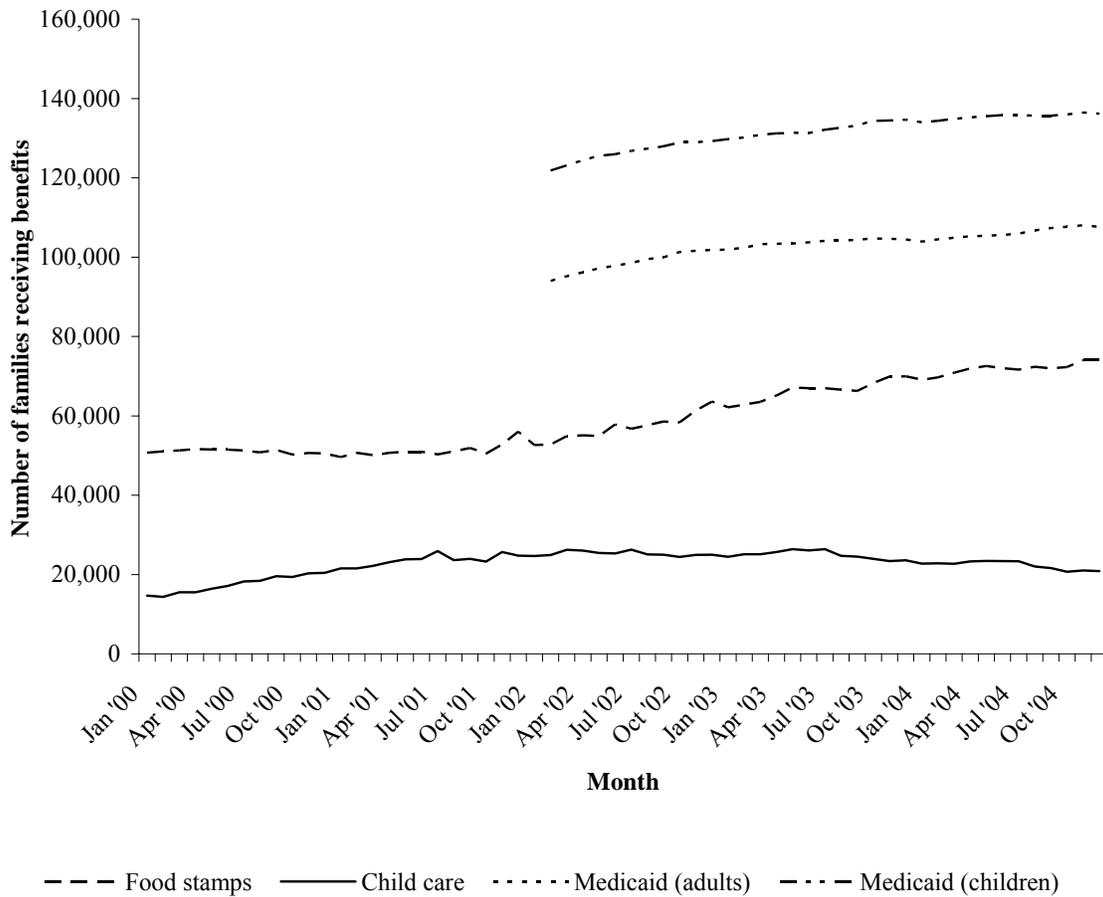
This section first discusses Ohio's TANF diversion policies and then examines the state's child care policy decisions; the section concludes with a look at the county's outreach efforts. Each subsection also discusses the challenges that the state and county faced in continuing to offer work supports to a broad population.

³²Coulton, Lickfelt, Lalich, and Cook (2004).

The Project on Devolution and Urban Change

Figure 2.5

Monthly Food Stamp, Medicaid, and Child Care Caseloads in Cuyahoga County, January 2000 to December 2004



SOURCE: Cuyahoga County Division of Employment and Family Services.

NOTE: Medicaid caseload data were not available before February 2002.

Ohio's TANF Diversion Policies

Along with the 1997 legislation for Ohio Works First (OWF), the state established a fund designed to divert families from applying for cash assistance. The Prevention, Retention and Contingency (PRC) program, which is funded with federal TANF money, provides one-

time cash grants to families who have incomes up to 200 percent of the federal poverty level and who demonstrate a short-term need for a cash grant — for example, to make car repairs so that they can drive to work. This fund was widely used following the passage of welfare reform, particularly during the years of economic growth and expansive budgets in the late 1990s.

Beginning in October 2000, however, the amount of money available for welfare diversion grants in Cuyahoga County was sharply curtailed, due to funding declines and administrators' perceptions that the grants were often misused. In September 2000, at the peak of the diversion program, 8,047 grants were issued, totaling over \$3.3 million. By January 2003, only 415 grants were issued, totaling less than \$140,000. In addition, eligibility verification requirements intensified as the amount of funding declined: For example, to receive a diversion grant to pay a utility bill, recipients are now required to procure the shutoff notice. Although many administrators commented that the funds were misused previously and are now being used in the way that they were intended, safety net providers reported that they missed the flexibility that the diversion program afforded.

Ohio's Child Care Policies

In 1992, in reaction to the high demand for child care, Ohio widened the options available to parents receiving state vouchers to pay for child care. The new policy allowed parents to use three types of care: licensed daycare providers; certified home providers; and "limited providers," which include family and friends of the recipient and do not have to be approved by the county TANF agencies. According to EFS administrators, the wide range of providers has resulted in a fully met need for child care in Cuyahoga: All families who apply and are eligible receive child care without waiting. However, representatives of advocacy groups have questioned the quality of care that children receive in informal settings such as those of the "limited" providers.

In 2003, facing rising child care caseloads and costs, Ohio reduced the income eligibility for child care vouchers and raised the monthly copayment amounts. The eligibility parameters decreased from 185 percent of the federal poverty level to 150 percent for families new to the program and to 165 percent for continuing families. Administrators explained that the decision to lower the income cutoff ensured that everyone who remained within the eligibility guidelines for child care would receive it; however, advocates criticized the decision. In July 2005, Ohio restored the eligibility level to 185 percent, as costs were lower than anticipated and administrators felt that they could raise the income guidelines without spending more than was budgeted.

The state also increased the monthly copayment amounts in 2003, from \$43 (in 2001) to \$127 (in 2004) for a family of three at 100 percent of the poverty level and with one child in care, and from \$88 (in 2001) to \$190 (in 2004) for a similar family at 150 percent of the poverty

level; only five states had higher copayments for families at 100 percent of the poverty level.³³ Although county administrators emphasized that the increased copayment was still only a small proportion of the actual cost of daycare, advocates and service providers held that it represented a dramatic increase for low-income families and contributed to a decline in the use of child care vouchers. The copayment was changed modestly again in February 2005.

Child care advocates have criticized the state for cutting back child care funding while withholding nearly \$342 million in unobligated TANF reserves and for substituting, rather than augmenting, the state's general revenue child care expenditures with federal TANF funds. They maintained that, in justifying the child care decreases, the state underestimated its unobligated TANF reserves by \$129 million and overestimated the number of children enrolled in publicly funded child care by about 18,000.³⁴ They also argued that while unspent TANF reserves can be expensed only in subsequent years as direct assistance, TANF funds that are transferred into the Child Care and Development Block Grant (CCDBC) can be spent over a two-year period.

Cuyahoga's Outreach Initiatives

Cuyahoga County's caseloads for non-TANF supports — including Medicaid, food stamps, and child care — have risen in recent years (Figure 2.5). County administrators attribute the growing caseloads to increased needs due to the economic decline as well as to their extensive outreach efforts to identify eligible families and to streamline the process to apply for these benefits. With the TANF caseload decreasing, county administrators have focused on reaching out to low-wage workers in Cuyahoga who are not receiving TANF but whose incomes are nonetheless insufficient to raise them out of poverty or near poverty. The county has focused in particular on outreach for Medicaid and child care.

One of the most important efforts has been the launch of a telephone hotline, in September 1998, through which families can determine eligibility for both Healthy Start (the county's Medicaid program) and child care, and then they can enroll directly. The hotline is staffed by local hospital staff, who print out completed applications and send them to recipients to sign and return. The county also purchased radio and television ads to promote the hotline. Administrators estimated that the hotline greatly contributed to the increase in Healthy Start and child care applications. Healthy Start redetermination (which occurs every six months for adults and every twelve months for children) can also be processed by telephone.

³³Schulman and Blank (2004).

³⁴Corlett and McClung (2004).

In addition, EFS has outstationed eligibility staff at two hospitals and has promoted medical benefits through local health and community fairs, as well as at the Neighborhood Family Service Centers and local state-funded employment centers.

An EFS administrator conjectured that the agency has achieved nearly universal awareness of the Healthy Start program:

I kind of compare it to the Food Stamp Program in the 1980s. . . . If you spoke to anyone who worked with a community agency or [to] a hospital social worker, they pretty much knew who was eligible. I mean, you're eligible or you're not. We have achieved, I think, almost the same sense of, if not universal awareness, a very high awareness of SCHIP [the State Children's Health Insurance Program] . . . and who's eligible.

The county also took efforts to streamline the Medicaid application process for welfare leavers. To ensure that leavers remained connected to medical benefits, the county amended its database system to make it easier for TANF caseworkers to close cash benefits without terminating medical benefits. A study of welfare leavers in Cuyahoga found that the continuation of medical benefits (for both time-limited and non-time-limited leavers) was relatively high and improved over time.³⁵ Medical benefits for adults and children continued for nearly 100 percent of time-limited leavers. For non-time-limited leavers, an increasing proportion continued to receive medical benefits; after mid-2000, the proportion held steady at around 80-85 percent for adults and 85-90 percent for children.

The county is also working to increase automation of benefits through the Virtual Neighborhood Family Service Center, which — upon its launch — will allow recipients to use the Internet to determine their eligibility and to apply for medical and child care benefits. Given the staff reductions from the Early Retirement Incentive Program, an EFS administrator explained that automation will be crucial in the coming years:

I don't think we're going to see big increases in staff, if any, as the years go forward. I think very central to our abilities to keep our heads above water is going to be our ability to get better automation.

In addition, the county has conducted outreach efforts for the Earned Income Tax Credit (EITC) and for Volunteer Income Tax Assistance (VITA) sites in the Neighborhood Family Service Center offices.

³⁵Coulton, Lickfelt, Lalich, and Cook (2004).

Outreach for food stamps has been more limited. The county works with Project BREAD — a coalition of hunger centers (including food pantries and soup kitchens) — to reach out to families in need of food, but more extensive outreach measures are not in place. Administrators attribute the more limited outreach for (and take-up of) food stamps to the cumbersome, 36-page application.

Indeed, fewer welfare leavers continued to receive food stamps than medical benefits.³⁶ Food stamps continued for just over 90 percent of time-limited leavers from 2000 to 2002, although this rose to 97 percent by the end of 2003. For non-time-limited leavers, continuation of food stamp benefits was lower, generally wavering between 50 percent and 60 percent. (It is important to note, however, that it is likely that fewer non-time-limited leavers would have been eligible for food stamps, as their average household income was \$1,195 compared with \$830 for time-limited leavers. In addition, working leavers may have felt that the hassle of applying for benefits was not worth the small amount of benefits that they would have received.)

Although Cuyahoga County sought new outreach solutions to ensure that families were connected to the benefits for which they were eligible, the budget for outreach has fluctuated over the period. In some years, the county receives funding earmarked for outreach, but in other years it does not, and it is forced to draw from its TANF fund. A senior administrator reported that the money spent on outreach declined from a peak of about \$1 million in the early 2000s to about \$500,000 in 2004 and 2005 and that, in these later years, the budget came out of the county's TANF allocation. Marketing staff within EFS reported that the budget cuts have limited their ability to conduct extensive outreach efforts. For example, they no longer have funds available to place television commercials for the Healthy Start/child care hotline.

In addition, the organizational challenges that affected the administration of TANF — the staff declines and the restructuring of EFS, discussed above — also affected the administration of other income supports. As the number of individuals receiving these benefits rose, line staff's caseloads also rose; EFS administrators reported in 2004 that caseworkers whose clients were receiving multiple income supports (not including TANF) had caseloads of nearly 300 recipients and that child care and Healthy Start caseworkers had caseloads of over 700 recipients. In addition, the directors of the Neighborhood Family Service Centers reported that when EFS merged the two divisions of Employment & Training and Health & Nutrition in 2002, their ability to make neighborhood linkages whereby they could refer recipients for employment and services was diminished.

³⁶Coulton, Lickfelt, Lalich, and Cook (2004).

Summary and Conclusions

Ohio embraced the federal intention of welfare reform that welfare is a temporary assistance; the state adopted a time limit that was shorter than required and combined this policy with stringent participation requirements. Cuyahoga County's welfare agency, Employment and Family Services (EFS), reorganized itself to promote a work-oriented message and to develop services for recipients that would count toward the participation rate while assisting them to transition quickly from welfare to work. In late 2003, Cuyahoga reported a participation rate that was over 50 percent of the adult TANF caseload.

As the reform period progressed, Cuyahoga faced staff and funding reductions that prompted administrators to improve efficiency by exploring new approaches to work-related services and the referral process. Administrators strove to improve the county's system of awarding performance-based contracts, in order to make the most efficient use of resources and to ensure that only the programs they judged to be most effective would retain contracts. In addition, the county designed a comprehensive intake assessment tool that was aimed at identifying recipients' barriers to employment and quickly placing them into appropriate programs.

Nonetheless, policy restrictions, funding limitations, and organizational shifts posed challenges to assisting some recipients in moving from welfare to work. Caseworkers explained that the stringency of the participation requirement — including the number of weeks that recipients can participate in certain programs, the number of hours per week allowed for certain activities, and the range of allowable activities — limited their ability to provide intensive services to recipients who had serious barriers to employment. In addition, some staff reported that as the caseload and contracting budget declined, the range of programs available was constrained. Vocational programs and intensive barrier-removal options were curtailed or overlooked amid the focus on meeting participation requirements and offering work-oriented services. Although safety net services were put in place for families reaching the time limit, these were not intended to lift recipients out of poverty, and many families who were terminated from cash assistance due to time limits remained in poverty.

Despite the faltering economy, the cash assistance caseload continued to decline in Cuyahoga. At the same time, take-up of other benefits — such as food stamps, Medicaid, and child care — rose. Accordingly, public assistance administrators in Cuyahoga increasingly focused on other income supports. Administrators transferred funding into outreach programs designed to ensure that all families who were eligible for these benefits received them. Nonetheless, as distributing these benefits required an increasingly large share of the state and county budgets, eligibility for child care fluctuated, the pool for TANF diversion grants declined, and outreach funds were cut. Facing these challenges, administrators continue to evaluate the best use of their limited funding to reach out to the low-income families throughout the county.

Chapter 3

The Evolution of Income and Work Supports in Philadelphia County, 1997-2005

The 1996 federal welfare reform legislation — the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) — presented the same key challenges to the Pennsylvania Department of Public Welfare (DPW) as it did to the agencies in Ohio and elsewhere that were responsible for administering the Temporary Assistance for Needy Families (TANF) program. Chapter 2 discusses how the income and work support systems in Cuyahoga County (Cleveland) evolved to meet three critical challenges of welfare reform: how to encourage families to work, how to help recipients with severe or multiple employment barriers, and how to ensure that low-income families get the work supports that they need. This chapter describes how Philadelphia County’s systems evolved during the same period to meet the same three challenges.

First, welfare reform challenged DPW to assist recipients in making the transition from welfare to work — within the 60-month federal time limit and while satisfying federal participation requirements. As discussed in Chapter 1, PRWORA increased work participation requirements, required states to sanction families who did not participate as required, and penalized states that did not meet annual participation rates.

Second, welfare reform challenged DPW to decide whether and how to serve recipients who risked reaching the time limit before securing sustainable work. Adults struggling with serious employment barriers — such as substance abuse, domestic violence, mental health problems, or learning disabilities — might need more intensive services, more time, or both.

Third, welfare reform made it more essential for counties to provide low-income families with access to non-time-limited work supports. As discussed in Chapter 1, as Congress tried to reduce long-term dependence on cash assistance, it also introduced a number of policies to make work pay. Congress substantially increased funding for child care so that parents with young children could work. It also substantially increased the Earned Income Tax Credit (EITC) to supplement the earnings of low-income families. And it delinked TANF and health insurance (Medicaid) so that low-income families could receive Medicaid without relying on TANF. In addition to TANF, DPW was also responsible for directly administering such non-time-limited work supports as food stamps, Medicaid, and child care, as well as for providing information about the EITC and the Children’s Health Insurance Program (CHIP).¹

¹Pennsylvania’s Children’s Health Insurance Program (CHIP) is administered by the Pennsylvania Insurance Department.

This chapter discusses how DPW addressed these three key challenges between 1997 and 2005. It draws on more than 25 interviews with TANF administrators, district office managers, caseworkers, advocates, and private service providers over the course of three site visits between April 2004 and February 2005.² The chapter begins by describing how welfare reform in Pennsylvania evolved through three phases, with slightly different administrative priorities and accomplishments. Second, it explains how DPW formed effective coalitions with Philadelphia advocates and private service providers to offer specialized services to recipients who had employment barriers and to provide comprehensive access to work supports. The chapter closes with a discussion of the main challenges posed by federal reauthorization of TANF.

Summary of Findings

- **An evolving policy.** Welfare reform in Pennsylvania evolved through three fairly distinct administrative phases. Between 1997 and 1999, the Department of Public Welfare (DPW) realigned case management and employment services with the participation requirements of the new state legislation. Between 2000 and 2002, as recipients reached the 24-month work trigger, DPW strictly enforced those requirements but at the same time offered new services to families who were “playing by the rules.” Following a gubernatorial change in January 2003, the state expanded education and training opportunities, tried to prevent unnecessary sanctions, and redesigned case management services.
- **Broad coalitions provided intensive services and work supports.** DPW formed broad coalitions with Philadelphia advocates and service providers to supply specialized services for recipients who had severe employment barriers and to provide access to work supports.

An Evolving Policy

Realigning Services and Participation Requirements (1997-1999)

Pennsylvania’s welfare reform legislation, Act 35, went into effect in March 1997. It required families who had received 24 months of cash assistance to work for 20 hours per week.

²The first round of interviews was conducted with TANF administrators in Harrisburg; the second round was conducted with Philadelphia County Assistance Office administrators, district office managers, and caseworkers in Philadelphia; and the third round was conducted with academics, advocates, and social service providers in Philadelphia.

Thus, the first cohort of families reached this 24-month “work trigger” in March 1999. During the 24 months between legislation and enforcement, DPW focused primarily on assisting clients in making the transition from welfare to work, as shown in Figure 3.1.

Table 3.1 summarizes Pennsylvania’s key welfare reform policies. The state exempted those recipients who had physical or mental disabilities from work participation requirements. For those who were not exempt, Pennsylvania imposed the minimum allowable federal participation requirement: 20 hours of employment per week for recipients who received cash assistance for at least 24 months. But after 24 months, Pennsylvania, like many states, enforced participation with more severe sanctioning policies than required by federal legislation. Post-24-month sanctions suspended the entire family grant, not just the adult portion, and a third infraction resulted in a lifetime ban on cash assistance.

DPW substantially increased expenditures on welfare-to-work services and strove to offer recipients employment-focused case management, but the ratios of recipients to caseworkers were high, and recipients were confused about what would happen at the 24-month work trigger. Between state Fiscal Year (FY) 1996 and FY 2000, DPW increased expenditures on work-related services from \$8 million to \$42.5 million. In 1998, DPW created the Career Development Unit (CDU), expanding the number of case managers who focused on helping clients to get jobs or to participate in work-related activities.³ But ratios of recipients to case managers were as high as 200 to 1 (among the highest ratios of the four counties in the Urban Change study).⁴ Neither caseworkers nor recipients fully understood what would happen to those who were not working at the 24-month work trigger. The Urban Change survey administered in 1998 found that while 89 percent of Philadelphia TANF recipients knew that TANF is time-limited, only 35 percent knew that the time limit is 60 months.⁵ Thus it appears that the message that welfare is time-limited was disseminated more effectively than the details about the time limit and its consequences.

As one DPW administrator in the Philadelphia County Assistance Office (PCAO) explained, given the widespread concern about time limits and the confusion about the consequences of the 24-month work trigger, many families left cash assistance:

There was a real concern about the time limits. . . . The advantage of that was that because there was so much discussion, you know, with talk radio, television, the electronic media, the print media, around all of this . . . people were

³For a more detailed narrative of the 1997-1999 period, see Michalopoulos et al. (2003).

⁴Philadelphia’s CDU workers reported TANF caseloads of close to 200 on the Urban Change staff survey, administered in January 2000 (Michalopoulos et al., 2003). Caseloads in other sites ranged from 77 in Cuyahoga to 202 in Miami-Dade.

⁵Michalopoulos et al. (2003).

The Project on Devolution and Urban Change

Figure 3.1

Time Line of Policies and Programs Responding to the Three Main Challenges of Welfare Reform



May 1996: Pennsylvania Act 35

August 1996: Federal PRWORA

March 1997: Implementation of new welfare policies

March 1999: First cohort at 24-month work trigger

March 2002: First cohort at 60-month federal time limit

January 2003: Change in gubernatorial and DPW administration

Challenge 1: Working within the constraints of the time limit and participation requirement to assist recipients in moving from welfare to work

FY 1998/99 - FY 2000/01: Greater Philadelphia Works

May 1998: Career Development Unit (CDU)

December 2003: Good Cause Education and Training policy

October 2004: Deloitte PCAO improvement report
January 2005: Neighborhood Service Centers pilot

Challenge 2: Serving recipients who have severe and or multiple employment barriers

July 2001: Options and Opportunities programs: Maximizing Participation Project (MPP) and Time Out policy

July 2001: Community Connections Initiative (CCI)

October 2002: Extended TANF policy and Work Plus program

May 2004: Sanction Prevention policy

Challenge 3: Providing income supports to low-wage working families on and off TANF

1997: Healthy Babies and Healthy Kids CHIP hotline

July 1998: Concentrated improvements in Philadelphia transitional Medicaid delivery

February 1999: Child Care Works (new subsidized child care assistance program)

July 2001: COMPASS eligibility screener

September 2004: Pennsylvania Office of Child Development

SOURCE: Author's notes based on interviews and DPW policy memoranda.

The Project on Devolution and Urban Change

Table 3.1

Cash Assistance Policies in Pennsylvania

Benefit Type	
<u>Cash assistance (TANF)</u>	
Maximum grant, family of 3	\$403 ^a
Time limit on cash assistance	5 years, although Pennsylvania uses state funds to continue granting TANF to most recipients; recipients must work or participate in an approved activity for 20 hours a week after 24 months; ^b recipients must work or participate in an approved activity for 30 hours per week after 60 months.
Earnings disregard policy	50 percent of income earned in a month
Income levels at which eligibility ends, family of 3	\$806
Work requirements	
Point at which adults are expected to be working	24 months
Age of youngest child for "mandatory" recipients	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	20 (after 2 years)
Penalty for noncompliance	Termination of adult portion of grant (first 24 months on TANF); termination of family cash grant (after 24 months on TANF) ^c
<u>Child support enforcement</u>	
Penalty for noncompliance	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

SOURCES: Bernard (1998); Rosenbaum (1996); Quint et al. (1999); Brock, Nelson, and Reiter (2002); State Policy Documentation Project (2000); Pennsylvania Department of Public Welfare (2004a); U.S. House of Representatives, Committee on Ways and Means (1993, 1994, 1998, 2000, 2004).

NOTES: ^a\$421 is the maximum grant in Pennsylvania for a family of three.

^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.

^cPennsylvania has also implemented a three-tiered sanctioning policy. The 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 imposes a lifetime ban on cash assistance.

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

really beginning to feel that the time limits were very real — that there would not be any additional assistance after those time limits. . . . So that all helped in a strange kind of a way. People who had high school diplomas, people who already had some kind of previous work history, they left the welfare rolls. We even had people call up, who had been working, and decided that they no longer needed welfare.

— PCAO Administrator

When the 24-month work trigger took effect in March 1999, nearly 33,000 adults on the Philadelphia TANF rolls were required to participate in mandatory employment services for at least 20 hours per week. And, in practice, administrators required employment service subcontractors to provide 30 hours of services per week.⁶ All nonexempt adult recipients were summoned to Work Requirement Review meetings with their caseworkers to discuss how they were meeting the 20-hour work requirement.⁷ For those who were not participating as required, the Work Requirement Review served as a “conciliation” meeting, an official warning that would lead to a sanction unless the individual complied with the participation requirements within the month. Reflecting this enforcement and the growing economy (and perhaps other factors), the adult caseload declined by 19 percent within the year. For those who remained on the rolls, the range and sequence of acceptable activities became much more prescriptive, following what became known as the “cascade chart”: eight weeks of job search/job club, followed by six months of combined minimum wage work experience and training, followed by unpaid community work experience — a program of last resort.

Trends in the Adult Caseload

Figure 3.2 shows the trends in Philadelphia’s adult caseload from 1999 to 2005, arrayed by participation status. The post-1999 trends clearly reflect the work participation requirements of the Pennsylvania law. In March 1999, there were 1,533 adults participating in education and training and 4,593 adults working 20 hours per week. Within three months, the proportion of adult recipients working at least 20 hours per week increased (by 23 percent). Within a year, the proportion of adults who were enrolled in education and training declined (by 57 percent). As Chapter 4 explains, administrative records of welfare receipt show a sharp increase in exit rates following the March 1999 work trigger. Clearly, DPW had enforced the first phase of welfare reforms in Pennsylvania: mandatory work-related participation for adult recipients after 24 months of cash assistance.

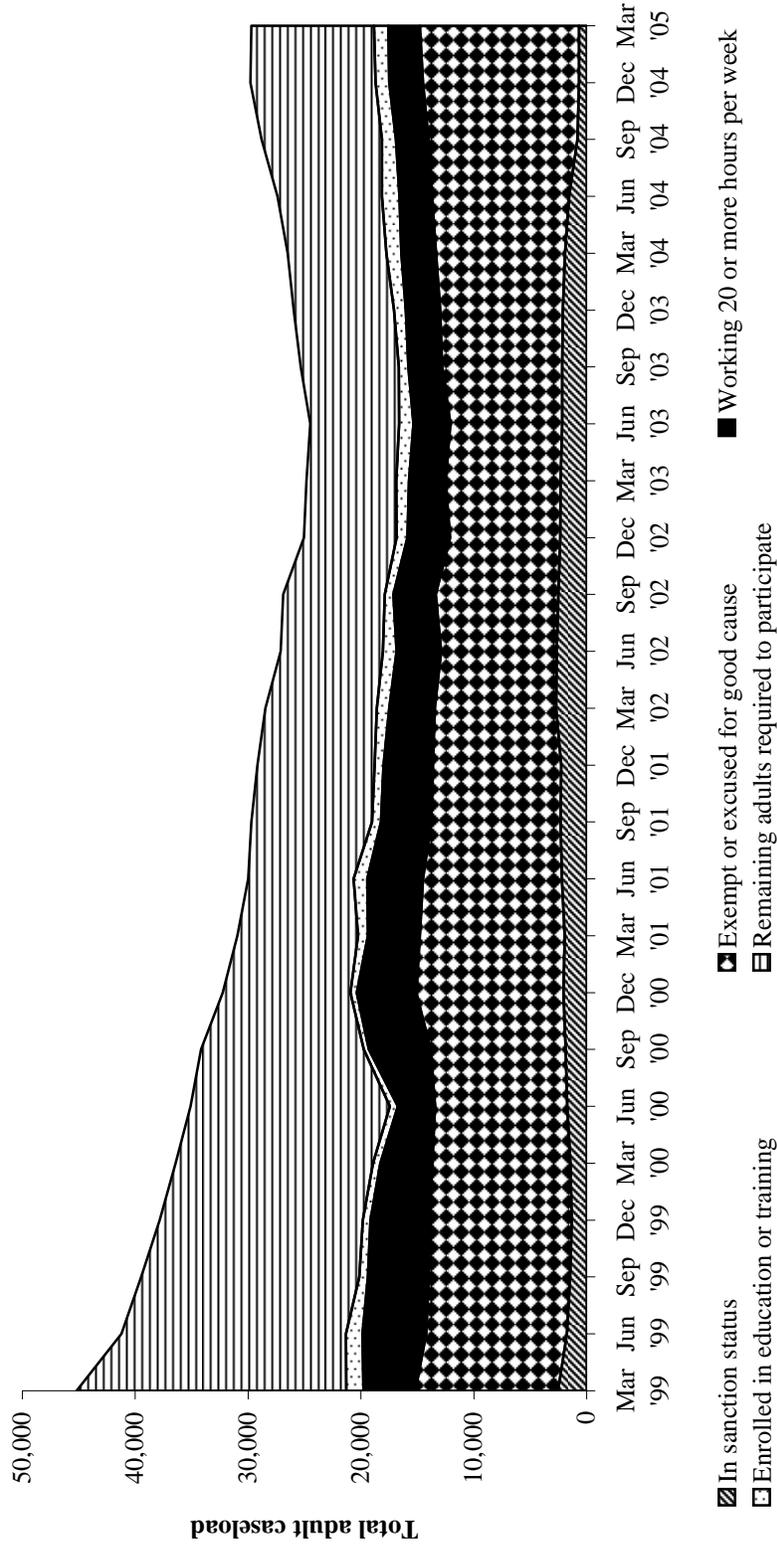
⁶Communication from DPW, July 2006.

⁷Before scheduling a Work Requirement Review, caseworkers were instructed to ensure that the recipient was not on a list of those who were exempt or who were known to local homeless agencies to be without a permanent residence.

The Project on Devolution and Urban Change

Figure 3.2

Trends in Adult Caseload, by Participation Status, Philadelphia County, 1999-2005



SOURCE: Pennsylvania Department of Public Welfare.

Greater Philadelphia Works

In the 1997 Balanced Budget Act, Congress created the Welfare-to-Work Program. Administered through the Department of Labor, the program was independent of TANF and its administration by the Department of Health and Human Services (HHS). It gave local mayors the resources and control that they wanted in order to design independent approaches to welfare services.

Philadelphia's Mayor Ed Rendell was an outspoken advocate for the program and, with the U.S. Conference of Mayors, lobbied the White House aggressively to initiate authorizing legislation. Philadelphia received \$54 million in FY 1998 and enrolled 17,000 people in employment services within the first year — a substantial proportion of the county's total enrollment in employment services for the period.⁸ "Greater Philadelphia Works," as the program came to be called, was administered at the local level through the Philadelphia Workforce Development Corporation (PWDC), a large nonprofit economic development agency that separately administered many of DPW's contracts for TANF employment services.⁹

PWDC created eight neighborhood service centers, which offered case management, referral to a wide range of mental health and supportive services, job search and job placement services, and career counseling. One administrator described the neighborhood centers as "a cross between a union hall and an employment agency. A union hall is a place where there's community, fellowship, you can complain, and give each other support. An employment agency says, 'Here's a job, here's a job, here's a job.'"¹⁰

Ultimately, DPW administrators declined to continue funding for Greater Philadelphia Works, in state FY 2002, when the program's federal funding was exhausted. Many described a sense of déjà vu three years later, when, as Pennsylvania's governor, Ed Rendell (the former mayor of Philadelphia who had championed Greater Philadelphia Works) piloted a neighborhood service center approach to TANF case management.

Enforcing Participation Requirements, Extending Time Limits (2000-2002)

During the period from 2000 to 2002, DPW enforced participation mandates with increasing severity but at the same time extended the time limit for families "playing by the rules." During the reprieve afforded by caseload declines, DPW also responded to the remaining challenges of welfare reform: developing services for the hard-to-employ and providing income supports for the working poor.

⁸See Brock, Nelson, and Reiter (2002).

⁹DPW did retain oversight authority at the state level.

¹⁰Brock, Nelson, and Reiter (2002, p. 83).

- **DPW strictly enforced participation requirements, and the sanctioning rate increased dramatically.**

Given the push of participation requirements and the pull of a vigorous economy (and perhaps other factors), many “work-ready” adults left TANF during this period. The adult mandatory caseload (the adult recipients who were required to participate) declined by 57 percent — from 30,000 in March 1999 to 13,000 in December 2002 — while the proportion of the exempt or excused caseload declined by only 23 percent.¹¹ As a result, the proportion of the adult caseload that was required to participate fell from two-thirds to just under one-half (Figure 3.2).

DPW enforced participation requirements strictly for the post-24-month adults who remained. Between December 1999 and June 2002, the number of adults in sanction status nearly doubled. As mentioned above and summarized in Table 3.1, the consequences for this group were more severe. In the post-24-month period, the entire family grant was terminated (not just the adult portion of the grant), and the severity of the penalty increased with each infraction. A family’s first sanction lasted 30 days; the second lasted 60 days; and the third sanction resulted in a lifetime ban on cash assistance.¹²

- **DPW provided new services for recipients with employment barriers, and it intensified outreach and “nonassistance” services for the working poor.**

By 2000, the caseload reduction credit effectively eliminated federal participation requirements for Pennsylvania.¹³ As explained in Chapter 1, although the 1996 federal legislation required states to meet annual participation rates, the caseload reduction credit allowed states to reduce the proportion of mandatory participants by 1 percentage point for each percentage point decline in the state TANF caseload since 1995. Thus, although the federal all-family participation target was 40 percent in FY 2000, the caseload reduction credit reduced the effective rate to zero. Without compromising the participation mandates — recall that sanctions increased dramatically between 1999 and 2002 — DPW administrators could begin to focus on the second and third challenges of welfare reform: effective services for the hard-to-employ and income supports for the working poor.

In July 2001, DPW launched three major policy changes for recipients with severe or multiple employment barriers. First, the Maximizing Participation Project (MPP) offered voluntary assessment and behavioral health services (therapeutic interventions that focus on incre-

¹¹This sentence refers to declines in recipients classified as “exempt” by state, not federal, standards.

¹²Importantly, DPW administrative records show that third-infraction, lifetime sanctions were very rare, affecting only 411 individual cases and 196 family cases between 1997 and 2005.

¹³U.S. Department of Health and Human Services, Administration for Children and Families (2002).

mental coping and treatment strategies) to recipients who were exempt from the work requirements for medical or physical disabilities.¹⁴ Several administrators, service providers, advocates, and case managers spoke highly of MPP, which served, on average, 1,900 Philadelphia adult recipients per month (5 percent to 7 percent of the adult caseload).¹⁵

Second, DPW launched the Community Connections Initiative (CCI), a sanction-remediation pilot program in 20 counties, including Philadelphia. CCI provided recipients the opportunity to discuss participation requirements, service options, and barriers with a trusted and informed third-party outreach worker. The community-based organizations that provided CCI services were required to contact the recipient within five days of the referral, preferably at a face-to-face meeting.¹⁶ They discussed participation requirements and service options, and they provided information about special allowances and support services. They tried to identify and address recipients' barriers to participation, such as limited English proficiency, domestic violence, or substance abuse. They worked as a liaison between the recipient and the Philadelphia County Assistance Office to revise the recipient's Agreement of Mutual Responsibility.¹⁷

Third, the Time Out Initiative stopped the time-limit clock for up to one year for recipients who voluntarily worked or participated in services before they were required to do so.¹⁸ Like MPP, the Time Out policy was popular among administrators, service providers, advocates, and case managers, who interpreted it as a sensible way to engage recipients voluntarily and earlier in the service trajectory.

DPW also intensified outreach and services to support the working poor. In 2001, DPW launched a state-of-the-art online benefits screener to disseminate information about income supports. The Commonwealth of Pennsylvania Access to Social Services (COMPASS) helped potential recipients to determine whether they might be eligible for cash assistance, food stamps, home energy assistance, CHIP, Medicaid, and Adult Basic Coverage (a Pennsylvania health insurance program for adults, paid for with tobacco settlement funds).¹⁹ In addition, community-based organizations used COMPASS to enroll clients for benefits.

¹⁴In Philadelphia, MPP was provided by two private nonprofit providers: Jewish Employment and Vocational Services and the Philadelphia Health Management Corporation. In other counties, TANF County Assistance Offices were required to administer MPP directly.

¹⁵TANF Eligibility Activities Reports, Department of Public Welfare.

¹⁶CCI services were provided by a range of community-based organizations — from small, faith-based organizations to large employment and training providers — including Jewish Employment and Vocational Service (JEVS), Catholic Social Services of Philadelphia, Lutheran Settlement House, Congreso de Latinos Unidos, Nueva Esperanza, Pathways PA, the Impact Services Corporation, La Salle University, and Temple University's Center for Social Policy and Community Development.

¹⁷Pennsylvania Department of Public Welfare (2004a).

¹⁸MPP and Time Out were referred to as the "Options and Opportunities" programs.

¹⁹Web site: www.compass.state.pa.us.

Beginning in July 2000, DPW used TANF “nonassistance” funds to offer a range of supportive services to employed current and former TANF recipients who had incomes up to 235 percent of the federal poverty guideline.²⁰ These nonassistance programs included full-day, full-year child care and Head Start services, transportation services, eye exams and glasses, hearing exams and devices, high school and General Educational Development (GED) programs for young parents, and a home visitation nursing and parental education program for first-time mothers.

- **DPW extended TANF for post-60-month recipients.**

The five-year federal time limit struck in March 2002, and, once again, no one was quite sure what consequences long-term recipients would face. DPW encouraged everyone who could work to do so, but ultimately — seven months after the time limit struck — it implemented the Extended TANF program, which provided benefits to adults who were participating as required in work-related activities.²¹ As before, DPW called in clients who were reaching the five-year time limit. This time, all adults were called, including those who were subject to the federal participation requirements as well as those whom Pennsylvania had deemed exempt. The former group was now required to participate 30 hours per week in Work Plus, a new program that provided vocational assessment and unpaid work experience to post-60-month recipients. The latter group was required to participate 30 hours per week in the Maximizing Participation Project (MPP), which up until 60 months was a voluntary program.

By the end of 2002, nearly 4,000 adults had been receiving TANF for 60 months or more. Although the Extended TANF caseload increased each month, it was dynamic. Figure 3.3 shows that, each month, about 400 recipients reached the 60-month federal time limit and that about 300 post-60-month recipients exited the rolls, resulting in a net increase of approximately 100 post-60-month recipients per month, or 1,200 per year. By the end of 2004, nearly 7,000 adults (about 22 percent of the adult caseload) were post-60-month recipients.

Several caseworkers criticized the Extended TANF policy for undermining one of the core TANF reforms — the lifetime time limit — and all the associated messages and services that were put in place to prepare recipients for the time limit. For example, the Time Out policy was intended to reward those who voluntarily participated in employment-related activities, by

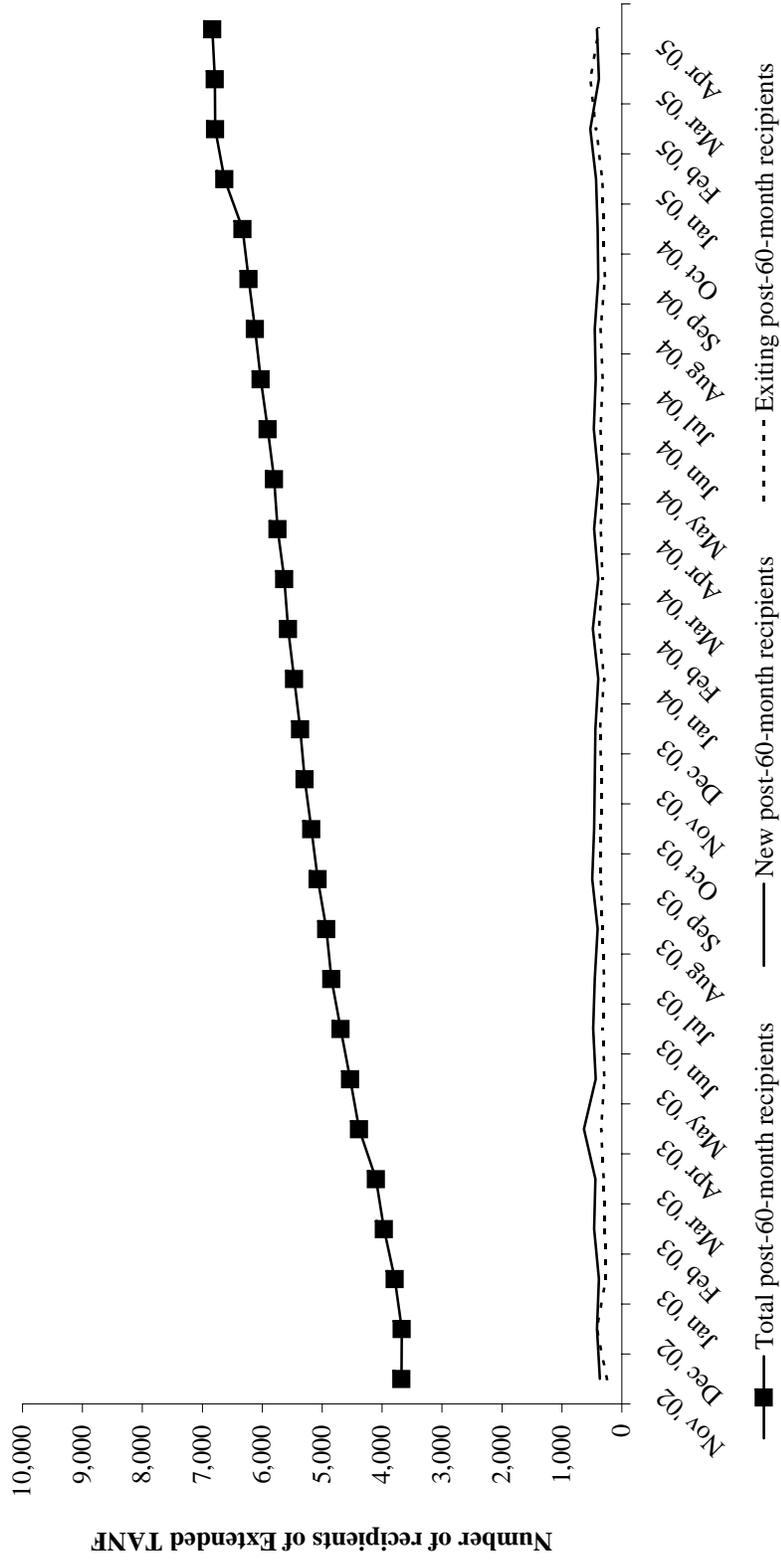
²⁰As explained in Chapter 1, federal rules made a distinction between TANF funds used to meet families’ ongoing basic “assistance” needs (such as cash benefits) from those used to offer supportive services to working parents (such as child care, transportation, and postemployment case management) or to help families through short-term crises (for up to four months). TANF funds used for “basic assistance” were subject to time limits and participation requirements, but “nonassistance” resources were more discretionary.

²¹Recipients who reached the 60-month time limit between March and October 2002 continued to receive benefits under a “contingency” administrative category until Extended TANF regulations were final.

The Project on Devolution and Urban Change

Figure 3.3

Total, New, and Exiting Post-60-Month Recipients of Extended TANF, Philadelphia County, 2002-2005



SOURCE: Pennsylvania Department of Public Welfare.

“stopping the time-limit clock” for up to a year. But the Extended TANF policy rendered time-out credits essentially meaningless — and, for caseworkers, it rendered the already-difficult processing chore futile.

But advocates, service providers, DPW administrators, and some caseworkers welcomed Extended TANF as a valid exception for the minority of families who were playing by the rules but nevertheless were not achieving sustainable employment. Several survey respondents suggested, however, that the post-60-month employment program, Work Plus, should be restructured to offer different and more effective services than those that had not worked for the past five years. DPW strove to restructure the Work Plus program in 2005, increasing employment targets closer to those expected of other types of programs.

- **The initial push of the 24-month work trigger expired.**

The last important point to note about welfare reform in Philadelphia during the period from 2000 to 2002 is that the participation patterns that were so evident in the year following the 24-month work trigger — sharp increases in employment and corresponding decreases in education — had peaked and were subsiding.

New policies often result in noticeable caseload shifts the first time they become effective and afterward have a more subtle but continuing effect. The 24-month clock started in March 1997, and its influence was evident in March 1999, when all the families who had continuously received TANF for the 24 intervening months reached the work trigger at the same time. As these longer-term recipients exited the system, new clients entered, who were free to participate in either education or employment services for up to two years. Thus, the initial push of the work trigger expired once the caseload turned over. The 24-month clock for new entrants was less synchronized, and its effects were more idiosyncratic. The participation trends in Figure 3.2 illustrate this dynamic. After September 2000, the number of adult recipients working 20 hours per week declined, and the number of adults in education and training increased. It is important to note that this caseload cycle was already under way before the policy changes of 2003 to 2005.

From Enforcing Requirements to Improving Services (2003-2005)

Following a gubernatorial change in 2003, the Commonwealth of Pennsylvania expanded education and training opportunities for TANF recipients, established a policy to prevent sanctions, and redesigned employment services. The new administration also continued to enhance services for the hard-to-employ and to improve the accessibility of income supports for the working poor.

As one DPW administrator explained, whereas the previous administration had pursued a strategy of quick employment, the new administration aimed to address recipients' barriers to employment and to equip them with skills in order to promote self-sufficiency and prevent recidivism in the long run:

The previous [administration's approach to TANF] was . . . that getting a job today was more important than dealing with long-term issues. And our view is that we are trying to help people reach long-term success, and to reach self-sufficiency. And we are willing to work with them, possibly extending their stay on TANF, but that when they are done with their time on TANF, they will not come back. They will not need to.

- **DPW expanded education and training opportunities, and more adults enrolled.**

In December 2003, the administration enacted the Good Cause for Education policy: For recipients who were enrolled in education and training, the initial job search requirement was postponed, and hourly participation requirements were reduced. Caseworkers were instructed to inform new applicants about education and training opportunities at each stage in the service trajectory. They were encouraged to identify clients who, although not ready to work, could benefit from part-time education while addressing other employment barriers. At the same time, DPW provided TANF nonassistance funding to community colleges, to enable them to develop remedial curricula for their work with TANF and former TANF families. As shown in Figure 3.2, the number of clients pursuing education increased from January 2001 through March 2005.

Like most policy changes, the Good Cause for Education policy elicited mixed reviews from Philadelphia caseworkers and administrators. Some expressed concern that it sent a new, perhaps unrealistic message to recipients — that they could defer work as long as they were engaged in a viable education program. Others interpreted the policy as entirely consistent with the spirit of Pennsylvania's two-tiered participation structure, which was designed to offer support for the first 24 months and then to become increasingly prescriptive for individuals who did not make adequate progress toward self-sufficiency.

To the advocates, the Good Cause policy was an unambiguous good. One of their main criticisms of Pennsylvania's participation mandates was that they interfered with recipients' education and training plans. To them, the initial eight-week independent job search requirement seemed almost an impediment, especially since, after that, clients could resume self-directed activities for up to 24 months.²²

²²See Michalopoulos et al. (2003).

- **DPW issued the Sanction Prevention policy, and the sanctioning rate sharply declined.**

In May 2004, DPW issued the Sanction Prevention policy. Drafted over a five-month period by a working group of administrators and legal advocates, it emphasized that “sanctions should be used only as a last resort” and offered specific guidance on the mandatory review and referral actions that must be completed prior to issuing a sanction. As part of the policy, DPW instituted a mandatory pre-sanction review through the Community Connections Initiative (CCI), discussed above, which was expanded to serve 24 counties. The introduction to the memo explains:

Given the extremely serious nature of sanctions and their effect on families and especially children, we want to emphasize that sanctions should be used only as a last resort. Sanctions are only appropriate when it is clear that there is willful non-compliance and good cause does not exist that would excuse the non-compliance. Sanctions should be seen as a last resort since they do not directly contribute to self-sufficiency and may cause further problems, such as homelessness, that slow down the path to employment. Missing an appointment or arriving a few minutes late, while unacceptable behavior, are not enough, standing alone, to warrant a sanction. . . . It is not DPW policy to invoke the sanction process for clients who are willing to participate but might not fully understand the obligations of the working world.²³

Within three months, the proportion of adults in sanction status dropped from 6 percent to 3 percent, where it remained through March 2005 (Figure 3.2).

As discussed above, when the first cohort of families began reaching the 24-month work trigger in March 1999, staff were instructed to interpret willful noncompliance more strictly, and the proportion of the adult caseload in sanction status more than doubled. Now, under the new administration, staff were instructed to grant good-cause exemptions more broadly, implementing sanctions only as a last resort:

I think what we said was, “Sanctions are serious. We should all take them seriously. And therefore we should follow a certain rational process before we impose them. And that process ought to be a fairly in-depth investigation into the circumstances that surrounded the noncompliance.” Our statute uses the phrase “willful noncompliance,” and so the whole purpose of this is to put some effort into finding out, “Was this ‘willful noncompliance?’” . . . Now, what we didn’t

²³Pennsylvania Department of Public Welfare (2004b).

anticipate, and I will admit, is that caseworkers would follow what they perceived as the path of least resistance, which is that if somebody is going to make you justify a sanction, then just don't get started on the process.

— DPW Administrator

The Career Development Unit workers, district office managers, and administrators who were interviewed complained that the Sanction Prevention policy undermined their ability to help clients, by removing a consequence that enabled them to enforce participation requirements. They explained that they had always been reluctant to issue sanctions, doing so only after many chances to comply with requirements and only as a last resort. In their view, sanctions worked — as an incentive for recipients to stay in communication and, ultimately, in compliance — and, when enforced, sanctions actually changed behavior:

[In the past] we were very lenient. We said, “Just come in and talk to us.” . . . And the people that were previously sanctioned, . . . they were more forthcoming. They were the first ones on the phone to say, “Listen, this happened; I couldn't go.” And they would be in the office. If they were late in coming in for the program, they would come right to the office or page us, and say, “Listen, I'm really sorry — whatever the reason,” and we'd say, “Fine, go in next week; no problem.” But now, without the sanctioning, they don't even [contact us].

— Career Development Unit Worker

DPW issued another memorandum to clarify the sanctioning policy in January 2005. It reemphasized that “a sanction is the last, least-desirable step of a deliberate process designed to motivate required behaviors” while acknowledging that sanctioning “remains a legislatively mandated tool.” It outlined a seven-step process for the appropriate issuance of sanctions and offered three case studies as examples of their appropriate use.

- **DPW launched neighborhood service centers and redesigned service delivery.**

Based on a series of meetings with employment and training providers, advocates, and recipients — along with reviews of case files and administrative records — the new administration began to articulate a new vision and to outline new service models for employment and training. Consensus emerged that too many clients were cycling from program to program and that serious employment barriers were going undetected until too late in the service trajectory.

DPW resolved to help more recipients take advantage of education and training opportunities and to reduce “client churn.”²⁴

In 2004, DPW hired Deloitte, an international consulting firm, to help articulate a vision for improvement in the Philadelphia County Assistance Office (PCAO). Central to the new vision is the concept of “customer care,” which the report defines as “a compassionate delivery of social benefits to disenfranchised citizens.”²⁵ The report conveys the new administration’s decision to shift resources to strengthening service delivery.

It describes an organization characterized by “heavy client traffic,” “inefficient work flows,” “continually shifting caseloads,” and an “undue volume and use of paper.” The report describes how the simultaneous dissemination of new policies from DPW to Philadelphia administrators and staff left little time to properly stage and execute implementation. Communication was further complicated by the volume of policy changes (for example, more than 20 new policy changes in one week in August 2004) and by the “legalese” of policy directives. Workers used as many as 22 separate management information systems. Advocates complained that civil service union regulations to equalize workloads resulted in continually shifting and periodically uncovered caseloads.

In 2005, DPW piloted two neighborhood Employment, Advancement, and Retention Network (EARN) Centers, reminiscent of the Greater Philadelphia Works program that was championed by then Mayor, now Governor Rendell. As in that program, case management services were contracted to private providers, each of which was assigned a geographic service area. EARN Centers were designed to provide in-depth assessment to inform service referrals and a single community-based point of service for job search, General Educational Development (GED) preparation, adult literacy and computer training, crisis intervention, and community work experience. DPW plans to implement 10 EARN Centers in order to provide greater continuity of care, assigning one case manager to work with a customer “for life.” Through more consistent and closer monitoring, DPW hopes to reduce “program hopping” — clients starting but not completing multiple programs.

The neighborhood service centers pilot program is just one component of a redesign of employment and training services, and five additional elements are worth noting. First, most Philadelphia TANF employment services were coordinated through the umbrella Single Point of Contact (SPOC) program. A legacy of the Job Training Partnership Act (JTPA) of the 1980s, SPOC inherited JTPA’s heavy emphasis on education and training. In 2004, the Philadelphia Workforce Development Corporation (PWDC) made a small but important administrative change

²⁴Pennsylvania Department of Public Welfare (2006).

²⁵Deloitte & Touche USA (2004).

to employment services: It established entrance requirements for training programs. Clients who could not read at the eighth-grade level were referred to training programs that had suitable curricula. PWDC claimed that this change alone reduced program terminations by 16 percent.

Second, to rein in the extraordinary costs of providing supportive services (such as tuition, textbooks, uniforms, and tools) for clients who start multiple programs, DPW limited each individual to one significant training opportunity in a lifetime.

Third, in November 2004, DPW determined that all program providers could refer clients to the Maximizing Participation Project (MPP). Previously, referrals to MPP were made only by the caseworker in the County Assistance Office, immediately after the client's initial assessment. Recognizing that employment barriers often surface later in the service trajectory, DPW allowed program providers to refer clients back to MPP for formal assessment and treatment. So, for example, a job training provider who realized that an individual was struggling with a serious employment barrier (such as a learning disability, domestic violence, or substance abuse) could refer her directly to the MPP provider, without sending her back to a Square 1 assessment with the caseworker. Recognizing that some employment barriers are subtle, DPW broadened the scope of who could be referred to MPP to include those who repeatedly failed other programs. For example, a job training provider who realized that a client was not making progress after several attempts could refer her to MPP without waiting for an official assessment of a serious employment barrier. Meanwhile, DPW allowed MPP providers to co-enroll MPP clients in the intensive training opportunities offered by the SPOC program, allowing those who are receiving the intensive assessment and therapy provided by MPP to simultaneously benefit from the employment training services offered through the SPOC program.

Fourth, in 2005, DPW and PWDC planned to combine pre-24-month and post-24-month SPOC into a single program, with centralized intake and assessment. Clients were to be referred to one of three tracks — training, training and placement, or direct placement — based not on their pre- or post-24-month status but on a thorough and formal assessment that addressed several components of work readiness. The Tests of Adult Basic Education (TABE) were used to diagnose literacy and numeracy. The psychosocial Employment Development Retention Plan (EDRP) was used to detect barriers relating to substance abuse, mental health, and domestic violence. Through the Self-Directed Search (SDS) curriculum, clients engaged in an exploration of their career interests, aptitudes, and opportunities; they also created an employment portfolio that provided the types of identification and checks of criminal history and child maltreatment that many employers require.

Fifth, in August 2005, DPW implemented a diversion program, which used TANF non-assistance funds to offer one-time payments to TANF-eligible families as an alternative to ongoing cash assistance. The diversion payment was equivalent to one to three months of cash

assistance payments and could be used to meet expenses for work, housing, car repairs, or child care. The program was available to employed or recently employed families who met TANF eligibility requirements and demonstrated a need for a one-time cash assistance payment. Through March 2006, the diversion program served 126 families, including 102 evacuees of Hurricane Katrina.²⁶

- **DPW moved more aggressively toward universal engagement.**

In June 2005, DPW issued the Long-Term Success – Universal Engagement policy, which emphasized that all recipients must engage in work or an approved employment activity.²⁷ Specifically, the Universal Engagement policy requires all recipients to participate in approved activities within three weeks of coming onto the rolls. It instructs caseworkers to contact each recipient on their caseload, in order to review opportunities to participate and to update service plans and administrative records. A second memorandum, issued in October 2005, instructs case managers to follow up with recipients who were assigned to activities but did not attend. Under the heading “What if the client won’t comply?” the memo explains, “It is anticipated that there may be a rise in the number of sanctions that corresponds to the increased demands on clients.”²⁸ Indeed, the monthly number of new employment- and training-related sanctions more than tripled, from 212 to 693, in the first year following the June 2005 Universal Engagement memo.²⁹ DPW estimates that these policies have significantly increased participation, from 7.5 percent in federal FY 2004 to 18.6 percent in March 2006, but acknowledges that it has a long way to go to meet the revised federal participation rates embodied in the 2005 Deficit Reduction Act.³⁰

Coalitions to Provide Intensive Services and Work Supports

Another factor that influenced welfare reform in Pennsylvania was the active engagement of private sector legal advocates, academics, service providers, and welfare rights organizations. As mentioned in Chapter 1, the Pennsylvania TANF system is state-administered, with most decision-making authority residing in Harrisburg, under the Department of Public Welfare (DPW). For their part, Philadelphia legal advocates, social service providers, and academics bring an understanding of Pennsylvania policies and administrative practices that is grounded in their daily professional engagement. Through formal advisory boards, task forces, policy briefs,

²⁶Communication from Pennsylvania Department of Public Welfare, July 2006.

²⁷Pennsylvania Department of Public Welfare (2005a).

²⁸Pennsylvania Department of Public Welfare (2005b).

²⁹Communication from Pennsylvania Department of Public Welfare, July 2006.

³⁰Pennsylvania Department of Public Welfare (2006). The Deficit Reduction Act of 2005, which reauthorized the TANF program, “reset” the caseload reduction credit. As of October 1, 2006, adjustments to participation rates are based on caseload declines after 2005, rather than after 1995.

and informal venues, they frequently engage DPW in dialog about improving policies, practices, and services. For example, unlike Medicaid and several other federal programs, TANF does not require states to establish advisory boards. Nevertheless, for many years, DPW has voluntarily convened the Income Maintenance Advisory Committee to participate in prioritization and planning, to comment on policy proposals, and to recommend administrative changes.

When they achieved consensus, DPW administrators and staff formed broad coalitions with Philadelphia advocates and service providers to meet the challenges of welfare reform. This section discusses how these coalitions helped DPW to address the second and third challenges of welfare reform: providing services to recipients who have acute or multiple employment barriers and providing income supports to the working poor.

Coalitions That Serve Recipients Who Have Employment Barriers

In 1997, DPW partnered with the city, a private foundation, and a nonprofit research organization to form what soon became one of the nation’s largest transitional work programs, Philadelphia@Work. In May 1997, just two months after Act 35 reformed Pennsylvania’s welfare system, Mark Alan Hughes wrote an editorial in the *Philadelphia Inquirer* calling for a supported work experience program for long-term welfare recipients. Hughes — then vice president of Public/Private Ventures, a social policy research firm — argued that a supported work program would enable long-term welfare recipients to satisfy the participation requirement while earning a wage, claiming the Earned Income Tax Credit (EITC), receiving supportive services, and building a personal work history.³¹ The editorial prompted a series of discussions among representatives from DPW, the city, Public/Private Ventures, and the Pew Charitable Trusts (which offered a planning grant). During a nine-month planning period, they designed “Philadelphia@Work,” a six-month supported work program offering 25 hours of subsidized employment at the minimum wage along with a TANF wage subsidy, child care and transportation subsidies, and 10 hours of professional development services.³² Within a few years, the Transitional Work Corporation (TWC) — the nonprofit organization that was chartered to administer Philadelphia@Work — was one of the largest supported work providers in the nation.

Advocates were also particularly effective in representing subgroups of recipients for whom standard reform policies were inappropriate or ineffective — notably, victims of domestic violence, speakers of languages other than English, and ex-offenders. Three examples are illustrative. First, in 1997, DPW formed a Domestic Violence Task Force to design policies, staff trainings, and services for victims of domestic violence. Legal advocates commended DPW for its responsiveness to the policy recommendations of this task force. Second, con-

³¹Hughes (1997).

³²Greenwald (2002).

cerned that participation requirements were simply not being communicated effectively to Spanish-speaking clients at risk of sanctions, Congreso de Latinos Unidos, Inc. — a North Philadelphia community-based organization — piloted a sanction-remediation program that DPW eventually instituted as the Community Connections Initiative (CCI). In response to petitions from advocates, the Office for Civil Rights of the federal Department of Health and Human Services (HHS) reviewed DPW services and made a series of recommendations, including translation of all vital documents. Third, advocates petitioned the Pennsylvania legislature to lift the ban on TANF assistance for applicants with prior drug convictions.^{33,34} They succeeded in February 2004, when the Pennsylvania legislature enacted Act 44.

Coalitions That Provide Accessible Work Supports

In early 2003, TWC spearheaded another successful public-private partnership, the Campaign for Working Families, a citywide public relations campaign to help low-income working families file for the Earned Income Tax Credit (EITC). Nationally recognized for its successful implementation, the campaign was conceived by Hughes and sponsored by the Pew Charitable Trusts and the Annie E. Casey Foundation. Perhaps most striking was the breadth of the campaign's mobilization. Local social service and advocacy organizations — notably, Pathways PA, Inc. — offered public benefits and financial counseling. The United Way of Southeastern Pennsylvania provided organizing assistance. Large public and private organizations like Philadelphia Public Schools and Philadelphia Gas Works helped to spread the word among local television and newspaper media outlets, churches, libraries, community development corporations, and labor unions. Despite reductions in the number of Volunteer Income Tax Assistance (VITA) sites supported by the Internal Revenue Service (IRS), total tax returns filed at VITA sites between 2002 and 2003 increased by 66 percent, to 8,846, and the percentage of Philadelphia filers claiming the EITC rose 5 percent, to 156,227.³⁵

Advocates also monitored take-up rates of income supports among low-wage workers and suggested policy and administrative reforms for increasing access. For example, they explained that DPW could make child care more accessible by eliminating such unnecessary eligibility restrictions as child support registration requirements and sibling and grandparent deeming.³⁶ And Pennsylvania legal advocates helped DPW to align food stamp and Medicaid resource determination policies.

³³Because Pennsylvania's welfare plan was enacted before PRWORA, it did not opt the state out of the federal lifetime ban on TANF and food stamps. Had it been enacted after PRWORA, legal advocates claim that it would have.

³⁴Hirsh (1999).

³⁵Houstoun (2004).

³⁶Pennsylvania Welfare Coalition (2002).

Perhaps the clearest example was in December 1998, when Philadelphia advocates alerted DPW that Philadelphia children were much less likely than other children statewide (55 percent versus 92 percent) to retain Medicaid after their parents left TANF.³⁷ Advocates argued that this disparity in Medicaid retention rates reflected procedural problems in the Philadelphia County Assistance Office. Citing legal precedent, they argued that it was the state's responsibility to offer six months of presumptive transitional Medicaid assistance to families who left TANF and to reinstate Medicaid eligibility for the families who were cut off without sufficient notice.

This issue struck a responsive chord. For many years, Pennsylvania has taken the issue of health care coverage very seriously. It was one of the first states to implement a State Children's Health Insurance Program (SCHIP), in 1992, which served as a model in some respects for the federal program of 1997 and was one of only three state programs "grandfathered in" to the federal program. Pennsylvania also enrolls a higher proportion of eligible families in Medicaid than most states do.³⁸

Alerted by advocates that Philadelphia children were inexplicably losing Medicaid coverage, DPW redoubled its efforts to find and correct procedural gaps and to restore benefits to those who lost them. DPW significantly redesigned its automated system to ensure that recipients leaving cash assistance were automatically enrolled in transitional Medicaid. The agency provided staff training, revised its Medicaid Assistance Handbook, mandated supervisory reviews of all Medicaid assistance terminations, and required its subcontracted employment placement providers to provide DPW with wage information for TANF recipients who were placed in jobs (information that is essential to Medicaid eligibility determination). In July 1999, DPW announced its intention to reinstate transitional Medicaid eligibility for approximately 32,000 families. TANF leavers for whom DPW had income information at the time of TANF exit were reinstated for six months of transitional Medicaid. Families for whom DPW did not have the required income information were reinstated for 60 days and were mailed a one-page application form in a self-addressed, stamped envelope. DPW agreed to spend \$290,000 on public service advertisements during the 60-day grace period and to require its independent enrollment counselors to make follow-up phone calls to eligible families. That fall, DPW stopped requiring face-to-face Medicaid redeterminations for applicants who had children.

Reflecting its historic strengths in this area and these concentrated improvements, Pennsylvania ranked first among the states in Medicaid/SCHIP enrollment in each year that HHS's Administration for Children and Families tracked the measure — 2001, 2002, and 2003 — and it was awarded a cumulative performance bonus of \$12.6 million over the three years. Advocates applauded DPW's responsiveness on this issue:

³⁷Community Legal Services and Pennsylvania Health Law Project (1998).

³⁸Birnbaum (1998).

Pennsylvania is one of the first states to take these bold steps to reinstate families' coverage and make important system changes to stop future inadvertent [Medicaid assistance] cut offs. Staff at HCFA [the federal Health Care Financing Administration] and the Pennsylvania Department of Public Welfare should be congratulated for their hard work on these important issues.³⁹

Summary and Conclusions

In policy, Pennsylvania imposed moderate participation requirements with strict sanctions. It imposed the minimum participation requirements allowable under federal law — 20 hours per week for recipients with 24 months of cash assistance receipt. But these requirements were enforced with more severe sanctioning policies than required by federal legislation: full-family sanctions and a lifetime ban on cash assistance for the third infraction.

In administration, DPW's priorities evolved through three fairly distinct phases. Between 1997 and 1999, DPW realigned employment services to a mandatory participation model. Between 2000 and 2002, DPW strictly enforced participation requirements for post-24-month adults who were out of compliance but at the same time offered new and extended service opportunities to families who were "playing by the rules." Following a gubernatorial change in 2003, the state charted a different course for welfare reform — one that is focused on service delivery.

In practice, legal advocates and social service providers were actively engaged in shaping Pennsylvania's welfare policies. DPW formed broad coalitions with advocates to address the second and third challenges of welfare reform: offering services to recipients who have severe or multiple employment barriers and extending income supports to low-wage workers.

Although in principle the pre- versus post-24-month triage and modest hourly requirements balanced the goals of providing short-term assistance while preventing long-term dependence, in practice these policies worked against engaging clients in work-related activities to the extent required by federal legislation. Pennsylvania has consistently been listed at the bottom of annual federal reports on all-family participation rates. In 2003, Pennsylvania ranked second to last.

Under the current gubernatorial administration, DPW is piloting neighborhood service centers in order to provide more continuity and coordination in case management. Administrators have also acknowledged the need to move toward immediate, universal engagement. In the past, some factions demanded service-quality reforms commensurate with participation man-

³⁹Community Legal Services, Philadelphia Citizens, Children, and Youth, the Pennsylvania Health Law Project (1999).

dates. Others argued that consistent implementation of time limits and participation mandates would simultaneously enhance institutional performance and would assist clients more effectively. What remains to be seen is whether, starting with client care and service quality, DPW can build consensus to also improve short-term impacts on participation and longer-term impacts on employment, retention, and advancement.

Chapter 4

Continuing Effects of Welfare Reform? An Extended Analysis of Entry, Exits, and Employment

One goal of the Temporary Assistance for Needy Families (TANF) program is to move people from welfare to work. Earlier MDRC studies examining the effects of TANF in Cuyahoga and Philadelphia Counties reported mixed evidence that TANF exceeded ongoing trends, despite operating under the most favorable of conditions for welfare reform: one of high labor market demand and ample resources to support families in the process of moving from welfare to work.¹ The late 1990s — the focal period of MDRC’s earlier studies — was a period of prolonged economic expansion with a notable decline in unemployment. In addition, states and localities had unprecedented amounts of money to spend on welfare programs, particularly employment-related services, owing to a combination of stable TANF funding (a five-year block grant based on pre-TANF spending levels) and a rapid decline in caseloads.

In Cuyahoga County (Cleveland), the earlier MDRC study reported some changes in recipients’ behavior that could be attributed to Ohio Works First (OWF) — the state’s welfare reform program, which was implemented in Cuyahoga in October 1997 — but not as many changes as expected. Although welfare receipt declined and employment increased among welfare recipients between 1992 and 2000, these trends began prior to OWF and were not significantly altered once welfare reform got under way, suggesting that the changes largely reflected the strong economy and other factors. There is evidence, however, that reform sped up the rate at which long-term recipients left welfare and that it reduced the number of food stamp recipients who later received cash assistance. Table 4.1 summarizes the findings on these earlier welfare-related outcomes in Cuyahoga.

In Philadelphia County, the estimated effects on welfare receipt and employment of Pennsylvania Act 35 — the state’s welfare reform policy, which was enacted in March 1997 — were only slightly more pronounced than in Cuyahoga and were not as large as expected by both proponents and opponents of the 1996 federal reforms. Between 1995 and 2002, welfare receipt in the county declined by about half, and employment increased among welfare recipients. Changes in the trends after the 1996 reforms suggest that TANF increased employment (especially employment lasting less than one year), increased recidivism, and reduced welfare receipt

¹For the earlier report on Cuyahoga, see Brock et al. (2002); for the earlier report on Philadelphia, see Michalopoulos et al. (2003).

The Project on Devolution and Urban Change

Table 4.1

**Comparison of Welfare-Related Outcomes Through 2001
in Cuyahoga County (Ohio) and Philadelphia County**

Outcome	Cuyahoga County	Philadelphia County
TANF program	Ohio Works First (OWF)	TANF
Welfare reform implemented	October 1997	March 1997
Time-limit policy	36 months of aid then ineligible for 24 months; lifetime limit of 60 months	24-month “work trigger”; lifetime limit of 60 months
Prior experience with time limits through waivers	Waiver not approved in 1995, but welfare-to-work program in place for all adult recipients at that time	None
Effects of time limit	Not able to analyze	Sudden changes in March 1999 (the 24-month work trigger) for long-term recipients
Trend in welfare receipt	Decline over time, beginning before the implementation of OWF	Slow decline over time prior to TANF; steady decline after 1996
Welfare exits	Increased rate of exit, particularly for long-term recipients	Increased exits of long-term recipients, especially after 2-year time limit
Welfare entry	Reduced movement from food stamps to cash assistance	Increased recidivism and reduced movement from food stamps to cash assistance
Employment	No evidence of increased employment	Increased employment, particularly unstable employment

SOURCES: Brock et al. (2002); Michalopoulos et al. (2003).

among long-term recipients.² The trends in welfare caseloads and employment began before TANF, however, suggesting that the strong economy and other factors — such as the expanded federal Earned Income Tax Credit (EITC) — also played an important role. While the five-year lifetime limit on cash assistance did not fall within this period, Pennsylvania’s 24-month work trigger did, in March 1999. However, only one sudden change in welfare receipt occurred when families began reaching the two-year time limit, and that change was limited to long-term recipients. See Table 4.1 for a summary of the earlier findings in Philadelphia.

Given such little change that is clearly attributable to the 1996 reforms during the early studies discussed above, why extend the analyses? Several reasons make this extended study important:

1. As mentioned above, the original studies captured the best period for welfare reform. Strong economic expansion and declining caseloads resulted in high labor market demand and ample resources to support families in the process of leaving welfare to work. The earlier findings suggest that the strong economy was a driving force, perhaps stronger than welfare reform itself. In contrast, the recession that occurred in 2001 and continued to affect employment through 2003 allows a look at welfare reform in a period of a weak economy and one with budget coffers not as flush with funds.
2. The earlier studies, like this extension study, focus on big-city welfare agencies — institutions that tend to resist change. While the earlier studies report significant service changes in Cuyahoga and more gradual changes in Philadelphia, this follow-up analysis provides an indication of whether regression, stagnation, or improvement in agency operations and services has occurred in the intervening years. As Chapters 2 and 3 discuss, many changes in agency operations occurred since the publication of MDRC’s earlier studies, and many of them might directly affect recipients’ behavior. Yet it is important to recognize that data collection for this analysis ended long before the end of the study periods reported in those chapters, particularly in the case of Philadelphia.
3. Data collection for the earlier studies ended in 2000 for Cuyahoga (just as time limits set in) and in 2001 for Philadelphia (before they set in). This extension study allows a look at the period after time limits took effect in each

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

county, and, in the case of Philadelphia, it provides an opportunity to learn whether the changes that occurred near the 24-month work trigger continued.

This chapter investigates the effects of TANF by comparing patterns of welfare receipt and employment over time.³ If the 1996 reforms had an effect on caseloads and employment, the patterns after 1997 should look different than the patterns before reform.⁴

Although the 1996 reforms could have affected many outcomes, this chapter focuses on only a few: whether cases were deterred from receiving cash assistance, how quickly cases closed, whether cases were reopened, and whether employment and employment stability among recipients 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 through 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 2003 but do not cover the period after 60 months, when families began reaching the lifetime time limit.

Summary of Findings

This chapter presents results for a number of findings related to whether people came onto welfare faster or slower after the 1996 reforms were implemented in Cuyahoga and Philadelphia Counties. Many of the results are quite similar to what was found in earlier reports, including the results for long-term recipients, which stand out for their robustness. Long-term recipients left welfare faster after reform was implemented than before, in both Cuyahoga and Philadelphia Counties, and these findings continue despite the economic downturn, the execution of time limits, and budget pressures that resulted in some retrenchment of service offerings.

Here is a brief summary of other findings:

- **During the 1990s into the early 2000s, welfare caseloads declined by record levels in both counties.** Cuyahoga County experienced an 85 percent decline in the caseload between 1993 and 2003, while Philadelphia experienced a 72 percent decline between 1993 and 2001; both declines were larger

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 either to a program group, which is subject to the rules of the new policy, or to a control group, which is subject to the former policy. 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 the 1996 reforms was not practical, because the reforms were so well publicized that knowing about them might have influenced the behavior of control group members.

than the nationwide caseload decline of about 59 percent over a similar period.⁵ The behavior of welfare recipients in both counties changed over time in offsetting ways that were consistent, on average, with reduced caseloads. For instance, fewer people came onto the rolls at the end of the period than in 1993, and cases closed faster at the end of the period than in 1993.

- **Although long-term recipients shortened their stays on TANF, the rate of case closures among all recipients did not change much after the implementation of reform.** Before the implementation of OWF, the proportion of cases that closed in Cuyahoga County within a specified period of time — say six months — was gradually increasing, and the closure rate was fairly stable in Philadelphia County. After 1997, these trends changed, and cases closed slightly slower than expected. These outflows may have been associated with a policy change that encouraged work but allowed longer welfare spells by allowing recipients to receive benefits even with increased earnings. As mentioned above, long-term recipients are the exception to these findings, with reform appearing to have especially increased the rate at which long-term cases closed.
- **Employment levels and trends differed between the two counties.** Earlier MDRC reports suggest that employment among welfare recipients was steady and did not increase in Cuyahoga County after TANF was implemented. After 2000, however, the proportion of new welfare recipients who went to work declined in Cuyahoga County, and there was a decrease in stable employment, perhaps reflecting the recession that occurred at that time. Although employment levels among welfare recipients were lower in Philadelphia than in Cuyahoga, they grew over time and accelerated after TANF, suggesting that welfare reform encouraged a movement to work. Unfortunately, data for new welfare recipients in Philadelphia for the period after 2000 were not available for this analysis.

The Expected Effects of Reforms

In Cuyahoga County, OWF might have affected behavior in several ways before families encountered the program's time limit. The mandatory employment-focused welfare-to-work program should have helped people move to work and get off welfare faster. The time

⁵Data for nationwide caseload declines are calculated from U.S. Department of Health and Human Services, Administration for Children and Families (2000). Data for Cuyahoga and Philadelphia Counties are calculated from administrative records.

limit on cash assistance should also have encouraged some people to leave welfare sooner — especially families with young children — in order to “bank” their time. The enhanced earned income disregard might have encouraged welfare recipients to work, but it also would have allowed more of them to stay on welfare while working. And the state’s TANF diversion policy — the Prevention, Retention and Contingency (PRC) program — should have provided an alternative to cash assistance for some families. In short, most of the components of OWF should have encouraged welfare recipients to leave the rolls and find work faster, and the policies should have discouraged those who were at risk of receiving welfare from coming onto the rolls. However, the enhanced earnings disregard might have reduced or reversed the effects on welfare receipt by allowing people to continue receiving welfare while they worked. In addition, changes that occurred between 2000 and 2003 — after MDRC’s earlier report — suggest that Cuyahoga’s targeted work programs and continued strict enforcement of participation requirements should result in increased or steady employment outcomes for those clients who remain on the rolls, even though such clients may be harder to serve than in the past. Further, the increased use of noncash benefits in Cuyahoga suggests that the number of recipients moving to cash assistance from only food stamp receipt should continue to decline, while the number of recipients moving from cash assistance (with or without food stamp receipt) to food stamps only should increase over time.

In Philadelphia, mandatory employment-focused welfare-to-work services should have helped people move to work and off welfare faster. Anticipation of the lifetime time limit might also have encouraged some people to leave welfare faster.⁶ Finally, the simplified 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. MDRC’s earlier report found that many of Philadelphia’s policies were not strictly implemented. Since that report, a greater proportion of the caseload has been exempt from participation requirements, suggesting that an employment increase among those remaining on the rolls should not be expected. In fact, given that a large proportion of adults was not combining welfare and work and that a sizable proportion was enrolling in education instead (as discussed in Chapter 3), it would be reasonable to expect a *decline* in employment.

Data and Outcomes

The analysis in this chapter uses administrative records for cases with children in Cuyahoga County who received cash assistance or food stamps. This consists of 379,515 recipients in

⁶This motivation may have existed in the period prior to Pennsylvania’s offer of Extended TANF benefits to families who exhausted their 60-month benefit period but who continued to comply with participation requirements. As described in Chapter 3, Extended TANF may have lessened the strength of messages about the lifetime limit.

116,804 cases that opened with both an adult and at least one child between 1993 and 2002. For Philadelphia, this chapter uses administrative records for cases that received cash assistance, food stamps, or Medicaid between January 1993 and July 1999. This includes 513,050 recipients in 126,759 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 2003.⁷

The administrative records from both counties contain information on food stamps, cash assistance eligibility, and earnings as reported to the respective state'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 yet subject to different rules, the analyses in this chapter are limited to cases that contain an adult.

Administrative data contain accurate information, but they have several limitations. First, they are limited to activity in the respective state. If recipients move to another state, they will be counted as though they did not receive public assistance and did not work. This may be a notable limitation for the Philadelphia employment analyses, inasmuch as Philadelphia borders New Jersey and other studies have found significant cross-state employment. Second, the UI data do not include information on workers who are self-employed, who provide informal child care, or who 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. Finally, 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 OWF in Cuyahoga and Pennsylvania's Act 35 in Philadelphia alter the likelihood that a case received cash assistance? This question is further divided into two parts:
 - Did the 1996 reforms cause fewer or more cases to open or to reopen (return to welfare) once they had left?
 - Did the 1996 reforms cause welfare cases to close faster?

⁷The sample consists of new recipients through July 1999 because of a slight change in Philadelphia's system of recording new recipients that resulted in uncertain case affiliation after that point. This limits the analysis of the full effect of Philadelphia's time limit and the effect of policy changes implemented after July 1999 on *new cases*. The analysis does account, however, for the effect of such later policy changes on cases that started receipt prior to July 1999.

- Did OWF and Act 35 increase employment, and did that result in stable employment?

As mentioned above in the Summary of Findings, the most robust results reported in this chapter are the exit findings for long-term recipients. (See below: “Did the 1996 Reforms Encourage New Welfare Cases to Close Faster in Cuyahoga and Philadelphia?”) The discussion commences, however, with a descriptive analysis of entry — to highlight the relation of the methodology to caseload changes, to examine the possible effects of time limits, and to introduce the data used in the analyses. The chapter then explores the questions of whether the 1996 reforms were associated with changes in entry and exit patterns. The concluding section of the chapter then examines the effects of the reforms on employment.

Did the 1996 Reforms Alter the Likelihood That a Case Received Cash Assistance?

Welfare caseloads could have declined in both Cuyahoga and Philadelphia Counties during the 1990s through two mechanisms: People could have come onto the rolls in smaller numbers, or they could have left the rolls in greater numbers. This section analyzes the two explanations separately. Some components of each county’s welfare reform were designed to affect one mechanism more than the other. For example, the participation requirements, work rules, and strict adherence to time limits might deter people from coming onto welfare, while employment programs and services are intended primarily to help people leave welfare. Welfare entry and exit are also examined separately, because reduced entries and increased exits have different implications for how the caseload changes over time.⁸

Descriptive Results

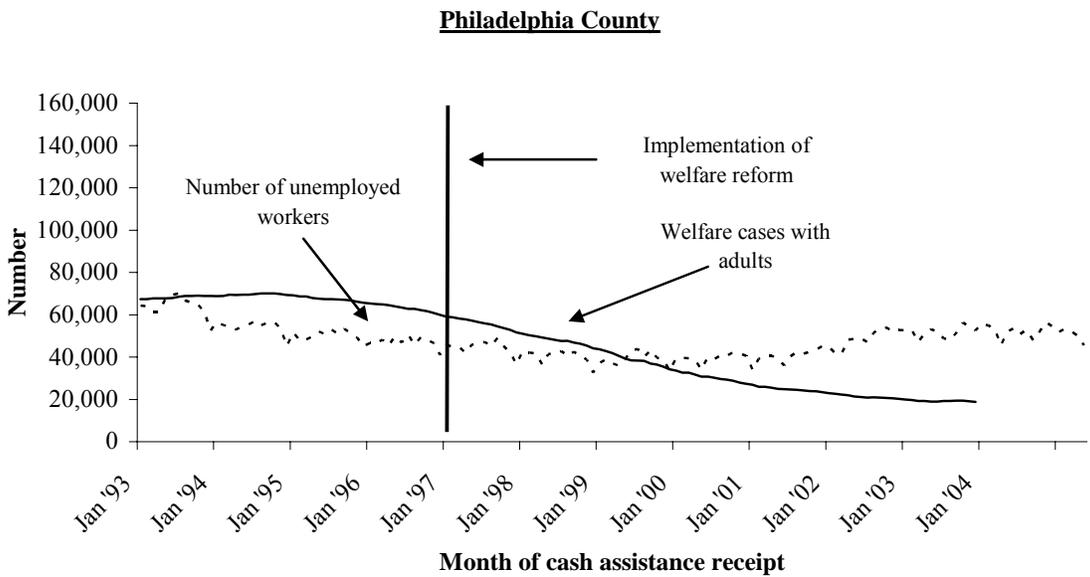
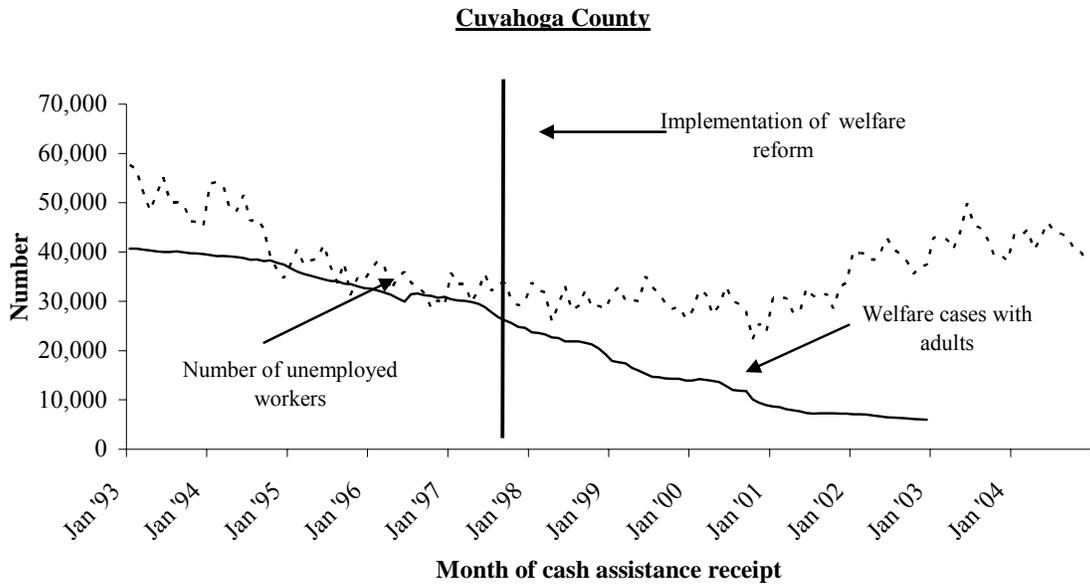
This section begins by looking descriptively at what happened to each county’s welfare caseload and welfare entries and exits over time. In the top panel of Figure 4.1, the solid graph line shows the number of open welfare cases that included an adult each month between 1993 and 2002, and the dotted line shows the number of unemployed individuals each month (for a slightly longer period) in Cuyahoga County. The figure confirms what is shown in Chapter 2: Welfare caseloads were near their highest levels toward the beginning of 1993 and declined thereafter. In fact, welfare caseloads dropped markedly since 1997. The darker vertical line in the top panel of Figure 4.1 represents October 1997, when OWF began in Cuyahoga. Points to the right of the line represent the caseload and unemployment levels after OWF began, and points to the left of the line represent the caseload and unemployment levels before OWF. Note

⁸Klerman and Haider (2001).

The Project on Devolution and Urban Change

Figure 4.1

Number of Open Welfare Cases Each Month and Number of Unemployed Workers in Cuyahoga and Philadelphia Counties, January 1993 Through December 2004



(continued)

Figure 4.1 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County 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. Cases that opened as child-only cases are excluded from the analysis.

Monthly unemployment data are at the county level.

In the top figure, the darker vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. In the bottom figure, the darker vertical line represents Act 35, Pennsylvania's TANF program, which was implemented in March 1997.

that while the welfare caseload began declining long before OWF was implemented in Cuyahoga, the trend became steeper after the implementation of OWF. For example, between January 1993 and September 1997, the caseload dropped by about 36 percent in Cuyahoga. However, between October 1997 and December 2002, the caseload decreased 77 percent — more than twice the pre-1997 rate.

Figure 4.1 also shows that the unemployment trend declined steadily until the end of 2000, with the lowest level of unemployment occurring in October 2000 — the same month that recipients who were continuously on welfare from the start of OWF would have reached their 36-month state-imposed time limit. The number of unemployed people then noticeably increased through the end of the period, illustrating the effect of the weakened economy. However, this upturn in unemployment was not followed by any noticeable change in the number of open welfare cases. While the administrative data used in this chapter do not extend past the period in which the number of unemployed people continued to increase, other data utilized in Chapter 2 show that caseload levels continued to decline moderately throughout 2004 (see Figure 2.1).

The bottom panel of Figure 4.1 shows the number of open welfare cases and the number of unemployed workers in Philadelphia County. The figure shows that Philadelphia had a somewhat larger caseload than Cuyahoga, but its caseload also declined as fast as Cuyahoga's after the implementation of Act 35 in March 1997. For example, between January 1993 and February 1997 — the pre-Act 35 period — the Philadelphia caseload declined 13 percent, compared with the 68 percent decline between the implementation of Act 35 in March 1997 to the end of the period.

Unemployment in Philadelphia started at levels commensurate with the welfare caseload and dropped steadily until reaching a trough in December 1998. While unemployment increased steadily after this point, there was no accompanying upturn in the welfare caseload. In fact, the caseload continued to decline through the end of 2003.

As previously noted, caseloads might have declined because fewer people were coming onto the rolls or because more people were exiting welfare. Figure 4.2 shows entry onto welfare in Cuyahoga and Philadelphia Counties, defined as the number of welfare cases headed by an adult that opened each month between January 1993 and December 2002.⁹ The overall pattern shows sharp declines in the number of new cases opening each month in both counties prior to the implementation of that county's welfare reform program, with a leveling off of entries after that point.¹⁰ This suggests that new family cases were less likely to open after the implementation of OWF and Act 35 and that this pattern did not change up to five years after the reform policies were put into operation.

Figure 4.3 shows the number of welfare cases that closed each month. The lighter trend line in the figure shows that, in Cuyahoga, the number of cases that closed each month started at about 1,800 cases in January 1993 and peaked at about 2,900 in October 2000 — the first period at which recipients who had been receiving welfare continuously would have reached their 36-month time limit. The number of closures each month then declined quickly but was still higher than the number of new entries each month (Figure 4.2).¹¹ In Philadelphia, the darker trend line shows that the number of case closures started at about 1,200 in January 1993 and peaked at about 2,300 cases in March 1999 — the period when the 24-month work trigger would have been executed for those who had been on the rolls continuously since March 1997.

In summary, the descriptive analysis supports the dramatic decline in caseloads; from the start of the period, many cases closed each month, and the closures overshadowed the number of cases opening each month. These trends did not reverse, although they did moderate a bit, in the early 2000s. The analysis suggests that the imposition of time limits and/or work participation requirements may have affected behavior by both deterring entry and encouraging recipients to leave the rolls before approaching the time-limit cliff. While these are reasonable interpretations of the trends, remember that it is extremely difficult to determine whether the

⁹Because the data extend back only to 1992, there is no way to know whether a case received benefits prior to 1992. A case is therefore defined as “new” if it had not received benefits since 1992. For example, 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. Therefore, earlier groups of “new” welfare cases might 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, in fact, have started earlier) — the analysis excludes cases that received benefits in 1992.

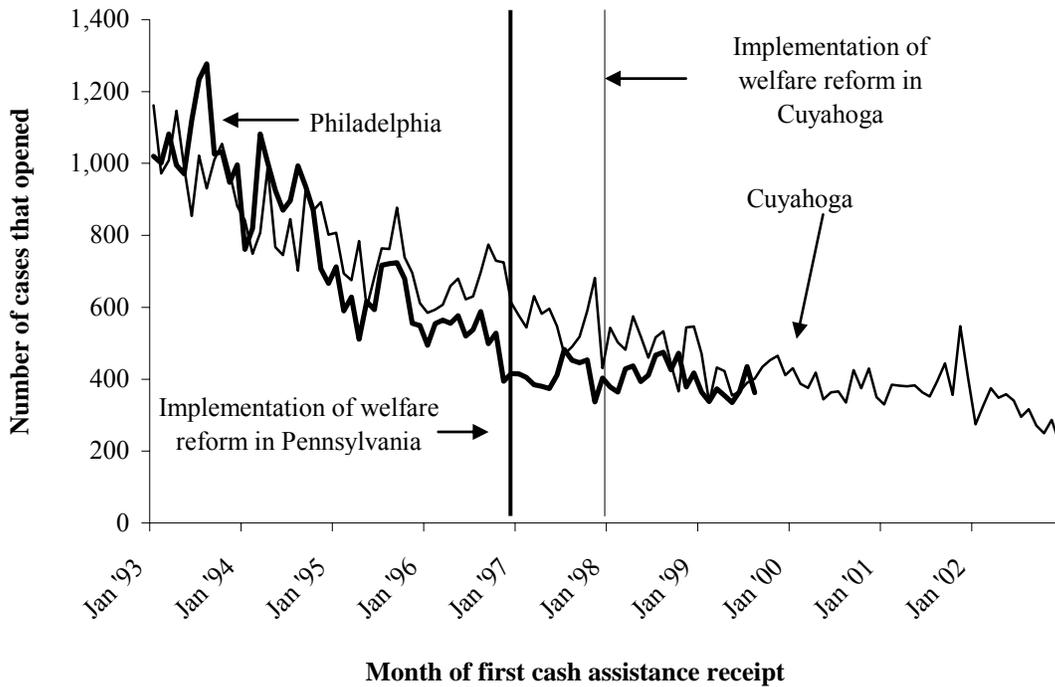
¹⁰Note that data on new cases in Philadelphia are available only through July 1999.

¹¹Although the data for Cuyahoga extend through 2002 — five years after reform — it is not possible to see the effect of the federal 60-month lifetime limit because the county requires a mandatory period of 24 months off the rolls for all clients reaching the 36-month time limit. After the 24-month hiatus, clients can return and continue their “clocks.”

The Project on Devolution and Urban Change

Figure 4.2

**Number of New Welfare Cases That Opened Each Month
in Cuyahoga and Philadelphia Counties,
January 1993 Through December 2002**



SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

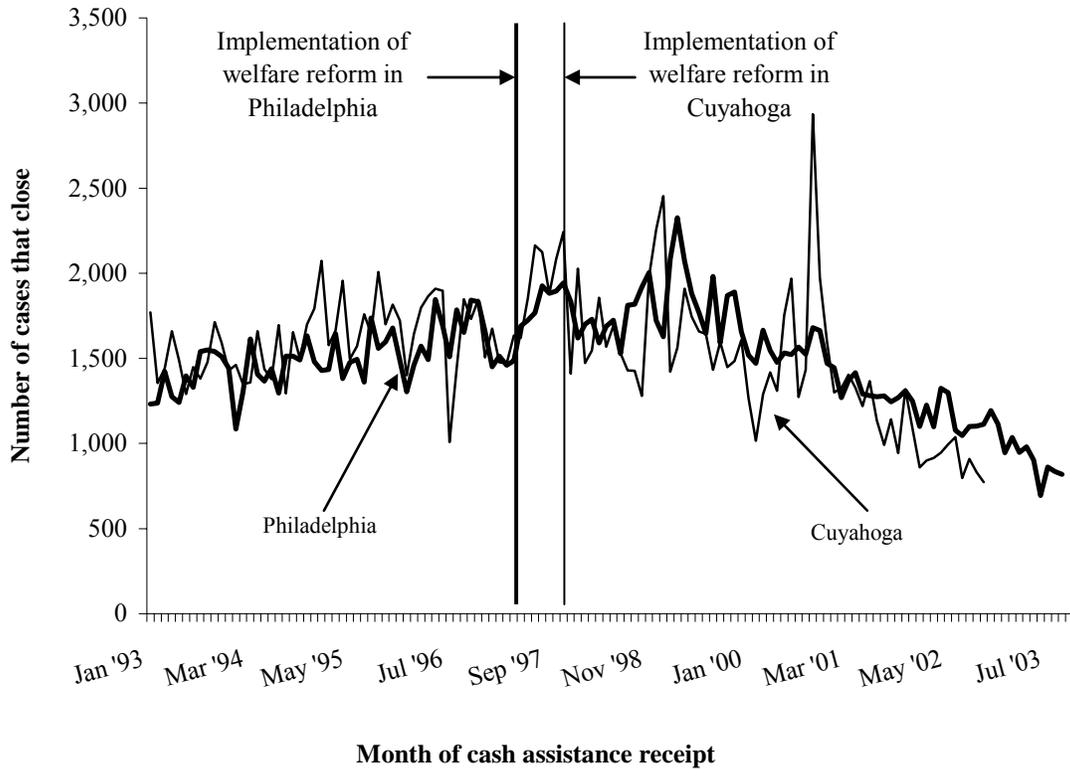
NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened as child-only cases are excluded from the analysis.

Act 35, Pennsylvania's TANF program, was implemented in March 1997, as represented by the darker vertical line. The lighter vertical line to the right represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997.

The Project on Devolution and Urban Change

Figure 4.3

Number of Adult-Headed Welfare Cases That Closed Each Month
in Cuyahoga and Philadelphia Counties,
1993-2003



SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

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

Act 35, Pennsylvania's TANF program, was implemented in March 1997, as represented by the darker vertical line. The lighter vertical line to the right represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997.

time limits or participation requirements per se were generating such changes. As discussed extensively in Chapter 2, the time limit was implemented along with other policies — such as participation requirements and funding changes — that are designed to achieve similar goals. Overall, one implication of this analysis is that the cases remaining open may have comprised some of the hardest to serve.

Did the 1996 Reforms Encourage New Welfare Cases to Close Faster in Cuyahoga and Philadelphia?

The descriptive analysis indicates that the 1996 reforms in both Cuyahoga and Philadelphia helped reduce caseloads by possibly discouraging new entries and increasing the rate of exits. This section explores whether the 1996 reforms contributed to caseload declines, by looking in greater depth at case closures. Exploring whether the reforms changed the likelihood of case closures requires three essential steps: (1) counting the proportion of cases that closed within a specified period, (2) predicting a counterfactual from the pre-1997 trend, and (3) estimating the effect of the county's TANF program as the difference between the actual and the predicted outcomes after 1997.

Cuyahoga: Closure of New Cases

In order to evaluate whether OWF had an effect on case closures, the top panel of Figure 4.4 shows the proportion of new cases that closed within six months of first opening in Cuyahoga County.¹² That is, the leftmost point in the figure indicates that nearly 30 percent of cases (or 347 cases) that opened in January 1993 subsequently closed by June 1993. Similarly, the rightmost point indicates that about 52 percent of cases that opened in April 2002 left cash assistance before October 2002, six months later. The boxed area in the figure represents the period when OWF may have first affected behavior in Cuyahoga, as the policies were well advertised prior to being signed into law and were gradually implemented over time. In the figure, the area extends from April 1997 to October 1997. Points to the right of the darker vertical line represent the cases that opened after OWF, and points to the left of the darker vertical line represent the cases that opened before OWF was implemented. Overall, the trend line increases moderately over time, showing that case closures fluctuated very little over the period.

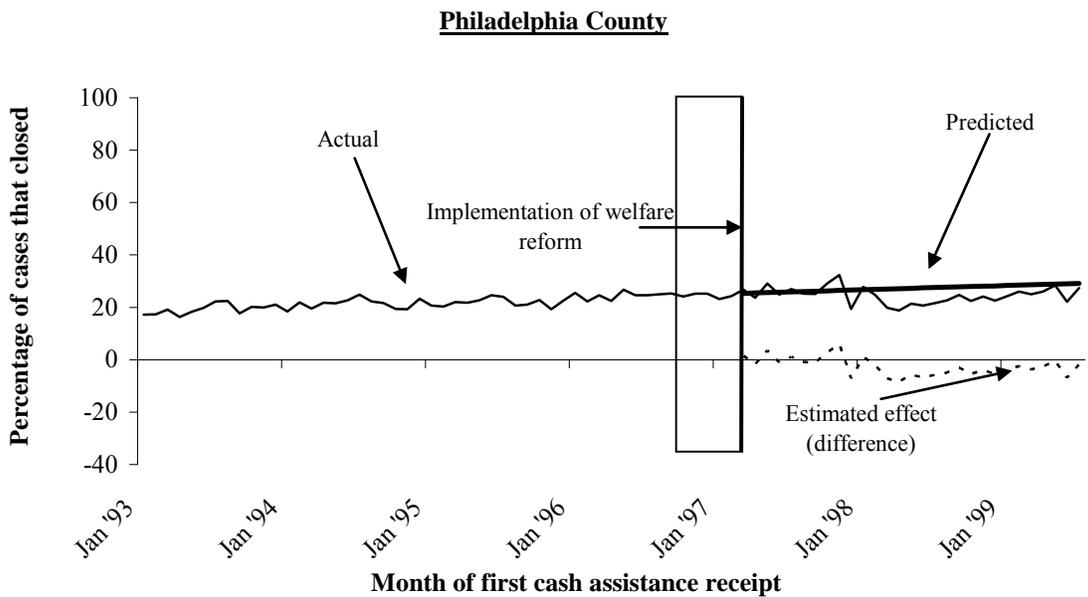
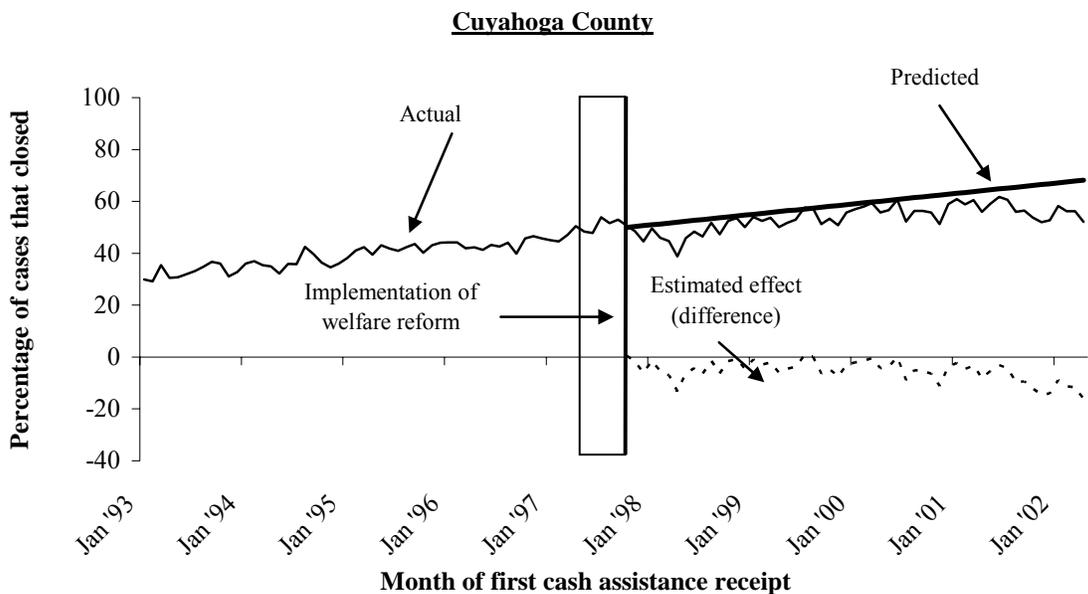
Was the implementation of OWF responsible for some of that trend? To address this issue requires a *counterfactual*, which is an estimate of what would have happened if OWF had not been passed or implemented. In a random assignment study, the counterfactual is inferred from what the control group (or the group that does not experience the intervention) does, and

¹²See the top panel of Appendix Table A.1 for the number of cases first opening in Cuyahoga County. A case closure is defined as nonreceipt of benefits for two consecutive months.

The Project on Devolution and Urban Change

Figure 4.4

Percentage of New Welfare Cases That Closed Within Six Months
in Cuyahoga and Philadelphia Counties,
January 1993 Through April 2002



(continued)

Figure 4.4 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

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

In both panels, the boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well advertised prior to being signed into law and were gradually implemented over time. In the top panel, the area extends from April 1997 to October 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. In the bottom panel, the boxed area extends from September 1996 to March 1997. The darker, rightmost vertical line represents the implementation of Act 35, Philadelphia County's TANF program, in March 1997.

In the top panel, the predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semilogarithmic model for the pre-reform trend. In the bottom panel, these items are based on the linear model for the pre-reform trend. See text for details.

the effect of an intervention is measured as the difference between outcomes for the program group and outcomes for the control group. Likewise, once the counterfactual is identified, the effect of Cuyahoga's OWF program is estimated as the difference between what actually happened and what the counterfactual indicates would have happened without OWF.

Because the impact of OWF is estimated as the difference between actual outcomes and the counterfactual, determining the most likely counterfactual is a crucial step in the analysis. To determine the counterfactual, two assumptions are made. The first assumption is that the trend prior to OWF would have continued if OWF had not been implemented. This is a reasonable premise, because economic growth was strong both before and immediately after 1997. Moreover, this assumption is likely to be less accurate the further past 1996 the analysis goes. However, it is far from certain that ongoing economic growth and other factors would have had the same effect after 1997 as before. The second assumption is that the relevant trend is the one that best fits data from the entire pre-OWF period.¹³ 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 4.4 to help the reader judge how plausible the assumptions and resulting conclusions are.

¹³Several 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 semilogarithmic; that is, the natural logarithm of the outcome was assumed to change linearly with time. A semilogarithmic trend rather than a quadratic trend was assumed because the quadratic trend forces the counterfactual to change direction at some point, and this seemed implausible for most outcomes.

The counterfactual shown in the top panel of Figure 4.4 is the darker straight line at the right of the figure, labeled “Predicted”; it extends from October 1997 until the end of the period. From October 1997 until April 2002, the actual number of case entries was slightly lower than the predicted number of case entries, and the actual numbers and predicted numbers diverged most greatly after the first half of 2001.

In other words, because the number of welfare cases that closed increased over time prior to OWF, the predicted counterfactual suggests that this increase would have continued. Because the actual number of welfare case closures did not increase as much over time as predicted, the results imply that OWF may have reduced case closures. This conclusion is presented numerically in the top panel of Table 4.2, which shows that there was a significant difference between the percentage of cases that closed within six months after OWF and the percentage of cases that were predicted to close. The table shows that 53.6 percent of cases closed within six months, on average, in the post-OWF period. Based on the percentage of exits in the pre-OWF period, the counterfactual predicted that 59 percent of the cases that opened would have closed within the next six months. In other words, if OWF were not implemented and the trend remained as it did during the pre-OWF period, 59 percent of cases (on average) would have been expected to close over the period from 1997 to 2002. The “difference” column at the right of the table shows that 5.5 percent less cases actually closed under OWF than predicted, suggesting that OWF *decreased* case closures among new welfare cases.

Why might exits have increased at a slower pace than predicted after 1997? Cuyahoga’s expanded earnings disregard may have played a role. The economy may also have influenced recipients to stay on the rolls a bit longer. As mentioned above, the number of unemployed people reached its lowest point near the end of 2001; between 1995 and 2000, however, the level of unemployment was fairly stable, possibly indicating the start of a weakening economy.

The remaining rows of the top panel of Table 4.2 indicate that, compared with the counterfactual, OWF is associated with decreased case closures within three months of opening and within a year of opening. That is, the actual and predicted percentages of case closures are significantly different for those cases closing within those periods.

Philadelphia: Closure of New Cases

The bottom panel of Figure 4.4 shows the percentage of cases that closed within six months of opening in Philadelphia.¹⁴ The trend line for case closures is somewhat flat: 17 percent (or 176 cases) of new welfare cases in January 1993 closed by June of that year, while only 27 percent (or 119 cases) of new cases in July 1999 closed by January 2000. The counterfactual

¹⁴See bottom panel of Appendix Table A.1 for the number of cases opening each year.

The Project on Devolution and Urban Change

Table 4.2

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

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference	
<u>Cuyahoga County</u>				
Cases exiting welfare				
Percentage of welfare cases closing in:				
3 months	28.1	35.8	-7.7	***
6 months	53.6	59.1	-5.5	***
12 months	77.6	84.0	-6.4	***
Long-term cases exiting welfare				
Percentage of long-term welfare cases closing in:				
3 months	36.9	21.0	16.0	***
6 months	52.9	34.7	18.2	***
12 months	79.1	58.6	20.5	***
<u>Philadelphia County</u>				
Cases exiting welfare				
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	*
24 months	74.0	74.0	0.0	
36 months	86.4	91.8	-5.4	**
48 months	91.7	98.8	-7.1	***
Long-term cases exiting welfare				
Percentage of long-term welfare cases closing in:				
3 months	25.5	24.8	0.8	
6 months	37.0	31.9	5.1	**
12 months	53.9	45.3	8.6	**
18 months	65.4	58.7	6.7	*
24 months	73.5	71.9	1.6	

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County 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.1 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.

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.

is also flat, assuming that this steady rate of closures in the pre-Act 35 periods would continue. The actual rate of case closures followed this prediction closely. The estimated effect of Act 35 — shown by the dashed line in the lower right corner of the figure — hovers around zero, suggesting a minimal effect of Act 35 on case closures within six months of opening.

This is shown numerically in the lower panel of Table 4.2, which presents estimates of the proportion of new cases in Philadelphia that would close within six months of opening (in addition to other time periods). The second row of that panel shows that 24.6 percent of cases actually closed in the post-Act 35 period, compared with a predicted 27.3 percent of cases. This implies that Act 35 *decreased* case closures by 2.7 percent — a very small amount that, although statistically significant, may not be meaningful in a policy sense. Other entries in the table suggest that Act 35 had similarly moderate effects on cases closing within other specified periods, with the strongest results stemming from cases that would close within four years of opening. Notably, Act 35 did not significantly affect whether cases closed within 24 months of first opening, which is when the work trigger would be executed.

Did 1996 Reforms Encourage Long-Term Cases to Close Faster in Cuyahoga and Philadelphia?

This section analyzes long-term welfare cases, defined as cases that received cash assistance for 18 of the first 24 months after opening. Parents on these cases may have faced barriers to employment that prevented them from leaving welfare. 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, and they might have participated the longest in welfare-to-work activities. For these and other reasons, the effects for long-term cases might be expected to be larger than the effects for new cases.

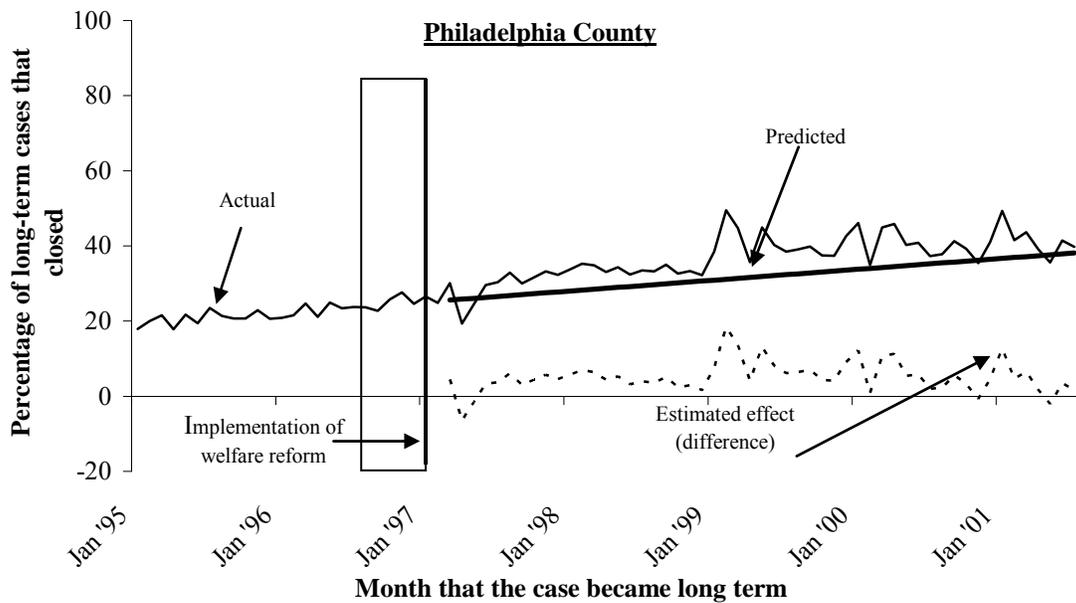
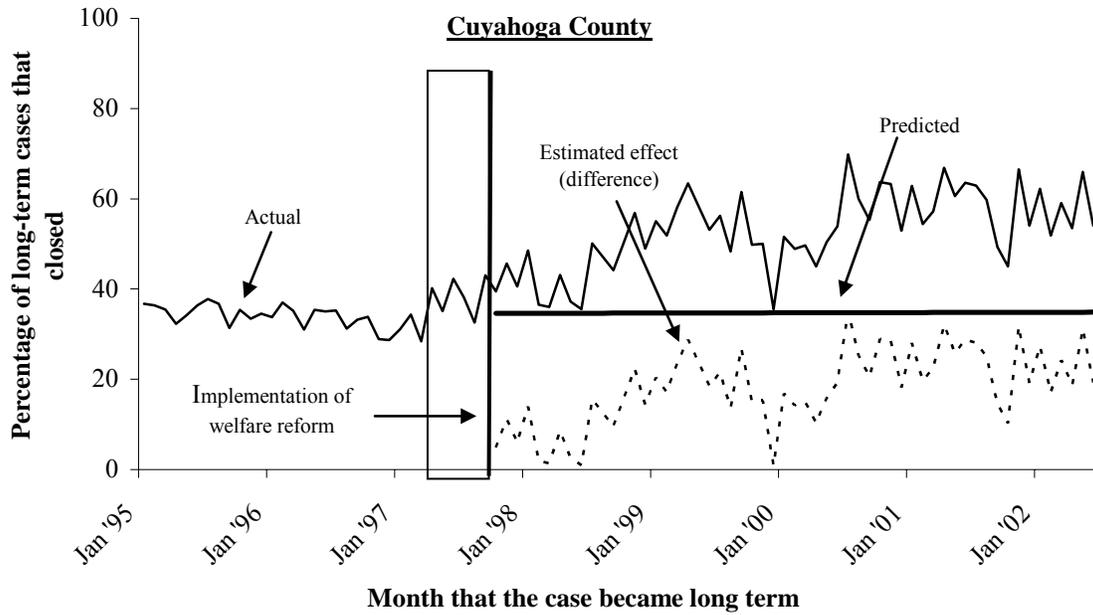
Cuyahoga: Closure of Long-Term Cases

The top panel of Figure 4.5 shows the proportion of cases that closed within six months of becoming long term in Cuyahoga County. For example, the point at the far left of the diagram, which is labeled January 1995, represents the outcome for cases that opened in January 1993 and received benefits for at least 18 of the 24 months between those two dates. The figure indicates that nearly 37 percent of this group (or about 188 cases) left welfare within the next six months, that is, between February and July 1995. The point at the far right of the diagram is June 2002; it represents the outcome for cases that began receiving welfare benefits in June

The Project on Devolution and Urban Change

Figure 4.5

Percentage of New Long-Term Welfare Cases That Closed Within Six Months of Becoming Long Term in Cuyahoga and Philadelphia Counties, January 1995 Through June 2002



(continued)

Figure 4.5 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened 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 would close within 6 months after the base period of 24 months.

In both panels, the boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well advertised prior to being signed into law and were gradually implemented over time. In the top panel, the area extends from April 1997 to October 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. In the bottom panel, the boxed area extends from September 1996 to March 1997. The darker, rightmost vertical line represents the implementation of Act 35, Philadelphia County's TANF program, in March 1997. In both panels, the groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

In the top panel, the predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semilogarithmic model for the pre-reform trend. In the bottom panel, these items are based on the linear model for the pre-reform trend. See text for details.

2001 and received welfare for 18 of the 24 months that followed.¹⁵ Close to 54 percent (or 35 cases) of this group left welfare receipt within the next six months.

The top panel of Figure 4.5 shows that welfare exits for long-term cases was somewhat flat during the pre-OWF period, with an average of 35 percent of cases closing within six months of becoming long term. The counterfactual, therefore, indicates that the proportion of long-term cases that closed would have continued this flat trend in the absence of OWF. In actuality, however, the rate of case closures increased considerably, suggesting that OWF in Cuyahoga had a large effect on exits of long-term recipients. By definition, these cases were not terminated due to noncompliance with work requirements or other rules for at least 18 months, and presumably they were participating in welfare-to-work activities or were exempt from such activities. The implication is that the services they received or the messages that were delivered to them did provide enough of a "boost" to help them leave welfare faster than they would have in the absence of OWF.

¹⁵There were 90 groups of cash assistance cases that became long term between January 1995 and April 2002. See Appendix Table A.1 for the number of cases in each annual group.

The top panel of Table 4.2 shows the estimated effects of OWF on the likelihood that long-term cases would close within three, six, or twelve months of becoming long term. In all three time periods, long-term cases do appear to have closed significantly sooner after OWF was implemented.

Philadelphia: Closure of Long-Term Cases

The bottom panel of Figure 4.5 shows the results for Philadelphia. Unlike in Cuyahoga County, the pre-TANF period of exits among long-term Philadelphia recipients was moderately increasing. For example, the proportion of long-term cases that closed within six months varied from about 18 percent (or 110 cases) at the beginning of 1995 to about 25 percent (or about 118 cases) in the fall of 1996. The actual proportion of long-term recipients who exited within six months of becoming long term exceeded the predicted counterfactual, suggesting that Act 35 increased the rate of case closures for long-term recipients.

The bottom panel of Table 4.2 presents findings for this and other time periods. The table shows that Act 35 increased long-term case closures within six months by 5.1 percent — a statistically significant difference. The findings, however, are not uniform; the table also shows that Act 35 did not have a statistically significant effect on encouraging long-term recipients to leave within three months or 24 months of becoming long term. In fact, the table suggests that the longer such recipients stay on the rolls, the more likely they are to exit within the period suggested by the counterfactual (that is, the extra “boost” somehow diminishes over time).

* * *

In summary, the overall rates of case closures in Cuyahoga and Philadelphia were lower than predicted by the counterfactual, indicating that the 1996 reforms resulted in a *decline* in exits from the rolls. In contrast, actual case closures for long-term recipients significantly exceeded the predicted rates, indicating that the reforms increased exits among this subgroup.

Did the 1996 Reforms Cause Fewer or More Cases to Open or to Reopen (Return to Welfare) Once They Had Left?

This section explores whether the 1996 reforms in Cuyahoga and Philadelphia affected the number of cases that opened. The question is examined in three parts:

1. Did the 1996 reforms reduce or increase the number of welfare cases opening for the first time (new entrants)?
2. Did the 1996 reforms reduce or increase the number of cases returning to welfare (recidivists)?

3. Did the 1996 reforms result in fewer or more new welfare cases being opened by individuals who initially received food stamps without cash assistance?

New Entrants

Figure 4.6 repeats the trends for new welfare cases shown in Figure 4.2 and adds the predicted counterfactual for each county. The top panel of the figure presents the trend and counterfactual for Cuyahoga County. The figure shows that new entries decreased over time, and the counterfactual predicts that this decline would continue until reaching a relatively low “floor” of new entrants. The actual number of new entries in Cuyahoga follows the predicted number and appears to diverge slightly toward the end of the period. The top panel of Table 4.3 shows that those small diversions are not statistically significant, indicating that OWF had no effect on case openings.

The bottom panel of Figure 4.6 analyzes case entries in Philadelphia. Again, the counterfactual predicts a continued downward trend. The actual number of entries, however, was slightly higher than predicted, suggesting that Act 35 had a small *positive* effect on case openings. The lower panel of Table 4.3 confirms this, reporting that Act 35 increased openings by 78 cases, on average.

Recidivists

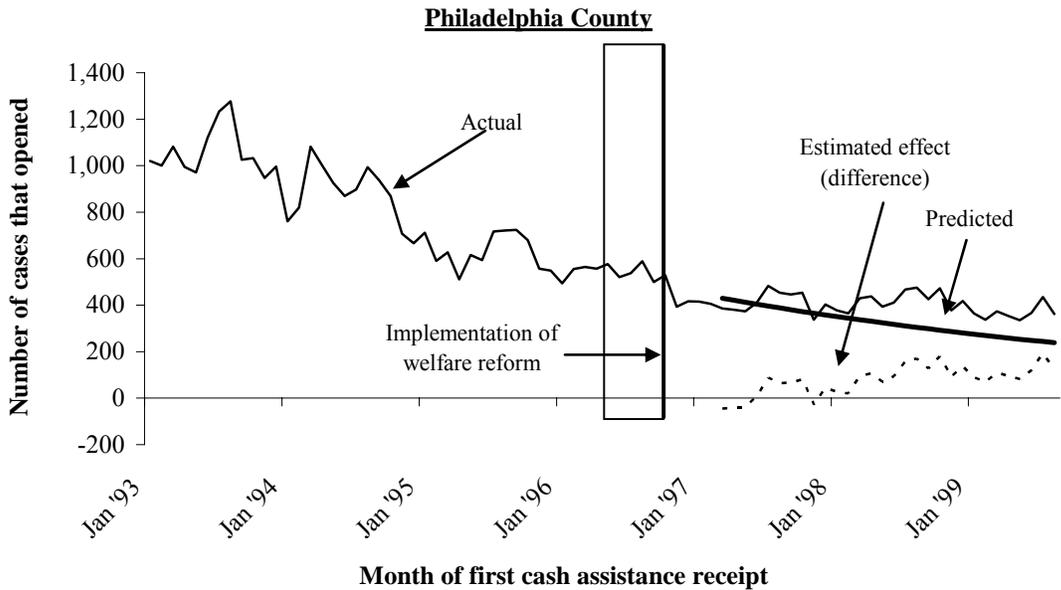
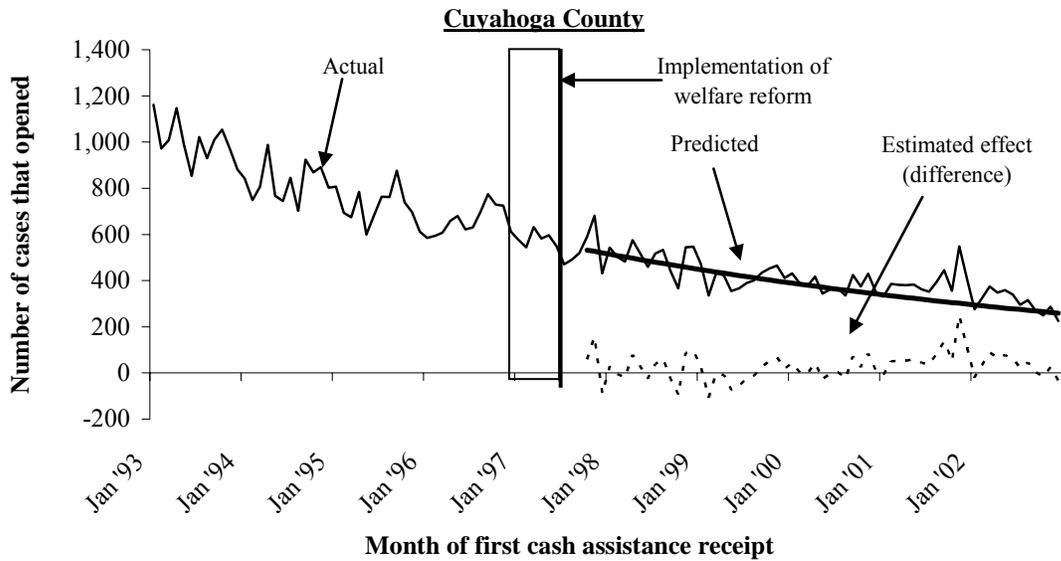
Caseloads can decline not only if the number of new entrants declines but also if fewer people return to welfare after they have left. It is unclear what effect the counties’ TANF policies would have on recidivism. Such policies as participation mandates and time limits not only should encourage people to leave welfare but also should discourage them from returning to the rolls. Countering these effects is the possibility that participation mandates, sanctioning, and time limits may have encouraged some people to leave welfare before they were able to obtain sustainable employment.

Figure 4.7 shows what actually happened with regard to recidivism. In this analysis, a recidivist case is one that closed for at least two months but 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 case began receiving cash assistance again before September 1994 — six months after it became at risk of returning to welfare. If a case cycled on and off welfare several times, then only its first welfare exit and

The Project on Devolution and Urban Change

Figure 4.6

Number of New Welfare Cases That Opened Each Month
in Cuyahoga and Philadelphia Counties,
January 1993 Through July 2002



(continued)

Figure 4.6 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

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

In both panels, the boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well advertised prior to being signed into law and were gradually implemented over time. In the top panel, the area extends from April 1997 to October 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. In the bottom panel, the boxed area extends from September 1996 to March 1997. The darker, rightmost vertical line represents the implementation of Act 35, Philadelphia County's TANF program, in March 1997. In both panels, the groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

In the top panel, the predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semilogarithmic model for the pre-reform trend. In the bottom panel, these items are based on the linear model for the pre-reform trend. See text for details.

only its first return to welfare are included in this analysis. 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 observe enough cohorts for the analysis.¹⁶

Recidivism in Cuyahoga. By the foregoing definition of recidivist cases, the top panel of Figure 4.7 shows that the recidivism rate in Cuyahoga was choppy, but somewhat increasing, before OWF was implemented. For example, the leftmost point indicates that, among welfare cases that closed in January 1993 (and therefore became at risk of reopening in March 1993), about 18 percent (or 9 cases) reopened within six months of becoming at risk of returning. By August 1997, this rate had increased to about 27 percent (or 215 cases).

The counterfactual suggests that this rapid increase would have continued at a somewhat moderated rate in the absence of OWF. The estimated effect of OWF — illustrated by the dashed line at the bottom right of the figure — shows that this is not what happened, particularly after March 2000. That is, on average, the rate at which cases actually returned to the welfare rolls differed from what was predicted. Early in the post-OWF period, the actual rate of recidivism closely followed the predicted rate. In the late 2000s, however, the two trends diverged, with the actual rate of recidivism becoming significantly lower than the counterfactual rate. This is consistent with the deterrent effect of the 36-month time limit, which was first in effect in October 2000.

¹⁶Coulton, Chow, Wang, and Su (1996).

The Project on Devolution and Urban Change

Table 4.3

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

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference	
<u>Cuyahoga County</u>				
Starting welfare				
Number of cases starting welfare				
each month:				
All months	407	380	28	
Percentage of cases reopening				
within 6 months (recidivist cases)	23.8	26.4	-2.7	*
Food stamp individuals starting welfare				
Percentage of food stamp cases				
opening welfare cases within:				
3 months	9.8	19.5	-9.7	***
6 months	15.2	26.2	-11.0	***
12 months	20.9	30.8	-9.9	***
24 months	27.7	34.1	-6.4	***
<u>Philadelphia County</u>				
Starting welfare				
Number of cases starting welfare				
each month:				
All months	403	325	78	***
Percentage of cases reopening				
within 6 months (recidivist cases)	16.6	14.3	2.3	**

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

NOTES: See Appendix Table A.1 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 six months. See text for details.

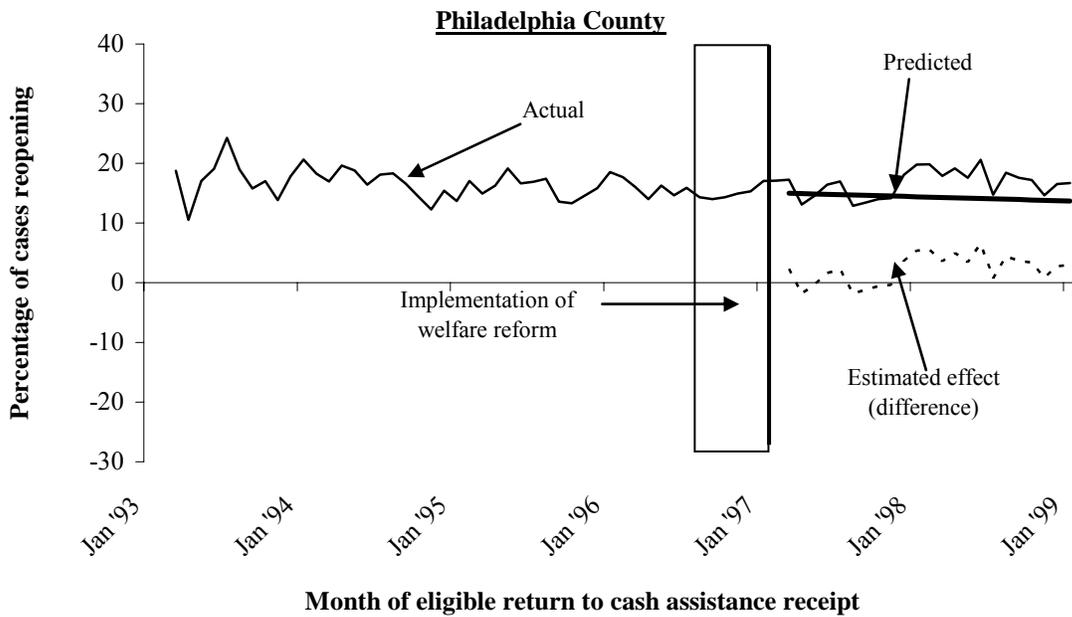
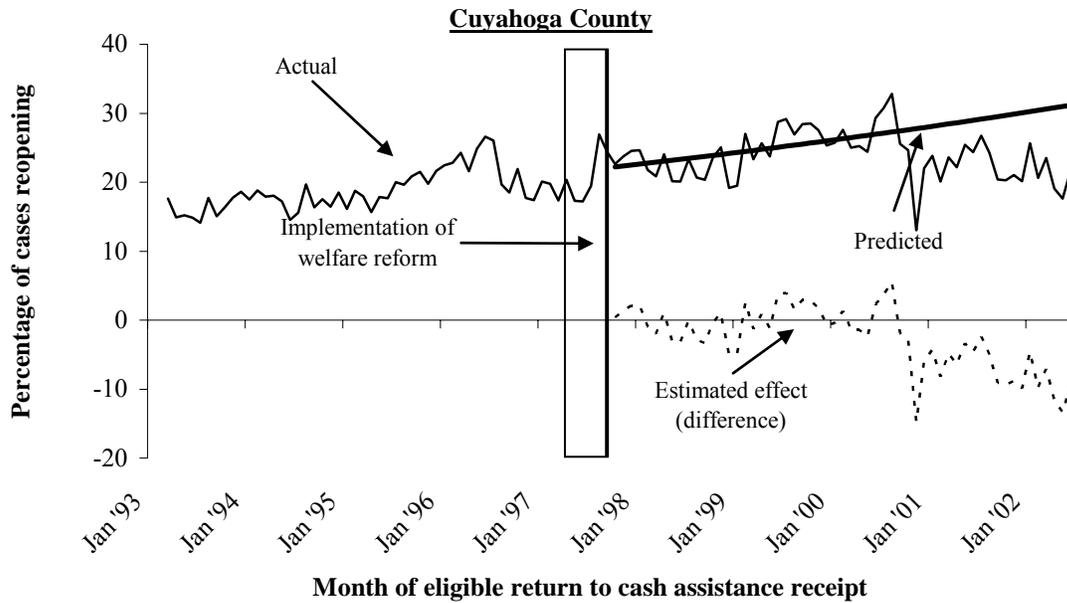
Food stamp case results exclude single (adult) recipients, who were subject to different eligibility rules since 1996. The percentage of food stamp cases opening a welfare case refers to the proportion of cases receiving food stamps, but not cash assistance, that opens a cash assistance case within a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

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

The Project on Devolution and Urban Change

Figure 4.7

Percentage of Closed Welfare Cases That Reopened Within Six Months
in Cuyahoga and Philadelphia Counties,
March 1993 Through June 2002



(continued)

Figure 4.7 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

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

In both panels, the boxed area represents the time span over which welfare reform policies may have affected behavior, as the policies were well advertised prior to being signed into law and were gradually implemented over time. In the top panel, the area extends from April 1997 to October 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. In the bottom panel, the boxed area extends from September 1996 to March 1997. The darker, rightmost vertical line represents the implementation of Act 35, Philadelphia County's TANF program, in March 1997. In both panels, the groups to the left of the vertical line in the boxed area are not included in the calculation of the predicted trend line.

In the top panel, the predicted percentage of cases that would close and the estimated effect of welfare reform are based on the semilogarithmic model for the pre-reform trend. In the bottom panel, these items are based on the linear model for the pre-reform trend. See text for details.

The effect of OWF on the number of cases reopening in Cuyahoga within six months is presented in the top panel of Table 4.3. In the period after October 1997, an average of 23.8 percent of closed cases returned to the rolls within six months, compared with a predicted recidivist rate of 26.4 percent. The difference implies that OWF resulted in a recidivism rate that was 2.7 percent lower than the rate that was expected.

Recidivism in Philadelphia. The bottom panel of Figure 4.7 presents recidivism results for Philadelphia. Unlike Cuyahoga, Philadelphia experienced a relatively steady rate of recidivism prior to the implementation of its TANF program in March 1997. Although the counterfactual predicted that this trend would continue, the actual rate of recidivism slightly increased, indicating that Act 35 may have increased recidivism by 2.3 percent.

Welfare Entry Among Food Stamp Recipients

Results reported above suggest that the 1996 reforms in the two counties may have had an 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 (or were more likely to enter the welfare program due to limited financial resources); the number of at-risk families may have changed over time, irrespective of welfare reform.¹⁷ As a result, the actual increase in new entrants might confound increases in the number of at-risk families

¹⁷Sawhill (2001).

with increases 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 could lead to changes in 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 for cash assistance benefits but who were at risk of receiving cash assistance if they had a modest decrease in income.¹⁸

Figure 4.8 shows the percentage of new food stamp-only recipients who began receiving cash assistance within six months of first receiving food stamps in Cuyahoga.¹⁹ For example, the leftmost point indicates that about 19 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 darker vertical line represent people who first began receiving food stamps after the 1997 OWF program was implemented in Cuyahoga; points to the left of the darker vertical line represent people who began receiving food stamps before the 1997 OWF program was implemented; and points within the boxed area represent people who began receiving food stamps shortly before 1997 OWF program was first implemented.

Figure 4.8 shows that the predicted percentage of new food stamp-only recipients who received cash assistance within six months increased gradually from 1993 until OWF was implemented. However, the actual proportion moving onto cash assistance decreased noticeably after October 1997. The difference between the counterfactual (an increase after October 1997) and what actually happened (a gradual decline starting in October 1997) implies that OWF caused fewer people than expected to move from food stamps to welfare.

In Table 4.3, the lower portion of the top panel shows the average effect of OWF 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 OWF decreased the number of food stamp-only families who subsequently received cash assistance, with effects ranging from as high as a decrease of 11 percent within six months to as low as a

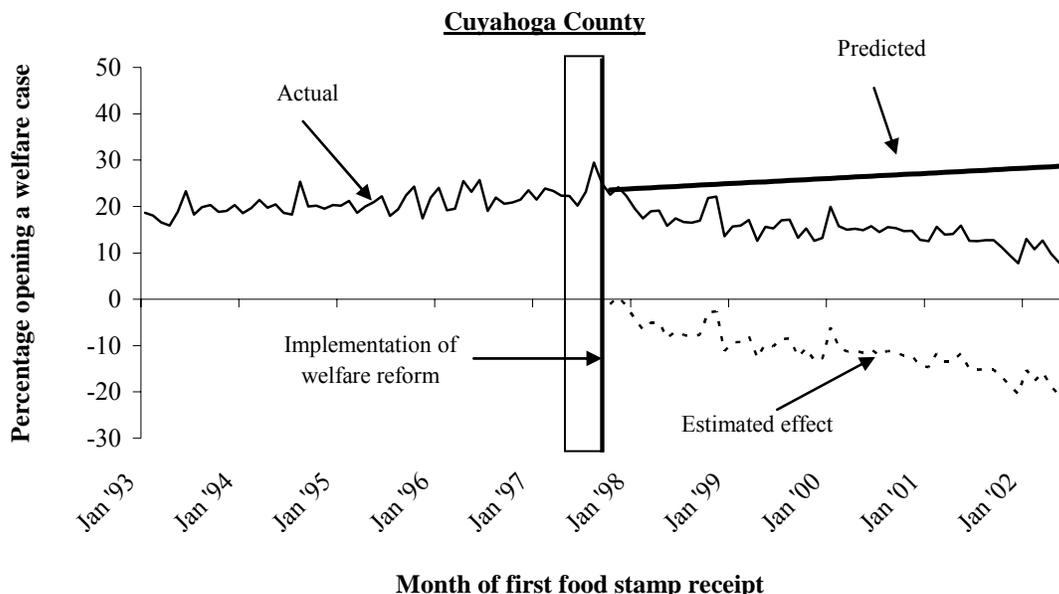
¹⁸See Appendix Table A.1 for the size of this group and its change over time.

¹⁹This analysis is not presented for Philadelphia County because it can be found in an earlier report. Since the data consist of new cases through July 1999 (see footnote 7), the longer follow-up period through 2003 does not provide any new information about people moving from food stamp cases to welfare cases within six months. See Michalopoulos et al. (2003), Table 3.2 (p. 75) and Figure 3.7 (p. 80).

The Project on Devolution and Urban Change

Figure 4.8

Percentage of New Food Stamp Recipients That Opened Welfare Cases Within Six Months of Opening a Food Stamp Case in Cuyahoga County, January 1993 Through June 2002



SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened 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 receiving food stamps that opened a welfare case refers to the proportion of individuals receiving food stamps, but not cash assistance, that opened 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, as the policies were well advertised prior to being signed into law and were gradually implemented over time. The area extends from April 1997 to October 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in October 1997. The groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

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

decrease of 6.4 percentage points within 24 months. For the outcome shown in Figure 4.8, the table indicates that 15.2 percent of food stamp recipients moved to cash assistance within six months in the period after OWF began, compared with a predicted rate of 26.2 percent. The difference implies that OWF decreased the likelihood (by 11 percent) that a food stamp recipient would open a cash assistance case within six months.

In Philadelphia, an earlier MDRC report shows that the 1996 welfare reforms reduced the number of food stamp-only families who subsequently received cash assistance, with effects ranging from no reduction within three months to a 4.7 percentage point reduction within one year.²⁰

The Effects of the 1996 Reforms on Employment

So far, the chapter has established that the 1996 welfare reforms in Cuyahoga may have had no effect on the number of new entrants, decreased the number of cases reopening (recidivists), and decreased entry from a population considered to be at high risk of entering; the reforms in Philadelphia may have increased the number of new cases opening, increased the number of cases returning, and decreased entry from an at-risk population.²¹ While overall entry may have increased somewhat in Philadelphia, the 1996 reforms in both Philadelphia and Cuyahoga seem to have had a strong effect on the number of new cash assistance cases that closed. In particular, long-term welfare cases appear to have closed significantly sooner after the reforms were implemented.

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 the 1996 reforms on employment among welfare recipients. Using employment and earnings data as reported to each state's unemployment insurance (UI) system, the section examines two outcomes: employment and employment stability. Overall, the results suggest that the persistent emphasis on quick employment may have affected behavior more than the improved economy did. In other words, employment trends seem to have changed more near the periods of policy implementation, especially in Philadelphia County.

Did the 1996 Reforms Increase Employment?

This section explores whether the 1996 reforms increased the likelihood of employment within four quarters of first receiving cash assistance. As in the other analyses in this chapter, the choice of these periods was somewhat arbitrary. However, results from the National Evaluation of Welfare to Work Studies (NEWS) and other random assignment evaluations imply

²⁰See Michalopoulos et al. (2003), Table 3.2 (p. 75).

²¹Michalopoulos et al. (2003), Table 3.2 (p. 75).

that mandatory job search programs have immediate effects on employment, and results from studies of financial work incentives indicate that they also tend to have immediate effects on employment.²² Therefore, if the 1996 reforms affected employment, it seems reasonable to expect that their effects would have occurred within a year.

Employment in Cuyahoga

In Cuyahoga, the analysis evaluates whether employment increased among new adult recipients associated with a welfare case.²³ Figure 4.9 shows the proportion of new welfare cases in which at least one adult worked within four quarters of the case's first receiving welfare benefits in Cuyahoga. The figure shows that employment among new welfare cases increased over time. For example, about 57 percent of cases that began receiving cash assistance in the first quarter of 1993 contained a member who worked before the first quarter of 1994, while 68 percent of cases that began receiving cash assistance in the fourth quarter of 2002 contained a member who worked before the fourth quarter of 2003.

Because employment was slightly increasing before OWF, the counterfactual implies that employment would have continued its moderate increase in the absence of OWF. In fact, the actual rate of employment followed the predicted trend almost identically through the last quarter of 2001, but then the actual employment rate declined noticeably. The top panel of Table 4.4 confirms this result. According to the first row of the table, an average of 67.4 percent of members associated with a new case in the post-OWF period worked within four quarters of first starting benefit receipt, compared with a predicted rate of 71.8 percent. The decline of 4.5 percentage points is statistically significant.

Employment in Philadelphia

In Philadelphia, the analysis evaluates whether employment increased for the welfare cases that began with an adult and at least one child. That is, the analysis seeks to answer the question of whether any individual associated with a new welfare case increased his or her employment, resulting in a total increase in employment among case members.

Figure 4.10 shows the percentage of new welfare cases that had at least one person on the case employed within four quarters of the case's first receiving welfare. Despite the improving economy over the late 1990s, the employment trend among cases was flat in Pennsylvania,

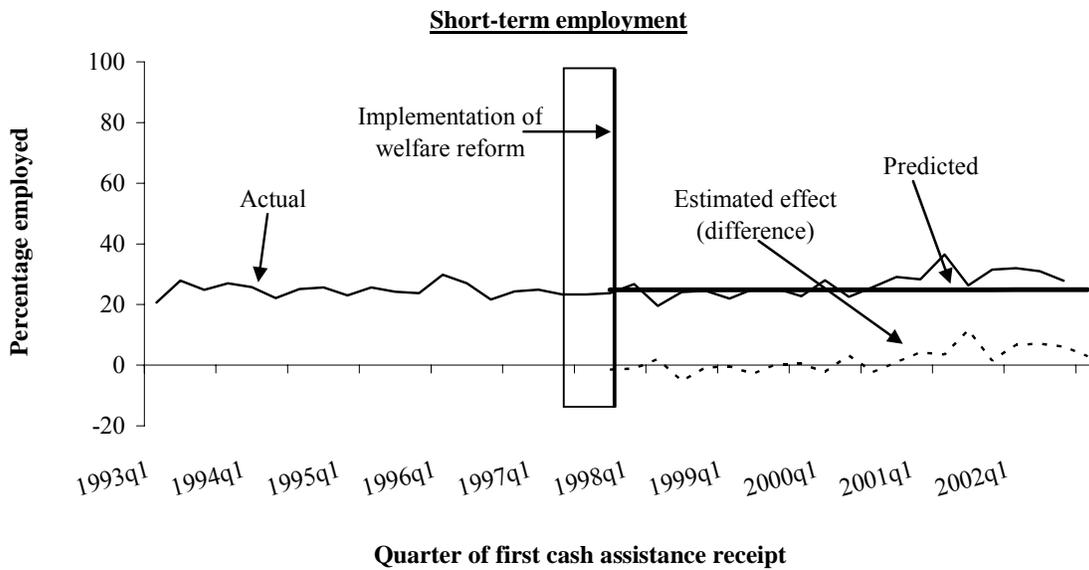
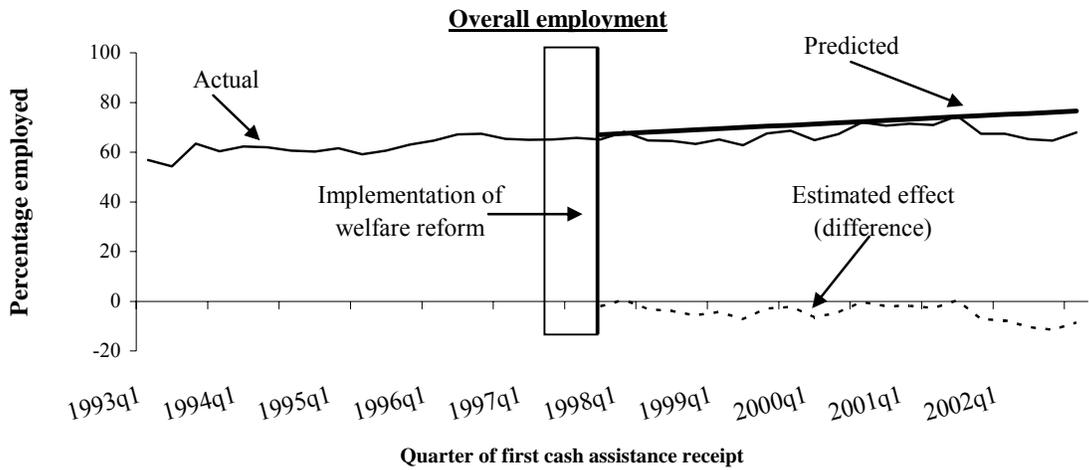
²²Hamilton et al. (2001); Bloom and Michalopoulos (2001).

²³Appendix A shows an alternative employment analysis for welfare cases that started with both an adult and at least one child in Cuyahoga County. The results of this analysis differ dramatically from those reported in this section. There are unexplained discrepancies between the aggregation of recipients on family cases and individual adults associated with a case. As a result, the individual-level analysis is presented in this chapter. See Appendix A for a discussion of the issues encountered with the alternative analysis.

The Project on Devolution and Urban Change

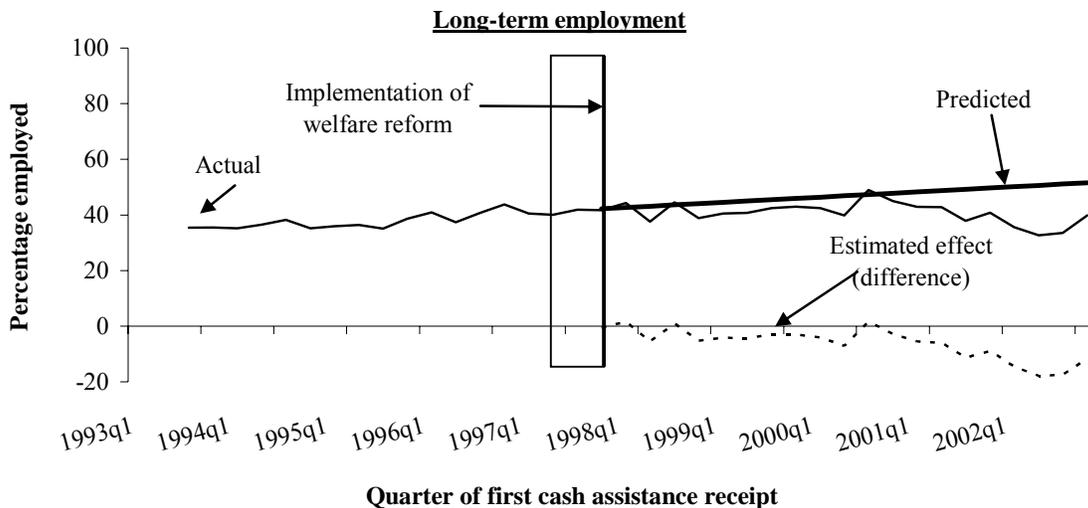
Figure 4.9

Percentage of Recipients Employed Within Four Quarters of Starting AFDC/TANF
in Cuyahoga County,
January 1993, Quarter 1, Through December 2002, Quarter 4



(continued)

Figure 4.9 (continued)



SOURCES: MDRC calculations using Cuyahoga County 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, as the policies were well advertised prior to being signed into law and were gradually implemented over time. The area extends from Quarter 2, 1997, to Quarter 3, 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in Quarter 3, 1997. The groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

The predicted percentage employed and the estimated effect of welfare are calculated using a linear trend for the pre-reform period. See text for details.

and therefore the trend in the absence of welfare reform was also flat. However, employment among adults associated with a case increased noticeably after the implementation of Act 35 in Quarter 1, 1997. This increase in employment is significantly higher than predicted by the counterfactual.

The lower panel of Table 4.4 shows that 54.9 percent of cases in Philadelphia had at least one adult working within a year of the case's starting welfare receipt, while the counterfactual predicted that 43.7 percent of cases would have someone employed. The impact of 11.2 percent more employment is statistically significant. The second-to-last row of Table 4.4 shows that the effect of Act 35 on long-term cases was stronger: 23.9 percent more long-term cases had at least one person employed than predicted by the counterfactual, which is consistent with the evidence that Act 35 increased case closures more among long-term recipients.

The Project on Devolution and Urban Change

Table 4.4

**Estimated Effect of the 1996 Welfare Reforms on Employment
and Employment Stability**

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference	
<u>Cuyahoga County</u>				
Percentage employed 4 quarters after starting cash assistance	67.4	71.8	-4.5	**
Percentage with first employment spell lasting (short-term stability):				
1 to 3 quarters	26.4	24.8	1.6	
lasting (long-term stability):				
4 quarters or more	40.7	46.9	-6.1	***
<u>Philadelphia County</u>				
Percentage employed 4 quarters after starting cash assistance	54.9	43.7	11.2	***
Percentage with first employment spell lasting (short-term stability):				
1 to 3 quarters	28.8	18.1	10.7	***
lasting (long-term stability):				
4 quarters or more	26.1	25.6	0.5	
Percentage of long-term cases employed within 4 quarters	64.6	40.7	23.9	**

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records and unemployment insurance records.

NOTES: See Appendix Table A.1 for sample sizes of first-stage regression.

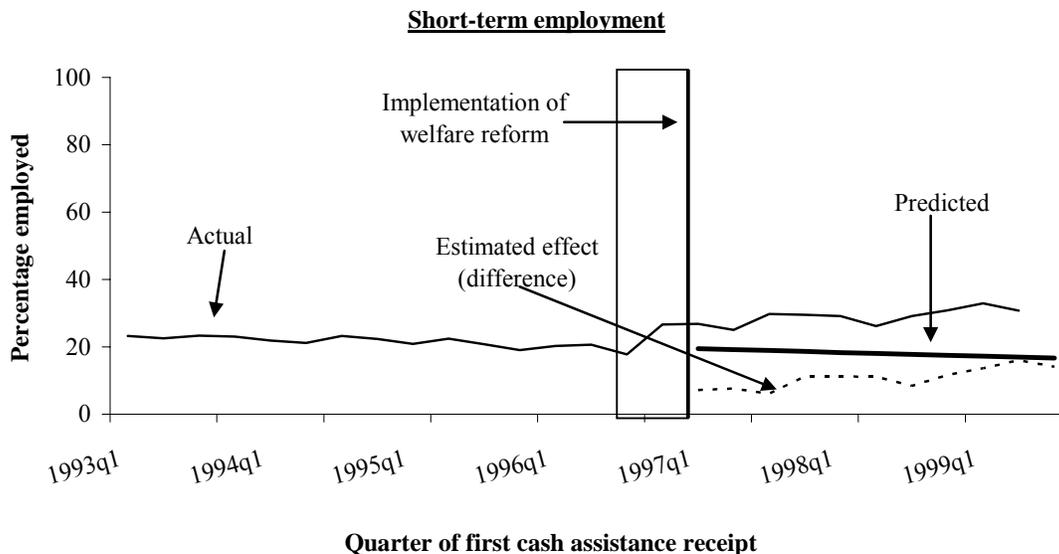
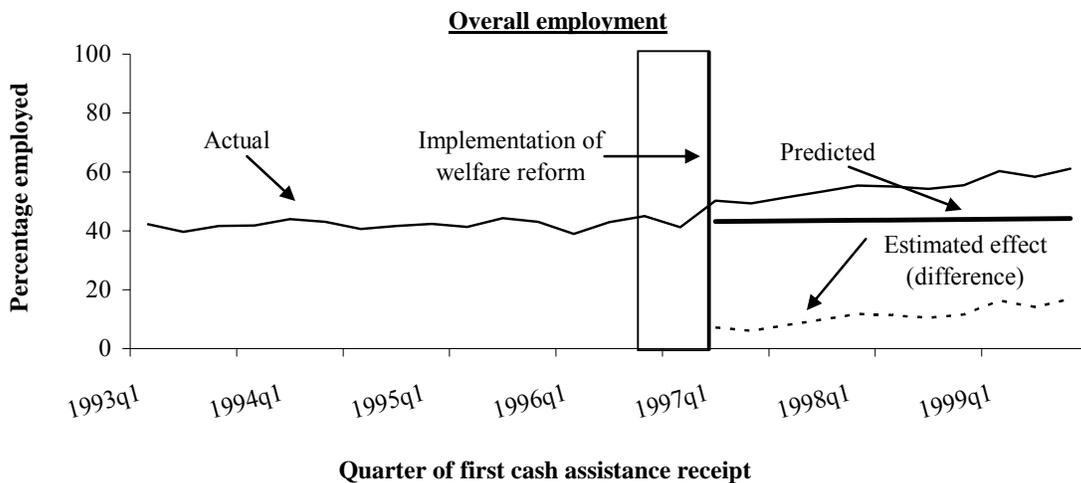
The estimated effect of 1996 welfare reforms is the average post-reform difference from the best estimated pre-reform trend. See text for more information.

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

The Project on Devolution and Urban Change

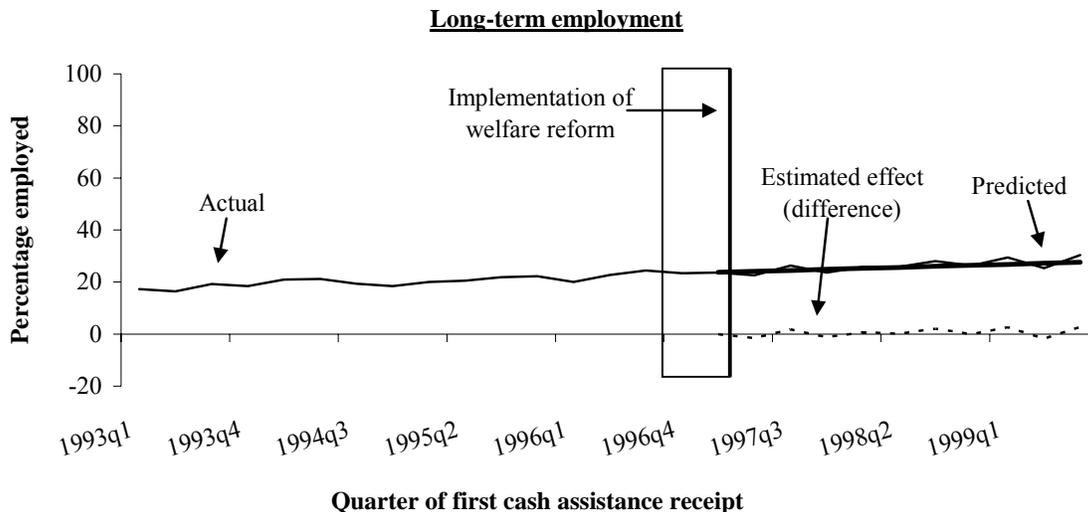
Figure 4.10

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



(continued)

Figure 4.10 (continued)



SOURCES: MDRC calculations using Philadelphia County 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, as the policies were well advertised prior to being signed into law and were gradually implemented over time. The area extends from Quarter 3, 1996, to Quarter 1, 1997. The darker, rightmost vertical line represents the implementation of Act 35, Philadelphia County's TANF program, in Quarter 1, 1997. The groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

In each figure, the predicted percentage employed and the estimated effect of welfare reform are calculated using a linear trend for the pre-reform period. See text for details.

Did the 1996 Reforms Increase Employment Stability?

Employment is likely to provide greater benefits if it is stable. For example, earnings grow faster among people who work regularly than among people who work sporadically.²⁴ On the one hand, the job search assistance that the two counties gave welfare recipients may have helped them find more stable employment. On the other hand, requiring recipients to look for work immediately after approval for benefits may have encouraged many of them to take poor jobs or temporary jobs just to fulfill the work participation requirements.

²⁴Gladden and Taber (1999).

Employment Stability in Cuyahoga

The second panel of Figure 4.9 shows the proportion of new cases in Cuyahoga that had at least one adult member who found work within a year and who then worked for one to three quarters. The figure shows that such “short-term employment” was fairly level over time, with no noticeable change immediately after the implementation of OWF. Because short-term employment was somewhat flat before OWF and the actual post-OWF trend remained flat, the counterfactual implies that OWF had no effect on short-term employment. The second row of Table 4.4 reports the average outcomes and the effect of the reforms on short-term employment.

The third row of Table 4.4 indicates that the percentage of adults associated with a case who engaged in “long-term employment” — defined as working four or more consecutive quarters — was 40.7 percent, compared with the predicted outcome of 46.9 percent. The difference between the actual rate of stable employment and the predicted rate is statistically significant.

The third panel of Figure 4.9 illustrates this finding. It shows that long-term stability increased over time in the pre-OWF period but that actual long-term stability dropped below this trend almost immediately after the implementation of OWF, indicating that OWF *decreased* long-term employment stability.

Employment Stability in Philadelphia

The second panel of Figure 4.10 shows the proportion of new welfare cases in Philadelphia that had at least one adult member who found work within a year and who then worked for one to three quarters. The figure shows that such short-term employment in the pre-Act 35 period was fairly low (about 22 percent, on average) and was decreasing somewhat over time. The counterfactual predicts that this trend would have continued. However, actual short-term employment started to increase two quarters before Act 35 was implemented, and this increase continued throughout the post-Act 35 period.

In Table 4.4, the third row of the lower panel shows that actual short-term employment averaged 28.8 percent in the post-Act 35, compared with a predicted average of 18.1 percent. The difference of 10.7 percent is statistically significant, indicating that Act 35 increased short-term employment.

The third panel of Figure 4.10 shows that Act 35 had no effect on long-term employment levels, which were fairly low (averaging about 20 percent) and flat in the pre-Act 35 period. Actual long-term employment levels continued this trend in the post-Act 35 period.

Summary and Conclusions

This chapter summarizes several important similarities and differences between the welfare reforms that were implemented in Ohio and those that were implemented in Pennsylvania. Both states received similar federal TANF block grants, relative to the number of children below poverty in each state, and they set similar monthly TANF benefit levels. Both states offered enhanced earned income disregards, in order to help clients make the transition from cash assistance to employment. However, Ohio established a shorter time limit than the federal law required — three years instead of five. Pennsylvania offered Extended TANF beyond the five-year federal time limit. Ohio required immediate engagement in work-related activities for 30 hours per week, with almost no exemptions. Ohio set higher participation targets than the federal legislation required, while Pennsylvania exempted between a third and a half of adult recipients from work requirements. Yet, despite the similar contexts and the differences in welfare implementation, this chapter shows that the effects of welfare reform in Cuyahoga and Philadelphia Counties were largely the same.

The Cuyahoga Story

The 1996 reforms in Cuyahoga may have had no effect on the number of new entrants, but there is evidence to suggest that OWF decreased both the number of cases reopening (recidivists) and the number of new cases from a population considered to be at high risk of entering benefit receipt. While the analysis suggests that OWF may have somewhat slowed exits from welfare among new cases, long-term cases appear to have closed significantly sooner after the reforms were implemented. In terms of employment, OWF appears to have had little effect on employment overall among new welfare recipients, but it seems to have decreased stable employment while increasing unstable employment. Generally, the most striking outcomes of the Cuyahoga story of welfare reform lie in the large movement of long-term recipients from the welfare rolls.

The Philadelphia Story

Welfare reform in Philadelphia may have increased the number of new cases opening, increased the number of cases returning, and decreased entry from an at-risk population. As in Cuyahoga, the 1996 reforms in Philadelphia do not seem to have had a strong effect on the number of new cash assistance cases that closed. That is, case closures among new cases were mixed, with small decreases in the number of cases leaving within six months or less and larger decreases in the number of cases exiting between 36 and 48 months. However, results suggest that long-term recipients in Philadelphia stayed on the rolls for a shorter time than would be expected after the implementation of Act 35. Long-term recipients were more likely to leave within 18 months or less of first becoming long term. While these outcomes are somewhat con-

trary to the spirit of welfare reform, they are consistent with Pennsylvania's implementation of reforms, which had a generous time-limit exemption policy and relatively weak participation requirements. Overall, the Philadelphia welfare reform story is one of moderated outcomes: somewhat increased welfare usage among new cases, but moderately decreased usage among long-term cases, and somewhat higher employment levels.

Chapter 5

Neighborhood Poverty and Social Distress

Indicators of social distress are often several times greater in high-poverty than in low-poverty neighborhoods. Since the 1970s, policy analysts have paid considerable attention to the neighborhood-level concentration of social problems associated with poverty — including male joblessness, high school dropout rates, prevalence of single-parent families, and reliance on public assistance.

At the outset of welfare reform in the 1990s, many observers reasoned that high-poverty neighborhoods would be more vulnerable to policy changes that could harm them or would be more likely to benefit from policies that had a positive effect (because high-poverty neighborhoods would have more room to improve). Implicitly, it was anticipated (1) that the effects of welfare reform would be felt disproportionately *in poor neighborhoods*; (2) that the direct effects of reform on household-level income, employment, and poverty would include *indirect effects* on neighborhood correlates of poverty and unemployment (such as teen birth-rates) above and beyond the direct effects; and (3) that these indirect effects might be *nonlinear* — that is, as neighborhood levels of poverty and joblessness reached certain tipping points, indicators of social distress might increase or decrease dramatically.

Opponents of welfare reform warned that fixed block grants, strict work requirements and sanctions, and time limits would harm vulnerable families, increasing neighborhood levels of poverty and social distress. Proponents argued that, by enforcing work, welfare reform would restore a sense of opportunity and efficacy to households and would reinforce the routines and norms of the working world in poor communities.

Prior Urban Change reports show that neither the worst fears of welfare reform's opponents nor the highest ambitions of its proponents were realized. Many socioeconomic indicators improved gradually over the 1990s, particularly in low-income neighborhoods. However, the trends began improving before welfare reform and did not appear to change appreciably as a result of the Temporary Assistance for Needy Families (TANF) program.

This chapter examines trends in neighborhood indicators — including levels of poverty, cash assistance and food stamp receipt, maternal and infant health measures, crime statistics, and prevalence of home ownership — to portray how Cuyahoga (Cleveland) and Philadelphia changed in the 1990s and early 2000s. Because neighborhood indicators are available for the entire population, they reflect how poor families are faring long after leaving public benefit systems. The chapter draws on data available at the census-tract level — geographic neighborhoods of about 4,000 people — to monitor signs of distress and progress among low-income

families, many of whom live in poor neighborhoods. To understand outcomes for three different classes of residents, the analysis divides census tracts (hereafter called “neighborhoods”) in Cuyahoga and Philadelphia Counties into three categories of decreasing poverty: poor, working-poor, and nonpoor.

Summary of Findings

- **Overall poverty rates declined in Cuyahoga and increased in Philadelphia between 1990 and 2000.** Cuyahoga’s overall decline in poverty was concentrated in its poorest neighborhoods, where the female labor force participation rate increased by 17 percent. Although poverty increased across Philadelphia, increases were smallest in poor neighborhoods. Child poverty rates in *poor* neighborhoods declined in both counties.
- **While the number of Cuyahoga’s poor neighborhoods remained stable, Philadelphia’s share of poor neighborhoods increased.** Several nonpoor neighborhoods in Cuyahoga’s inner suburbs became working-poor. Meanwhile, conditions worsened in some Philadelphia working-poor neighborhoods, and several shifted from working-poor to poor status.
- **Despite differences in neighborhood poverty rates, trends in receipt of food stamps and cash assistance were similar across neighborhoods.** Cash assistance and food stamp caseloads declined in both counties in the 1990s. In Philadelphia, both types of caseloads declined faster in nonpoor than in poor neighborhoods. Differences in neighborhood poverty were not associated with substantial differences in long-term receipt rates in either county. But, consistent with the poverty findings above, long-term cash assistance recipients made up an increasing majority of Philadelphia’s adult TANF caseload, whereas they declined to a minority of Cuyahoga’s adult caseload.
- **Neighborhood indicators of social distress improved in the 1990s and early 2000s, particularly in poor neighborhoods and in the early reform period of strong economic growth (from 1997 to 1999).** In both counties, teen birthrates and rates of homicide declined to record lows, and the proportion of mothers receiving adequate prenatal care increased.
- **Although poor families are likely to change residences, few welfare recipients who lived in poor neighborhoods in 1995 escaped poor neighborhoods by 2000.** Among families receiving welfare and living in poor neighborhoods in 1995, many moved at least once between 1995 and

2000. But most did not move far. Those who moved three miles or more were significantly less likely to live in poor neighborhoods in 2000. In Philadelphia, their new neighborhoods were also safer, and residents were more likely to describe them as “good” or “very good” places to raise children.

Questions, Indicators, and Data Sources

This chapter takes advantage of several sources of information that are available at the neighborhood level to try to understand how neighborhoods that were home to low-income families fared during the 1990s and early 2000s. This is a complicated endeavor for at least three reasons.

First, neighborhoods are aggregate compositions of the experiences of many different residents. Even census tracts — the smallest practical unit of geography for tracking most neighborhood indicators — comprise about 4,000 people. Average trends for populations this large can mask important differences in the experiences of subgroups and individuals.

Second, this chapter uses an eclectic range of data sources to try to understand the well-being of low-income families and their neighborhoods. Some indicators (such as teen birthrates) are more directly relevant to the circumstances and experiences of populations at risk for poverty and welfare than others (such as homicide or home mortgage application rates, which serve as proxies for neighborhood safety and health).

Third, neighborhoods are dynamic compositions, with many families moving in and out each year. Therefore, changes in the levels of social distress over time reflect, in part, changes in the incidence of social distress among particular populations, but they also reflect the changing composition of residents.

Each of these complications is common to ecological studies. But what makes them complicated is also what makes them important. Despite the limitations of these data, they do provide rich descriptive information about the experiences of low-income families, capturing a real impression of communities in all their complex multidimensionality.

In order to monitor indicators among three different income strata or risk pools, the analysis in this chapter divides the neighborhoods across each county into three types:

- **Poor neighborhoods.** Poor neighborhoods are defined as those where at least one out five residents live in a household with an income below the fed-

eral poverty guideline (\$10,419 for a family of three in 1990 and \$13,740 for a family of three in 2000).¹

- **Working-poor neighborhoods.** Of the remaining neighborhoods, those where one out of five residents live in a household with an income of less than twice the federal poverty guideline are characterized as “working poor.”
- **Nonpoor neighborhoods.** The remaining neighborhoods are characterized as “nonpoor.”

As shown in Table 5.1, the analysis looks at trends in four different yet interrelated categories, each of which draws on particular data sources to examine indicators that address specific questions.

The first section below (“Neighborhood Poverty”) uses census data to identify the number and location of neighborhoods that fell into each of the three categories in 1990: poor, working-poor, and nonpoor. It describes the residents who lived in each type of neighborhood — both who they were (population, age, race/ethnicity) and how they fared (education, labor force participation, income, poverty). Then it draws on Census 2000 data to describe how the number, location, and composition of the neighborhoods changed over the 1990s. Beyond its intrinsic contribution to understanding the number, characteristics, and circumstances of the families who lived in each type of neighborhood, the section introduces the three sets of neighborhoods that will be compared and contrasted in subsequent sections.

The second section below (“A Neighborhood View of the Safety Net”) charts trends in adult cash assistance and food stamp take-up ratios among poor adults in each type of neighborhood. The adult cash assistance ratio is useful as an indicator of acute financial distress, while the adult food stamp ratio can be read as an indicator of more moderate financial distress. By tracking trends in both indicators across the three types of neighborhoods, the analysis assesses expectations that reliance on cash assistance would be heavier in poor neighborhoods and that reliance on food stamps would be heavier in working-poor neighborhoods.

The next three sections below (“Trends in Maternal and Infant Health,” “Homicide,” and “Home Investments”) track 10 decade-long trends in indicators of socioeconomic distress and progress. Five of these indicators reflect the well-being of mothers and children, subgroups who were expected to be most directly affected by welfare reform. The sixth indicator is the

¹For each census tract, the U.S. Bureau of the Census reports the number of residents with incomes at different thresholds of the federal poverty guideline — for example, less than 50 percent, 75 percent to 99 percent, 100 percent to 124 percent, and so on. This chapter uses the information to characterize neighborhoods as poor, working-poor, or nonpoor. For more information on how the census determines poverty status, please see “Poverty Status in 1989” (Web site: <http://factfinder.census.gov>).

The Project on Devolution and Urban Change

Table 5.1

Questions, Indicators, and Data Sources of the Four Components of the Neighborhood Indicators Analysis

Analysis	Question	Indicator	Data Source (Years): Provider
1. Composition and change in poor, working-poor, and nonpoor neighborhoods	How many neighborhoods in each county were poor, working-poor, and nonpoor in 1990?	Ratio of income to poverty, 1990	U.S. Census (1990, 2000): U.S. Bureau of the Census
	How did the socioeconomic composition and circumstances of residents of each of the 3 types of neighborhoods change between 1990 and 2000?	Population, age composition, ethnic composition and nativity, education and labor force participation, median rent and home ownership, income and poverty, provider ratio	
	How did the poverty status of the 3 types of neighborhoods change between 1990 and 2000?	Ratio of income to poverty, 1990, 2000	
2. A neighborhood view of the safety net			
A neighborhood view of the safety net	Did adult cash assistance caseloads decline fastest in nonpoor neighborhoods?	Monthly totals of adult cash assistance and food stamp recipients, by census tract	Administrative records of all Cuyahoga cash assistance and food stamp recipients (1992-2000): Cuyahoga County Division of Employment and Family Services
	Were adult long-term cash assistance receipt rates highest in poor neighborhoods?		
	Did adult food stamp caseloads decline sharply in poor neighborhoods?		
Did adult food stamp caseloads increase in working-poor neighborhoods?	Number of poor adults, by census tract	Administrative records of all Philadelphia cash assistance and food stamp recipients (1992-1999): Pennsylvania Department of Public Welfare	
			U.S. Census (1990, 2000): U.S. Bureau of the Census, linear interpolation for 1991-1999

(continued)

Table 5.1 (continued)

Analysis	Question	Indicator	Data Source (Years): Provider
<p><i>3. Socioeconomic trends</i></p> <p><i>Trends in maternal and infant health</i></p>	<p>How did trends in indicators of maternal and infant health change across the 3 types of neighborhoods during the early reform period (1997-1999) of strong economic growth and the later reform period (2000-2002) of slower economic growth?</p> <p>Which neighborhoods were most distressed, and how did the number and location of these neighborhoods change over time?</p>	<p>Births to females ages 15-19, per 1,000^a</p> <p>Percentage of births with any prenatal care</p> <p>Percentage of births with adequate prenatal care</p> <p>Low-birth-weight births as a percentage of all births</p> <p>Rate of infant deaths per 1,000 live births</p>	<p>Vital records (1992-2002)</p>
<p><i>Trends in homicide</i></p>	<p>How did trends in indicators of maternal and infant health change across the 3 types of neighborhoods during the early reform period (1997-1999) of strong economic growth and the later reform period (2000-2002) of slower economic growth?</p>	<p>Deaths by homicide per 100,000 residents, totaled to census tract by address of the deceased (not location of the crime)</p>	<p>Vital records (1992-2002)</p>
<p><i>Trends in home investments</i></p>		<p>Proportion of low-income households (with income less than \$30,000 per year) applying for home mortgages</p> <p>Home mortgage approval rates among low-income applicants</p> <p>Amount of approved mortgages to low-income borrowers expressed as a ratio of mortgage amount to applicants' income</p> <p>Median amount of approved mortgages to low-income borrowers</p>	<p>Home Mortgage Disclosure Act (HMDA) data (1992-2003): federal Financial Institutions Examination Council</p>

(continued)

Table 5.1 (continued)

Analysis	Question	Indicator	Data Source (Years): Provider
5. <i>Mobility</i> <i>Moving in circles or moving out?</i>	How entrenched are welfare recipients in poor neighborhoods?	Distance moved between 1995 and 2000 addresses among Urban Change survey respondents living in poor neighborhoods in 1995	Urban Change survey of welfare recipients

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

NOTE: ^aEarlier Urban Change reports tracked changes in the rate of births to girls ages 10 to 17, but, following national health statistics conventions, this report tracks changes in the rate of births to women ages 15 to 19.

incidence of homicide, the most serious and most consistently reported violent crime. The remaining four trends draw on data provided under the 1975 Federal Home Mortgage Disclosure Act (HMDA) to analyze changes in the number, approval rates, and approved amounts of home mortgage applications by low-income families (those earning less than \$30,000 per year), to understand the extent to which these families shared in the home-ownership boom of the 1990s.

For each of these 10 trends, the analysis attends to changes in the three types of neighborhoods (poor, working-poor, and nonpoor) during three different time periods:

1. During the *pre-reform period* (1992-1996), the economy heated up, and service delivery systems (particularly in Cuyahoga) geared up in anticipation of welfare reform.
2. The *early reform period* (1997-1999) was one of strong economic growth and sweeping policy reforms.
3. During the *later reform period* (2000-2003), the initial policy changes were in place, and economic growth subsided.

It is important to note, however, that the trends reported here cannot disentangle the relative influences of policies, the economy, and demographic forces. Although they reflect important events in neighborhoods where many welfare recipients lived, they speak to socioeconomic outcomes that are much broader than the income support system alone could influence.

The chapter's final section ("Moving in Circles or Moving Out?") links information from the Urban Change survey of welfare recipients in 2000 to census tracts and vital records information to understand to what extent welfare recipients are entrenched in poor neighborhoods. More specifically, the section pulls a sample of survey respondents who lived in poor neighborhoods in 1995 and examines their residential mobility between 1995 and 2000. Linking survey, census, and vital records information about their neighborhoods, the analysis provides insights about the proportion of respondents who moved, how far they moved, and to what effect, in terms of their housing and neighborhood conditions.

Finally, a brief explanation is in order about *why* this chapter divides neighborhoods by poverty levels rather than by welfare concentration. Earlier Urban Change reports on Cuyahoga and Philadelphia divide neighborhoods by welfare receipt rates, in order to monitor outcomes of welfare reforms in places where many welfare recipients lived.² Appendix C extends several of the trends discussed in those reports for two additional years, in order to provide interested readers with an extended analysis of change in those places.

²For Cuyahoga, see Brock et al. (2002); for Philadelphia, see Michalopoulos et al. (2003).

This chapter divides neighborhoods by poverty levels for several reasons. First, since the earlier reports were written, the Census Bureau has released detailed information about neighborhood composition and poverty rates in 2000, allowing for an analysis of change in the number and composition of poor, working-poor, and nonpoor neighborhoods between 1990 and 2000.

Second, cash assistance caseloads in Cuyahoga declined so sharply that, by the end of the 1990s, there were very few “high-welfare” neighborhoods left, and less than 20 percent of all welfare recipients lived in them.³

Third, following the massive caseload declines of the late 1990s, administrators did not shift their focus from moving recipients from welfare to work; they did, however, devote increased attention to the working poor, both “on” and “off” the TANF rolls. Similarly, policy researchers shifted their attention from TANF leavers to the needs and circumstances of the broader working-poor population.

Fourth, as this chapter discusses in relation to Cleveland, much of the neighborhood-level change that occurred in the 1990s happened among working-poor neighborhoods located in the older ring of “first suburbs” between the high-poverty, inner-city clusters and the prosperous, growing outer-ring suburbs.⁴

Neighborhood Poverty

As discussed in Chapter 1 (see Table 1.2), Cuyahoga and Philadelphia Counties were similar demographically in 1990. Each county had about 1.5 million residents, most of whom were non-Hispanic whites or non-Hispanic blacks, with relatively small but growing Hispanic, Asian, and foreign-born constituencies. More than half of residents were working-age adults, about 60 percent of whom were engaged in the labor force. But there were a few important differences between the counties in 1990. Philadelphia had a higher median family income than Cuyahoga (\$42,690 versus \$33,379) but also a substantially higher poverty rate (20 percent versus 14 percent). The geographic boundaries of the City and County of Philadelphia are coterminous, while Cuyahoga County includes several middle-income suburban municipalities. Thus, while levels of poverty and social distress within the City of Cleveland were similar to those of Philadelphia, Cuyahoga County’s middle-income suburbs buoyed overall county trends and contributed to the county’s municipal revenues. And there are other indications that Cuyahoga’s economy was stronger than Philadelphia’s in the 1990s. Between 1994 and 2003, Cuyahoga

³Unfortunately, geocoded administrative records of welfare receipt were not available for the post-2000 period in Philadelphia, which shortens the data series presented here and precludes a pre-welfare versus post-welfare concentration analysis in Appendix C.

⁴Puentes and Warren (2006).

experienced seven straight years of unemployment rates of less than 5 percent. Meanwhile, unemployment rates in Philadelphia never dipped below 6 percent; in fact, they remained above 7 percent for six of those ten years. Over the decade, inflation-adjusted median family income rose 38 percent in Cuyahoga, while it fell 3 percent in Philadelphia; and while Cuyahoga's labor force participation rate increased and its poverty rates slightly declined, the converse was true in Philadelphia.

Although this chapter divides each county's neighborhoods into three types — poor, working-poor, and nonpoor — in reality, families are arrayed along a continuum, ranging from those whose income falls far short of essential expenses to those who have substantial discretionary income. Even among “poor” families, some are much poorer than others. Economists often estimate that it takes an income of about twice the federal poverty guideline to meet a typical family's expenses.

For example, one recent study, based on the National Survey of America's Families, estimates that 59 percent of families with incomes below twice the federal poverty line had a full-time, full-year worker. But even among this “high-work, low-income” group of families, less than half had employer-sponsored health insurance. More than a third had no health insurance coverage, public or private. More than a quarter could be described as “food insecure,” meaning that they reported that the food ran out by the end of the month, or that they worried that it would, or that they skipped meals so that it would not. A similar proportion could be described as “housing insecure,” meaning that they reported a time in the past year when they were unable to pay the mortgage, rent, or utility bill.⁵

Change in the Composition and Circumstances of Residents Within the Three Types of Neighborhoods

Declines in Cuyahoga's poverty from 1990 to 2000 were concentrated in its poor neighborhoods. Table 5.2 shows that, in 1990, two-fifths of Cuyahoga's neighborhoods were nonpoor; a third were poor; and just over a quarter were working-poor. Some of Cuyahoga's favorable demographic trends — such as increasing educational attainment, total labor force participation rates, and median family income — were evident across all three types of neighborhoods. But the county's declines in poverty over the decade were concentrated in its poor neighborhoods.

Cuyahoga's poor neighborhoods changed differently than the other two types of neighborhoods in at least six additional ways. Four changes were for the better and are probably

⁵This paragraph about low-income working families borrows heavily from Acs and Loprest (2005).

The Project on Devolution and Urban Change

Table 5.2

Demographic Composition and Labor Force Participation, by Neighborhood Poverty Status, Cuyahoga, 1990 and 2000

	Poor Neighborhoods (N = 155)			Working-Poor Neighborhoods (N = 128)			Nonpoor Neighborhoods (N = 186)		
	Percentage			Percentage			Percentage		
	1990	2000	Change ^a	1990	2000	Change ^a	1990	2000	Change ^a
Population	355,656	323,749	-9	389,031	382,690	-2	651,266	669,261	3
<u>Age composition (%)</u>									
Children (ages 0-14)	25.8	27.2	6	18.4	19.6	7	18.5	18.9	2
Teens (ages 15-19)	7.5	7.2	-3	5.8	5.9	1	6.0	6.1	1
Adults (ages 20-64)	54.5	54.4	0	58.5	59.5	2	59.0	58.2	-1
Seniors (ages 65 and up)	12.3	11.2	-9	17.3	15.0	-13	16.5	16.8	2
<u>Racial/ethnic composition and nativity (%)</u>									
Hispanic	4.8	7.4	54	1.8	3.4	89	0.9	1.3	49
Black, non-Hispanic	64.5	67.2	4	20.2	25.8	28	5.5	8.2	50
White, non-Hispanic	29.7	22.6	-24	76.7	66.9	-13	92.0	86.8	-6
Asian	0.6	0.7	15	1.1	1.6	45	1.5	2.3	50
Foreign born	3.1	3.5	13	5.9	6.6	11	6.8	7.5	11
<u>Education and labor force participation (%)</u>									
Adults without a high school diploma	46.0	35.7	-22	27.2	19.6	-28	15.7	10.5	-33
Total labor force participation rate	52.9	54.4	3	63.1	64.0	1	65.1	65.5	1
Male labor force participation rate	61.0	51.1	-16	72.1	70.9	-2	75.4	73.8	-2
Female labor force participation rate	46.5	54.4	17	55.6	58.2	5	56.1	58.3	4
<u>Median rent and home ownership</u>									
Median rent (2005 dollars)	416	466	12	532	543	2	673	677	1
Five-year household mobility rate (%)	57.4	54.3	-5	59.8	57.0	-5	63.7	64.2	1
Home ownership (%)	37.8	39.0	3	58.5	58.2	-1	78.1	78.4	0

(continued)

Table 5.2 (continued)

	Poor Neighborhoods (N = 155)			Working-Poor Neighborhoods (N = 128)			Nonpoor Neighborhoods (N = 186)		
	Percentage			Percentage			Percentage		
	1990	2000	Change ^a	1990	2000	Change ^a	1990	2000	Change ^a
<u>Income and poverty</u>									
Median family income (2005 dollars)	22,350	24,609	10	42,881	43,765	2	60,223	63,396	5
Ratio of income to poverty (%)									
Below 50% of poverty	22.0	17.9	-19	4.5	4.6	2	1.4	1.8	25
Below 100% of poverty	37.2	33.6	-10	9.5	10.9	15	3.2	4.1	29
Below 200% of poverty	61.1	60.0	-2	28.3	29.5	4	11.9	13.4	13
Poverty rate, by age group									
Child poverty rate	52.3	46.6	-11	13.4	14.7	9	3.6	4.6	26
Adult poverty rate	31.9	16.5	-48	8.2	6.1	-26	2.7	2.2	-19
<u>Provider ratio</u>									
Ratio of working adults to children ^b	1.22	0.87	-29	2.57	2.43	-5	2.71	2.66	-2

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

NOTES: ^aThe 1990 to 2000 percentage change is calculated as follows: $([2000 \text{ value} - 1990 \text{ value}] / 1990 \text{ value}) \times 100$.

^bThe ratio of working adults to children is defined as the number of adults in the civilian labor force (both employed and unemployed, but looking for work) divided by the number of children ages 0 to 18 years old.

at least partly attributable to the combination of welfare reform policies and the strong economy. First, the female labor force participation rate increased by a remarkable 17 percent, closing the gap between poor neighborhoods and the other two types by half. Second, the child poverty rate declined by 11 percent in poor neighborhoods while increasing in the other types. Third, although adult poverty rates declined across all three types of neighborhoods, they fell most sharply in poor neighborhoods. Finally, and similarly, although median family income increased across the neighborhoods, it increased most substantially (10 percent) in poor neighborhoods. In at least two other ways, however, Cuyahoga's poor neighborhoods fared worse than the working-poor and nonpoor neighborhoods. The male labor force participation rate fell by 16 percent, and — partly as a consequence — the ratio of working adults to children fell furthest in poor neighborhoods. (Prior Urban Change reports have found the ratio of working adults to children to be highly correlated with outcomes for children and families.)

Meanwhile, Philadelphia's increasing poverty rates from 1990 to 2000 were concentrated in its working-poor neighborhoods. In 1990, nearly two-fifths of Philadelphia neighborhoods were poor; another two-fifths were working-poor; and less than one-fifth were nonpoor. Unlike in Cuyahoga, educational attainment and labor force participation rates declined across all three types of neighborhoods in Philadelphia, as shown in Table 5.3. The proportion of residents who had incomes of less than 50 percent, 100 percent, and 200 percent of poverty increased in each type of neighborhood, as did the adult poverty rate. But indicators of growing disadvantage were most evident in Philadelphia's working-poor neighborhoods, where median family income declined 7 percent and rates of poverty and extreme poverty increased by nearly 50 percent.

Although poverty increased across the three types of neighborhoods in Philadelphia, the poor neighborhoods fared best (perhaps because they had the most room to improve). The child poverty rate declined in poor neighborhoods but increased in the other two types, and the other poverty indicators increased most slowly in poor neighborhoods. Nevertheless, in Philadelphia as in Cuyahoga, the male labor force participation rate declined most sharply in poor neighborhoods.⁶

Change in the Number and Location of the Three Types of Neighborhoods

Within the City of Cleveland, about a dozen working-poor neighborhoods became poor, and another dozen moved from poor to working-poor, but the overall number of poor neighborhoods remained stable. Meanwhile, consistent with national trends, several of Cuyahoga's inner-ring suburbs became working-poor. Between 1990 and 2000, the number of working-poor

⁶For an extensive analysis of why disadvantaged men did not appear to benefit from the economic expansion of the 1990s, see Mincy (2006).

The Project on Devolution and Urban Change

Table 5.3

Demographic Composition and Labor Force Participation, by Neighborhood Poverty Status, Philadelphia, 1990 and 2000

	Poor Neighborhoods (N = 138)			Working-Poor Neighborhoods (N = 126)			Nonpoor Neighborhoods (N = 61)		
	Percentage			Percentage			Percentage		
	1990	2000	Change ^a	1990	2000	Change ^a	1990	2000	Change ^a
Population	649,877	595,884	-8	651,091	647,756	-1	261,957	257,075	-2
<u>Age composition (%)</u>									
Children (ages 0-14)	24.0	24.8	4	18.0	20.1	12	16.7	16.7	0
Teens (ages 15-19)	8.1	8.9	10	5.8	6.3	10	6.1	5.4	-11
Adults (ages 20-64)	55.9	55.1	-1	58.3	58.2	0	60.3	59.7	-1
Seniors (ages 65 and up)	12.1	11.1	-8	18.0	15.4	-14	16.9	18.2	8
<u>Racial/ethnic composition and nativity (%)</u>									
Hispanic	9.9	13.6	38	2.3	5.9	151	1.3	2.8	107
Black, non-Hispanic	63.3	63.5	0	26.2	33.6	28	13.3	16.0	20
White, non-Hispanic	23.4	16.3	-31	68.6	53.6	-22	83.2	76.1	-9
Asian	3.0	4.3	44	2.6	4.4	69	1.9	3.6	87
Foreign born	5.3	7.1	34	7.9	10.8	36	6.8	9.3	36
<u>Education and labor force participation (%)</u>									
Adults without a high school diploma	46.1	59.4	29	32.6	37.9	16	21.6	27.4	26
Total labor force participation rate	53.1	50.4	-5	60.6	58.5	-3	65.6	62.3	-5
Male labor force participation rate	60.5	53.5	-12	69.7	64.3	-8	75.3	69.1	-8
Female labor force participation rate	47.2	48.1	2	53.2	53.8	1	57.5	56.7	-1
<u>Median rent and home ownership</u>									
Median rent (2005 dollars)	495	485	-2	625	597	-4	720	730	1
Five-year household mobility rate (%)	62.2	61.0	-2	65.9	61.8	-6	67.7	65.4	-3
Home ownership (%)	54.7	51.2	-6	65.8	62.5	-5	69.7	67.8	-3

(continued)

Table 5.3 (continued)

	Poor Neighborhoods (N = 138)			Working-Poor Neighborhoods (N = 126)			Nonpoor Neighborhoods (N = 61)		
	Percentage			Percentage			Percentage		
	1990	2000	Change ^a	1990	2000	Change ^a	1990	2000	Change ^a
<u>Income and poverty</u>									
Median family income (2005 dollars)	27,286	27,588	1	46,742	43,552	-7	69,168	68,126	-2
Ratio of income to poverty (%)									
Below 50% of poverty	19.2	19.5	2	5.4	8.5	57	2.6	3.7	42
Below 100% of poverty	34.9	36.1	3	11.8	17.2	45	5.1	7.5	47
Below 200% of poverty	59.2	60.5	2	30.3	37.3	23	14.8	19.9	34
Poverty rate, by age group									
Child poverty rate	48.6	46.5	-4	15.5	22.8	47	5.7	7.2	26
Adult poverty rate	30.2	32.7	8	10.1	15.5	54	4.5	7.2	61
<u>Provider ratio</u>									
Ratio of working adults to children ^b	1.39	1.24	-11	2.52	2.09	-17	3.08	2.92	-5

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

NOTES: ^aThe 1990 to 2000 percentage change is calculated as follows: $([2000 \text{ value} - 1990 \text{ value}] / 1990 \text{ value}) \times 100$.

^bThe ratio of working adults to children is defined as the number of adults in the civilian labor force (both employed and unemployed, but looking for work) divided by the number of children ages 0 to 18 years old.

neighborhoods increased from 128 to 139; the number of nonpoor neighborhoods declined from 186 to 175; and the number of poor neighborhoods remained the same at 155.

Figure 5.1 illustrates changes in neighborhood poverty across Cuyahoga County. One set of changes involves neighborhoods that moved between poor and working-poor statuses. This set of changes occurred almost entirely within the City of Cleveland, along the periphery of its poverty clusters on the east and west sides. For example, almost all the neighborhoods that progressed from poor to working-poor (12 of the 14) were located within the City of Cleveland. They included census tracts in such neighborhoods as Clark-Fulton, Euclid Green, and Glenville. Most of the neighborhoods that regressed from working-poor to poor (11 of the 14) were also within the city. They included tracts in the neighborhoods of Buckeye-Shaker, Cudell, North and South Collinwood, Old Brooklyn, South Broadway, and the Stockyards.

Another set of changes involves neighborhoods that moved between working-poor and nonpoor statuses. This set of changes occurred almost entirely outside the City of Cleveland, in the inner-ring suburbs along the municipal boundary. For example, many of the tracts that regressed from nonpoor to working-poor were located in the “Heights” neighborhoods just south of the city: Bedford Heights, Brooklyn Heights, Garfield Heights, Maple Heights, and Middleburg Heights. Several of the tracts that progressed from working-poor to nonpoor were located on the outer edge of the working-poor clusters, in such neighborhoods as Brookpark, Cleveland Heights, Lakewood, North Olmstead, and South Euclid.

Meanwhile, in Philadelphia, the number of poor neighborhoods increased along the edges of poverty clusters on the city’s north, west, and south sides. Between 1990 and 2000, the number of poor Philadelphia neighborhoods increased from 138 to 166; the number of working-poor neighborhoods declined from 126 to 114; and the number of nonpoor neighborhoods declined from 61 to 45.

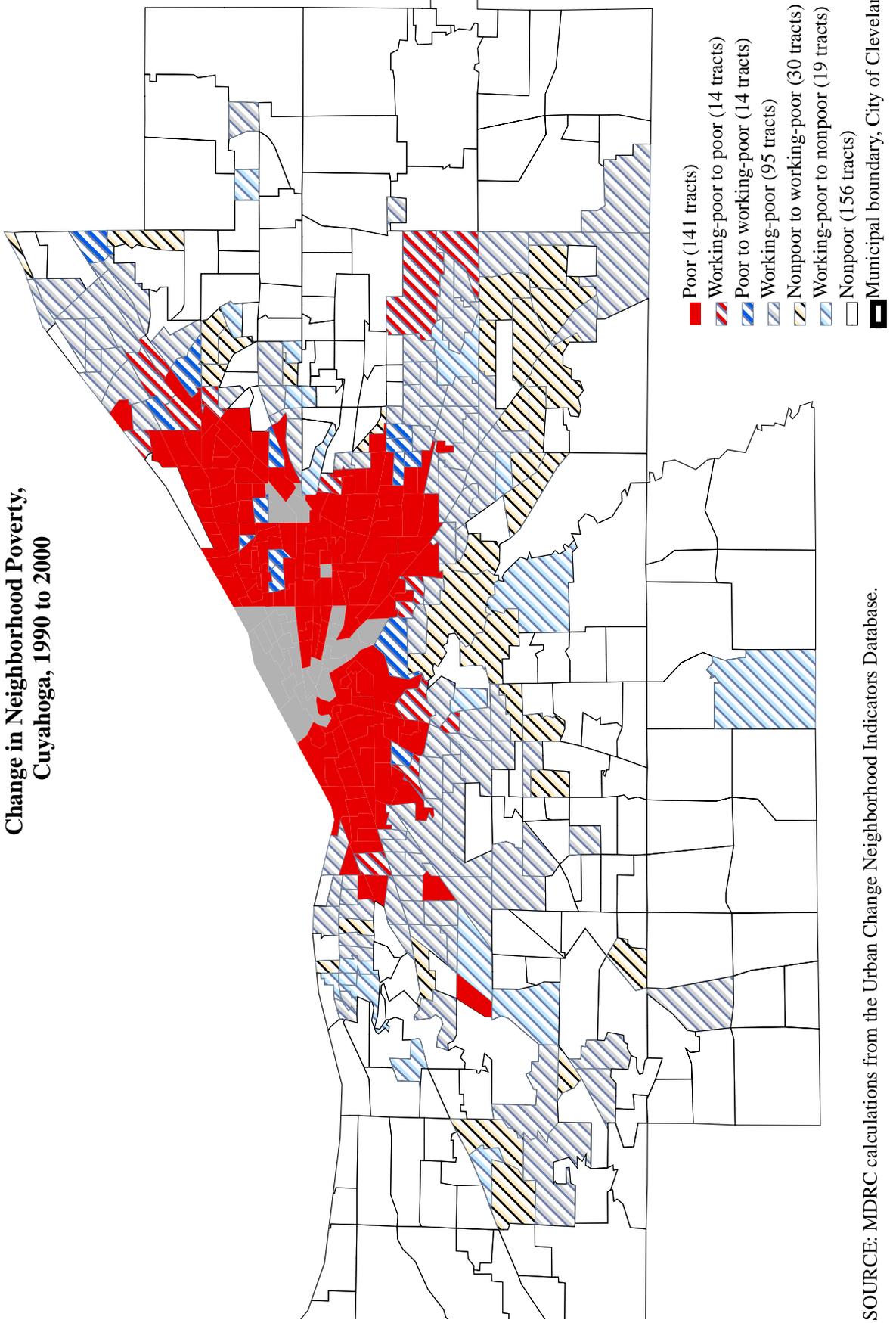
Figure 5.2 provides more detail about how neighborhoods changed in Philadelphia. The most common change was increasing poverty rates along the edges of poverty clusters on the city’s north, west, and south sides. Thirty-five working-poor census tracts in neighborhoods like East Mt. Airy, Fairmount-Spring Garden, Ogontz, and Olney became poor. Only a handful of poor tracts progressed from poor to working-poor. Two of these were located in University City, where the University of Pennsylvania led an aggressive revitalization effort.⁷ As in Cuyahoga, most of the neighborhoods that moved from nonpoor to working-poor were located along the outer edge of Philadelphia’s working-poor neighborhoods — in places like Bustleton and Somerton to the northeast, Oak Lane to the north, and Roxborough and Manyunk to the west.

⁷Kromer (2000).

The Project on Devolution and Urban Change

Figure 5.1

Change in Neighborhood Poverty,
Cuyahoga, 1990 to 2000

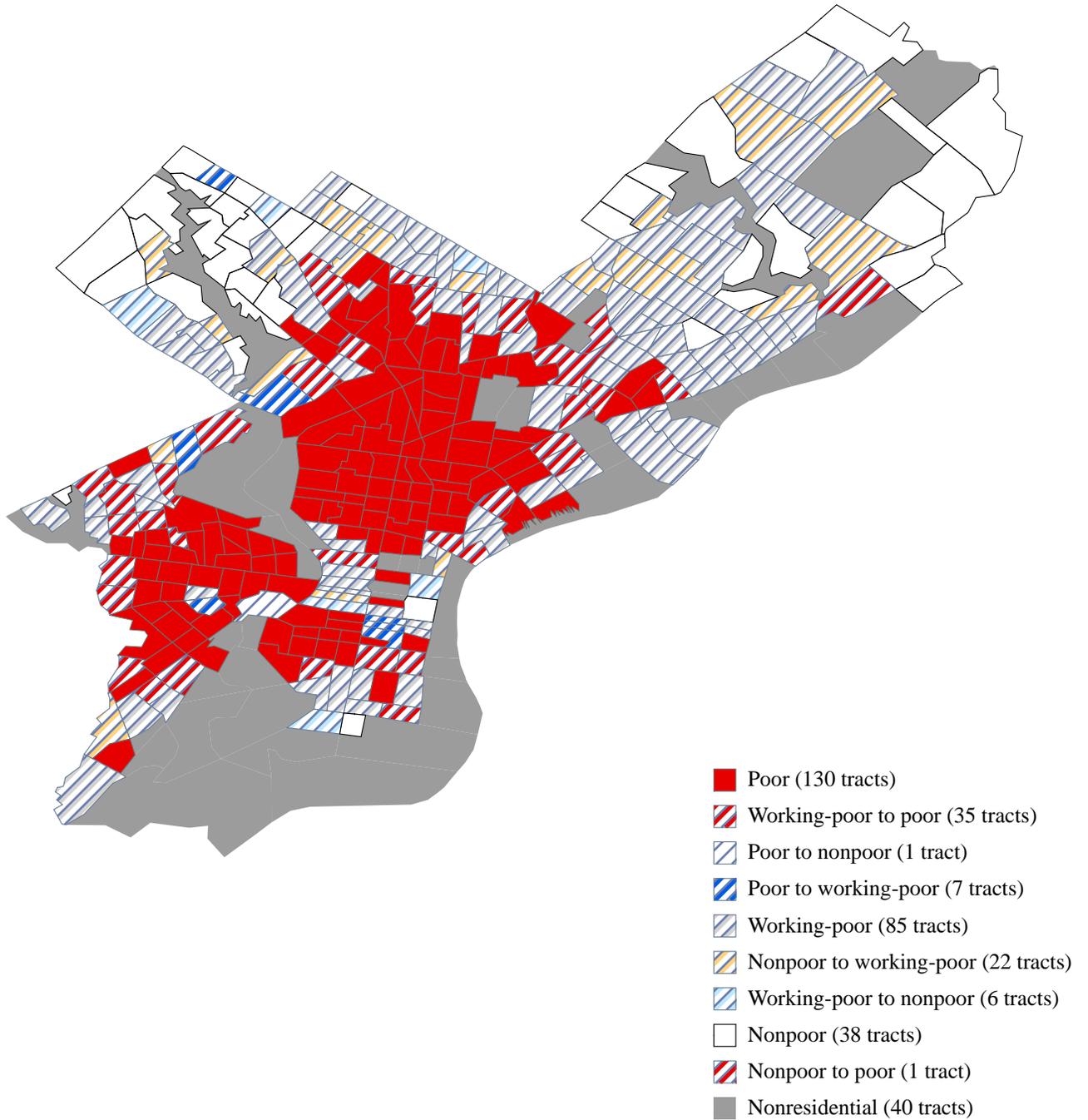


SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Figure 5.2

Change in Neighborhood Poverty, Philadelphia, 1990 to 2000



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

Cuyahoga's and Philadelphia's experiences with neighborhood poverty in the 1990s were consistent with national and regional trends in the distribution of household and neighborhood income. Both trends reflected growing economic strain among working-class families. Increasing poverty rates in Philadelphia were fairly typical of many cities in the Northeast, which recovered more slowly than other regions from the recession of the early 1990s.⁸

The suburbanization of poverty — evident in Cuyahoga — was also typical of the 1990s. The later years of the decade were among the most prosperous periods in recent memory. Unemployment rates fell to levels not seen since the early 1970s.⁹ The poverty rate among single-parent families reached a record low; employment levels among single-parent families reached record highs; and the overall child poverty rate reached its lowest level since 1979.¹⁰

Since the early 1970s, however, income inequality has grown, and while outcomes for some disadvantaged populations — such as women, single parents, and welfare recipients — have recently improved, outcomes have worsened for populations that relied on manufacturing-level jobs (such as working-class men, particularly in the Midwest).¹¹ For example, the male income distribution has become increasingly unequal, as manufacturing jobs have been mechanized and outsourced, organized labor has weakened, and wage growth has slowed. On the other hand, the female labor supply has increased, buffering the effect of falling wages for two-earner families but also contributing to increases in overall household inequality. Similarly, since 2001, the poverty rate has begun inching up, and these increases have been largest in the Midwest (along with steep declines in manufacturing employment) and among working-age, non-Hispanic whites.¹²

These changes have also affected the neighborhoods where these populations live. Across metropolitan areas, the proportion of families with middle incomes (those with incomes of between 80 percent and 100 percent of the area's median income) fell from 28 percent in 1970 to 22 percent in 2000; and the proportion of middle-income neighborhoods has declined even faster, from 58 percent in 1970 to 22 percent in 2000.¹³ And while poverty rates declined in most Midwestern and Southern cities during the 1990s, they increased in inner-ring suburbs, such that, by the end of the decade, nearly half (49 percent) of the metropolitan poor lived in the suburbs.¹⁴

⁸Berube and Frey (2002).

⁹Danzinger and Meyer (2005).

¹⁰Haskins and Primus (2002).

¹¹Danzinger and Meyer (2005); Puentes and Warren (2006).

¹²Cadena and Sallee (2005).

¹³Booza, Cutsinger, and Galster (2006).

¹⁴Berube and Frey (2002).

A Neighborhood View of the Safety Net

In Cuyahoga and Philadelphia, did neighborhood patterns of reliance on public assistance correspond to the foregoing changes in neighborhood poverty rates? At the outset of welfare reform, many observers suspected that the truly disadvantaged — poor adults living in poor neighborhoods — were more reliant on public assistance, more likely to become long-term recipients, and thus more vulnerable to time limits than their counterparts in less distressed neighborhoods.¹⁵

While the cash assistance caseload is a useful indicator of severe financial distress, the food stamp caseload can serve as a useful indicator of more moderate financial distress. (Families with incomes of up to 130 percent of the federal poverty guideline are eligible for food stamps.) Of all the means-tested programs, the Food Stamp Program is the most responsive to changes in unemployment and poverty, and it is the only one that covers all types of low-income households — young and old, single adults as well as parents.¹⁶ And since food stamps are not subject to time limits or to strictly enforced participation requirements, some families might have left TANF but remained on food stamps during the late 1990s and early 2000s.¹⁷

At the outset of welfare reform, there were two sets of predictions about what might happen to the food stamp caseload. One expectation was that as poor adults left cash assistance due to welfare reform policies, they would also lose food stamp coverage. The national trend in the first few years following welfare reform supported this expectation. Food stamp participation rates among eligible individuals declined dramatically, from approximately 75 percent in 1994 to 53 percent in 2001, although they have increased slightly since.¹⁸ Another expectation was that poor families would try to do without cash assistance but would increasingly rely on food stamps instead. If both these expectations were correct, one might expect to see declines in the food stamp caseloads in poor neighborhoods — where welfare concentration was highest — and increases in the food stamp caseloads in working-poor neighborhoods.

To examine these hypotheses, this chapter charts trends in three indicators of poor adults' reliance on public assistance: the ratio of adult cash assistance recipients to poor adults (the cash assistance take-up ratio); the ratio of adult food stamp recipients to poor adults (the food stamp

¹⁵See, for example, Wilson (1987); Wilson (1996); Jargowsky (1997).

¹⁶Greenstein and Guyer (2000).

¹⁷This is not meant to suggest that welfare reform did not affect the Food Stamp Program. On the contrary, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 eliminated food stamp eligibility for noncitizens and made cuts in the program, which translated into a loss of about \$241 a month for a family of four earning the minimum wage. The Farm Security and Rural Investment Act of 2002 restored food stamp eligibility to noncitizen children and adults who have five years of U.S. residency.

¹⁸Cunyngham (2004).

take-up ratio); and the long-term cash assistance receipt rate, defined as the proportion of adult TANF recipients who received assistance for 18 or more of the previous 24 months.¹⁹

Figure 5.3 charts trends in the three components of the adult food stamp take-up ratio for the three types of neighborhoods in Cuyahoga. The top panel shows that the number of adult food stamp recipients declined most sharply in poor neighborhoods. But because the number of poor adults declined in poor neighborhoods and increased in the other two types (as shown in the middle panel), food stamp take-up ratios were similar across neighborhoods (as shown in the bottom panel). The bottom panel also shows that, throughout the decade, the adult food stamp take-up ratio was considerably higher in nonpoor neighborhoods than in the others.²⁰

Figure 5.4 shows that the opposite was true for cash assistance in Cuyahoga. Adult cash assistance caseloads declined similarly across neighborhoods, but, because of the different changes in the number of poor adults, take-up ratios declined most sharply in nonpoor neighborhoods. In the beginning of the decade, the adult cash assistance take-up ratio was higher in nonpoor neighborhoods than in the others; by the end of the decade, however, it had fallen to less than 30 percent across neighborhoods.

Thus, at least two of the four expectations about food stamp and cash assistance caseloads were not borne out by the Cuyahoga trends. Adult cash assistance caseloads declined similarly in poor, working-poor, and nonpoor neighborhoods. And adult food stamp caseloads did not increase in working-poor neighborhoods, as expected (although they did decline at a slower rate than in poor neighborhoods). However, the sharper decline in the adult food stamp caseload in poor neighborhoods might be consistent with the fear that disadvantaged families would lose food stamps as they left welfare.

Figure 5.5 charts trends in the three components of the adult food stamp take-up ratio for the three types of neighborhoods in Philadelphia. Across neighborhoods, the number of

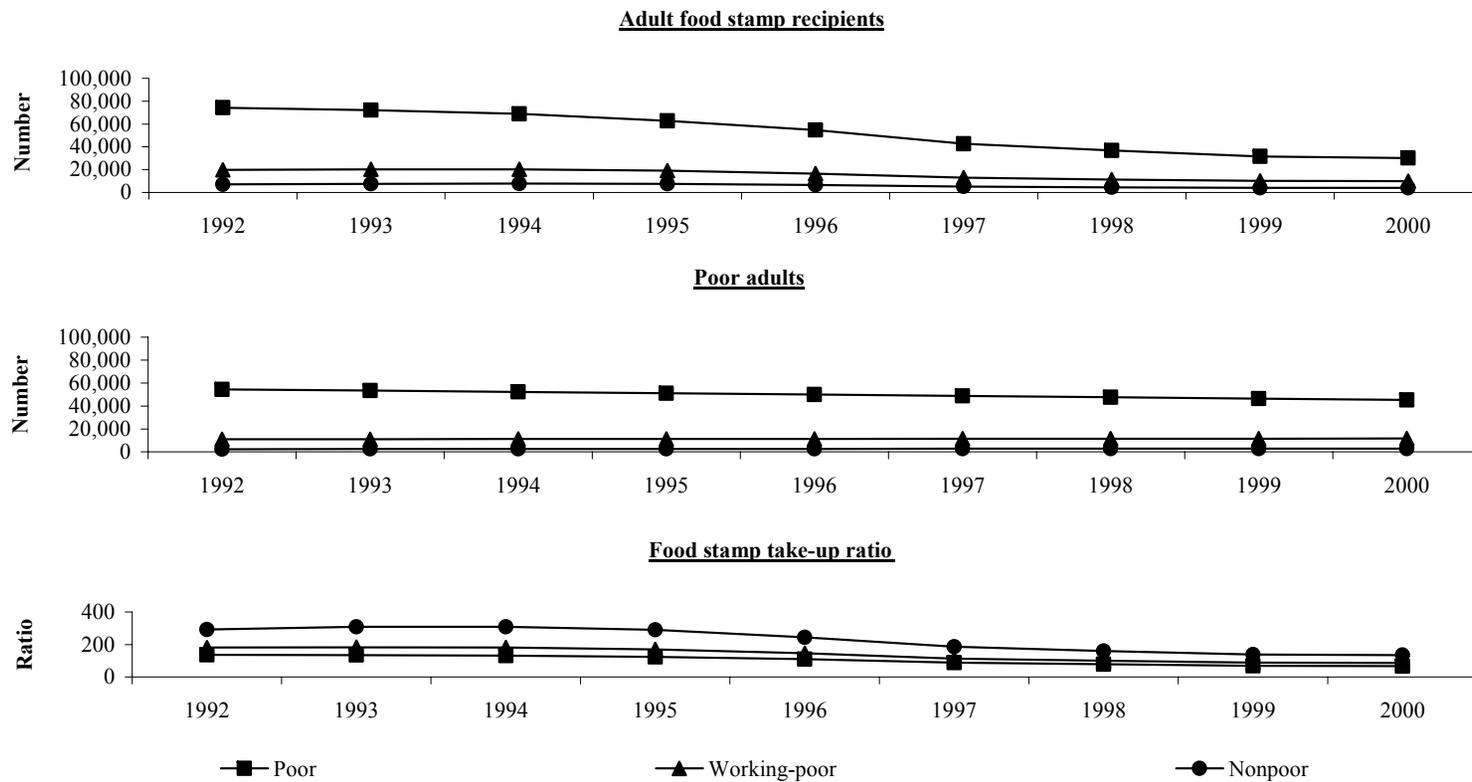
¹⁹This analysis is purely descriptive. Although it tracks changes in receipt rates across the entire universe of recipients, it does not support inferences about the effects of reform. Precise estimates of benefit take-up rates require much closer and synchronous alignment of recipients and potential recipients than the rough take-up ratios presented here (see Castner and Schirm, 2006). Because households are eligible for food stamps at incomes up to 130 percent of poverty, the take-up ratios of food stamp receipt among adults below 100 percent of poverty presented here are often greater than 100 percent. And because only poor households with children are eligible for TANF, the take-up ratios of TANF receipt among poor adults presented here will be lower than the true take-up rates. Nevertheless, the ratio of recipients to poor adults is an accessible and informative measure of change at the local level.

²⁰As noted above, families with incomes of up to 130 percent of the federal poverty guideline are eligible for food stamps. By definition, food stamp recipients with incomes between 100 percent and 130 percent of the poverty guideline will be counted in the numerator of the take-up ratio, but they will not be counted in the denominator (which includes only families with incomes below 100 percent of the poverty guideline).

The Project on Devolution and Urban Change

Figure 5.3

Adult Food Stamp Recipients, Poor Adults, and Adult Food Stamp Take-Up Ratio, by Neighborhood Poverty Status, Cuyahoga, 1992-2000



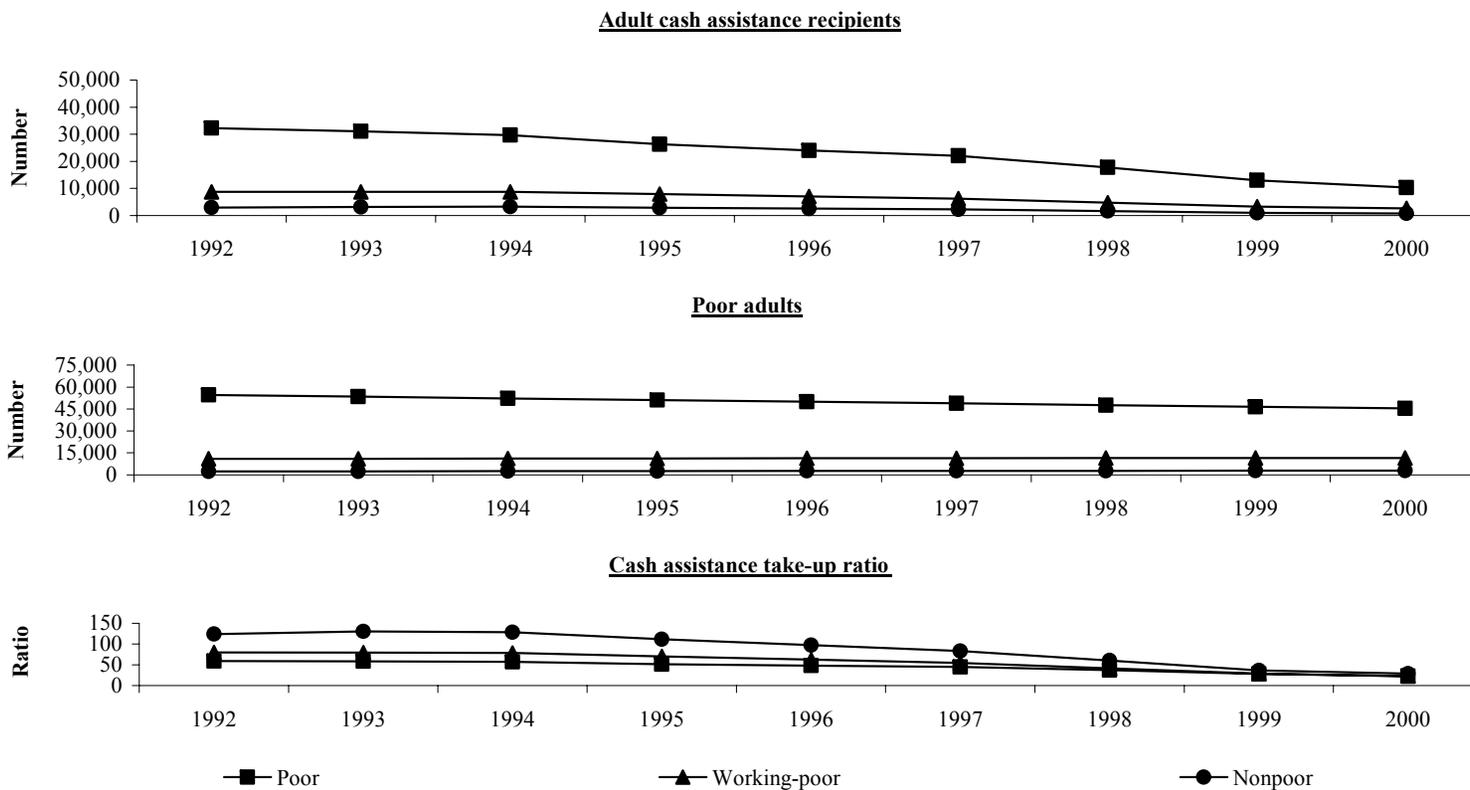
SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

NOTE: Because household are eligible for food stamps at incomes up to 130 percent of poverty, the take-up ratios of food stamp receipt among adults below 100 percent of poverty presented here are often greater than 100 percent.

The Project on Devolution and Urban Change

Figure 5.4

Adult Cash Assistance Recipients, Poor Adults, and Adult Cash Assistance Take-Up Ratio,
by Neighborhood Poverty Status, Cuyahoga, 1992-2000

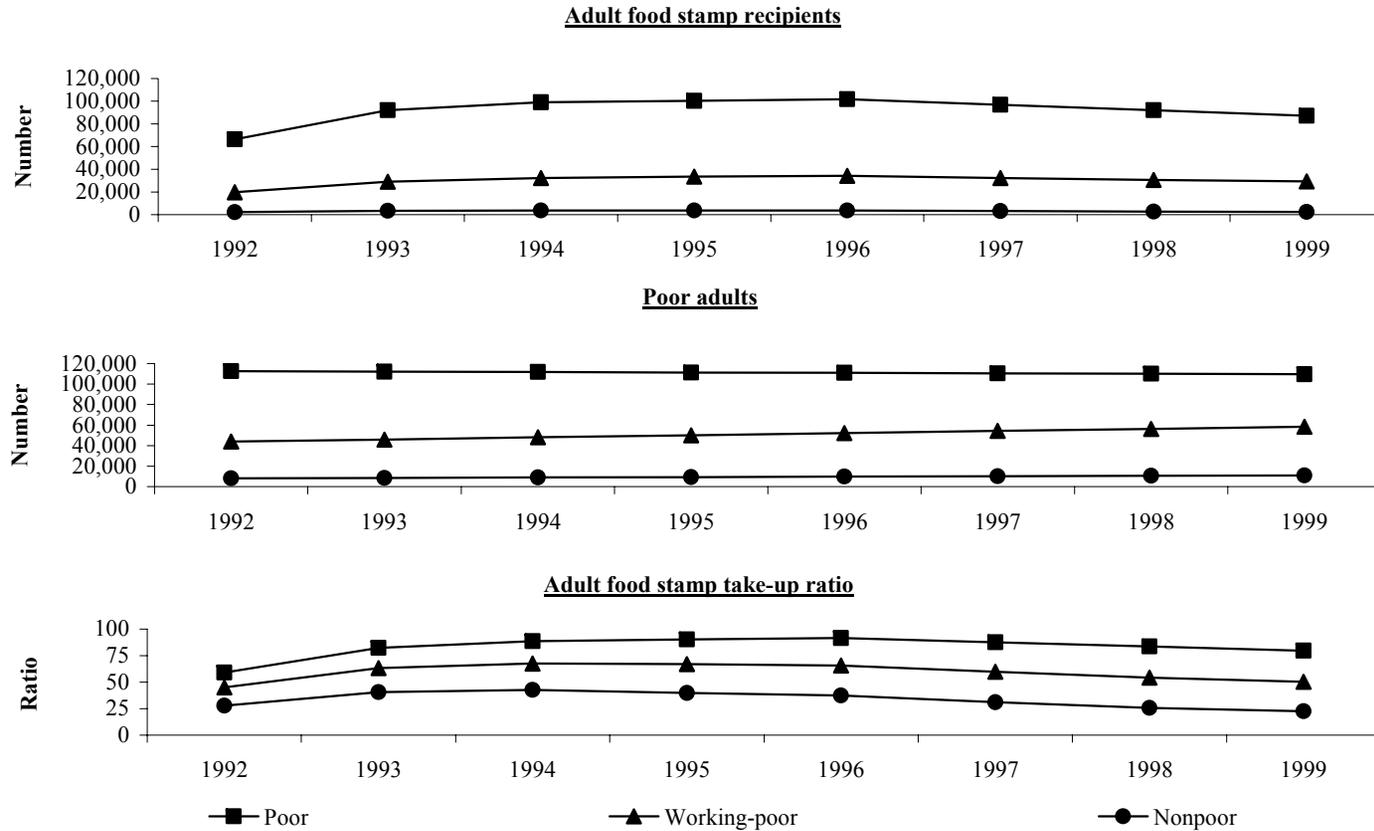


SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Figure 5.5

Adult Food Stamp Recipients, Poor Adults, and Adult Food Stamp Take-Up Ratio, by Neighborhood Poverty Status, Philadelphia, 1992-2000



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

NOTE: Because household are eligible for food stamps at incomes up to 130 percent of poverty, the take-up ratios of food stamp receipt among adults below 100 percent of poverty presented here are often greater than 100 percent.

adult food stamp recipients increased through the mid-1990s and then declined slowly until 1999, forming a gradual arc. Adult food stamp caseloads began declining earliest and fell furthest in nonpoor neighborhoods. Meanwhile, the number of poor adults increased by 38 percent in working-poor neighborhoods and by 40 percent in poor neighborhoods. Although falling by 1999, food stamp take-up ratios were still higher in poor and in working-poor neighborhoods than they were in 1992. In nonpoor neighborhoods, however, they were down by 20 percent.

Figure 5.6 charts trends in the components of the adult cash assistance take-up ratio. In poor and in nonpoor neighborhoods, the number of adult cash assistance recipients increased through the mid-1990s and declined afterward, forming a gradual arc. In working-poor neighborhoods, the adult cash assistance caseload declined almost every year, dropping 62 percent between 1992 and 1999. Throughout the decade, both cash assistance and food stamp take-up ratios were highest in poor neighborhoods.

Philadelphia's experience did bear out the expectation that cash assistance caseloads would decline earlier and faster in working-poor than in poor neighborhoods. (Somewhat unexpectedly, cash assistance also declined more sharply in working-poor than in nonpoor neighborhoods.) But there was no evidence that poor adults in working-poor neighborhoods increasingly relied on food stamps or that poor adults in poor neighborhoods lost them.

Figure 5.7 addresses the hypothesis that long-term receipt rates would be higher among residents of poorer neighborhoods. In both counties, long-term receipt rates were slightly higher in poor than in working-poor neighborhoods, but the trends were similar across neighborhoods. Importantly, however, the trends differed considerably across counties. Although long-term recipients made up similar proportions of the adult caseload in the two counties at the beginning of the decade (71 percent in Philadelphia and 73 percent in Cuyahoga), long-term recipients increased to a majority of Philadelphia's caseload (86 percent) by 1999 but declined to a minority of Cuyahoga's caseload (36 percent) by 2000. Thus, although neighborhood-level differences in poverty rates do not appear to have affected long-term receipt rates, metropolitan economic, demographic, and policy factors do seem to have had a profound influence on the composition of the caseload.

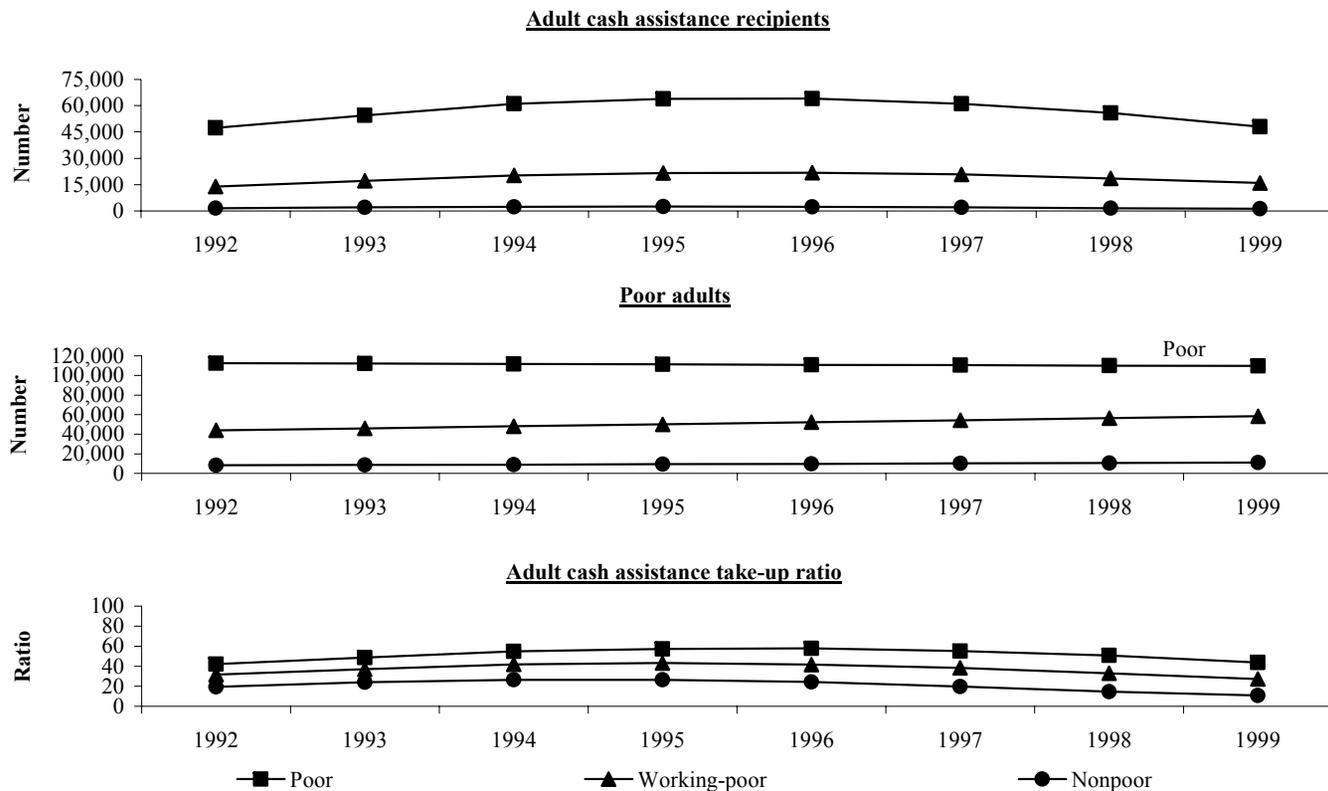
Trends in Maternal and Infant Health

This section presents analyses that track trends in five indicators of maternal and infant health through 2003, providing a real-time, continuous indication of how low-income communities responded to the economic shifts and policy changes of welfare reform. The indicators

The Project on Devolution and Urban Change

Figure 5.6

Adult Cash Assistance Recipients, Poor Adults, and Adult Cash Assistance Take-Up Ratio, by Neighborhood Poverty Status, Philadelphia, 1992-2000



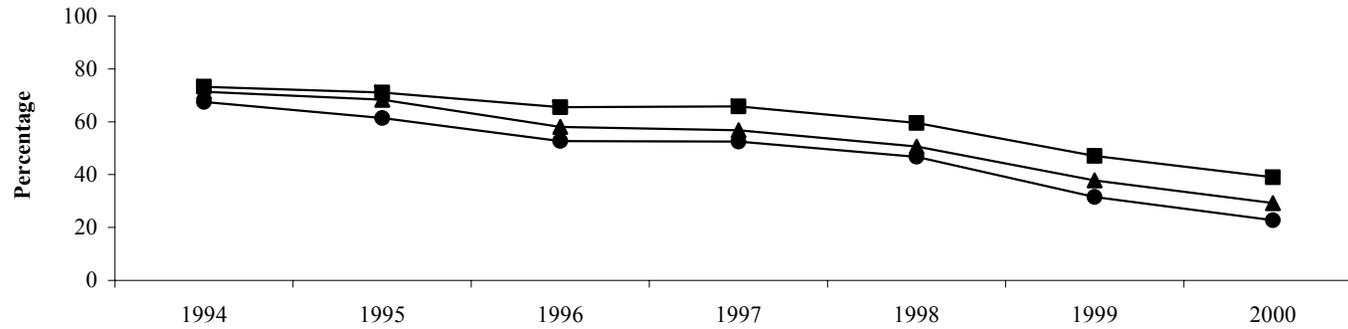
SOURCE: MDRC calculations from the Urban Change Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Figure 5.7

Long-Term Adult Cash Recipients as a Proportion of All Adult Cash Recipients,
by Neighborhood Poverty Status, Cuyahoga and Philadelphia Counties

Cuyahoga



Philadelphia



■ Poor ▲ Working-poor ● Nonpoor

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

presented here — which are based on vital records data collected by county health agencies — reflect outcomes that are relatively rare even among poor families, such as teen births, inadequate prenatal care, low-birth-weight births, and infant deaths.²¹

Table 5.4 summarizes these trends across the three types of neighborhoods in Cuyahoga and Philadelphia during three distinct time periods: pre-reform (1992-1996), early reform (1997-1999), and later reform (2000-2003).²² The first three columns indicate the direction of trends that changed during the pre-reform period. Statistically significant changes (those greater than 10 percent) are indicated by larger arrows, and smaller changes are indicated by smaller arrows.

In Cuyahoga, most indicators of maternal and child health improved across neighborhoods in both the early and the later reform periods. The teen birthrate declined sharply both in poor neighborhoods in the early reform period and in working-poor neighborhoods in the later reform period.²³ The proportion of mothers receiving adequate prenatal care increased across neighborhoods in both periods — and substantially so, in poor neighborhoods. The proportion of mothers receiving *any* prenatal care declined slightly in poor and in working-poor neighborhoods in the first few years after welfare reform, but it later increased. Trends in low-birth-weight births were also mixed in the early reform period, and they increased noticeably in non-poor neighborhoods in the later reform period. Taken together, these trends suggest that most outcomes improved for low-income mothers and children. Three of the largest changes — declines in the teen birthrate, increases in the percentage of births with adequate prenatal care, and declines in the infant death rate — were evident in some of the most vulnerable neighborhoods immediately after welfare reform.

In Philadelphia, three of the five indicators of maternal and infant health substantially improved in poor neighborhoods in the early reform period (1997-1999). The teen birthrate fell, and an increasing proportion of mothers received some prenatal care and adequate prenatal care. But both indicators of prenatal care dipped in working-poor neighborhoods in the early reform period, and rates of adequate prenatal care coverage declined across neighborhoods in the later reform period (2000-2003).

²¹MDRC purchased these administrative records of vital indicators from the Center on Urban Poverty and Social Change at Case Western Reserve University (CWRU) and from the Philadelphia Health Management Corporation (PHMC).

²²Appendix B presents and discusses each of the individual trends for each of the three different types of neighborhoods. Following up on earlier Urban Change reports, Appendix C shows how these trends changed in neighborhoods where many welfare recipients lived in the period from 1992 to 1996. And Appendix D shows how these trends changed countywide, as analyzed by race/ethnicity.

²³Earlier Urban Change reports tracked changes in the rate of births to mothers ages 10 to 17, but, following the conventions of reporting national health statistics, this report tracks changes in the rate of births to mothers ages 15 to 19.

The Project on Devolution and Urban Change

Table 5.4

Summary of Trends in Neighborhood Conditions in the Pre-, Early, and Post-Reform Periods,
Cuyahoga and Philadelphia Counties

Indicator	Trend in the Pre-Reform Period (1992-1996)			Trend in the Early Reform Period (1997-1999)			Trend in the Later Reform Period (2000-2003)		
	Working-		Non-	Working-		Non-	Working-		Non-
	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Cuyahoga									
Maternal and child health									
Teen birthrate	↓	-	-	↓***	↑*	-	-	↓**	↓*
Percentage of births with any prenatal care	↑	↑	-	↓***	↓***	↑***	↑***	↑***	↑***
Percentage of births with adequate prenatal care	↑	↑	↑	↑***	↑***	↑***	↑***	↑***	↑***
Low-birth-weight births as a percentage of all births	-	-	-	↓**	-	↑**	-	-	↑**
Rate of infant deaths per 1,000 live births	-	-	-	-	↓**	-	-	-	-
Home mortgage applications and purchases among low-income households									
Proportion of low-income households applying for mortgages	↑	↑	↑	-	-	-	-	-	-
Approval rates of low-income applicants' home mortgage purchase applications	-	-	-	↓***	↓***	↓***	↓**	↓**	↓**

(continued)

Table 5.4 (continued)

Indicator	Trend in the Pre-Reform Period (1992-1996)			Trend in the Early Reform Period (1997-1999)			Trend in the Later Reform Period (2000-2003)		
	Working-		Non-	Working-		Non-	Working-		Non-
	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Ratio of approved mortgage amount to applicants' income, among low-income applicants	↑	↑	↑	↑***	↓***	↓***	↑***	↑***	↑***
Median amount of approved mortgages, among low-income applicants (2005 dollars)	↑	↑	↑	↑***	↑***	↑***	↑***	↑***	↑***
<u>Philadelphia</u>									
Maternal and child health									
Teen birthrate	↓	-	-	↓***	-	-	↓***	-	-
Percentage of births with any prenatal care				↑***	↓**	-	-	-	-
Percentage of births with adequate prenatal care	↑	-	-	↑***	↓***	↓***	↓***	↓***	↓***
Low-birth-weight births as a percentage of all births	-	-	-	-	↓**	-	-	↓**	-
Rate of infant deaths per 1,000 live births	-	-	-	-	↓**	-	-	↑**	-
Safety									
Deaths by homicide per 100,000	-	-	-	↓***	-	-	↓***	-	-
Home mortgage applications and purchases among low-income households									
Proportion of low-income households applying for mortgages	↑	↑	↑	-	↑**	↑**	-	-	-

(continued)

Table 5.4 (continued)

Indicator	Trend in the Pre-Reform Period (1992-1996)			Trend in the Early Reform Period (1997-1999)			Trend in the Later Reform Period (2000-2003)		
	Working-		Non-	Working-		Non-	Working-		Non-
	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Approval rates of low-income applicants' home mortgage purchase applications	-	-	-	↓***	↓***	-	-	-	-
Ratio of approved mortgage amount to applicants' income, among low-income applicants	↑	↑	↑	↓***	↓***	↓***	↑***	↑***	↑***
Median amount of approved mortgages, among low-income applicants (2005 dollars)	↓	↓	↓	↓***	↓***	↓***	↑***	↑***	↑***

SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

NOTES: To compare trends in neighborhood indicators by neighborhood poverty status, average trends in the pre-reform period (1992-1996), the early reform period (1997-1999), and the post-reform period (2000-2003) were compared.

Statistical tests were performed to determine whether changes across the three time periods are statistically significant. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; and * = 10 percent.

By combining these five indicators into a single maternal and infant health “distress index,” a trend analysis at the neighborhood level can also show which neighborhoods are most distressed and how the number and location of distressed neighborhoods changes over time. A tract is defined as “distressed” if its level for each of the five indicators is more than one and a half times as unfavorable as the median tract countywide. Note that this index of distress is a relative measure. It identifies tracts with the highest risk level countywide at a particular time. Therefore, increases in the number of distressed tracts should not be interpreted as increases in absolute levels of distress (discussed above) but as increases in the number of tracts “falling behind” the countywide median.

Figure 5.8 shows that the number of Cuyahoga neighborhoods that evidenced exceptionally high levels of social distress — as measured by maternal and infant health — declined from 91 in the pre-reform period to 66 in the early reform period and then increased to 98 in the post-reform period. Throughout the 14-year period, East Cleveland’s neighborhoods evidenced particularly high levels of social distress.

Figure 5.9 shows that the number of Philadelphia neighborhoods that evidenced high levels of social distress declined from 56 in the pre-reform period to 22 in the early reform period and then to 12 in the post-reform period. Throughout the 14-year period, West Philadelphia’s neighborhoods evidenced acute and persistent levels of distress.

Homicide

This chapter uses homicide as a proxy for neighborhood safety, relying on vital records of deaths by violent crime as collected by public health agencies.²⁴ Homicide is reported more consistently than other crimes, which are generally underreported. In fact, in 1998, it was discovered that the Philadelphia police department had been systematically downgrading a number of offenses.²⁵ 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. Domestic assaults were characterized as “hospital transport.”

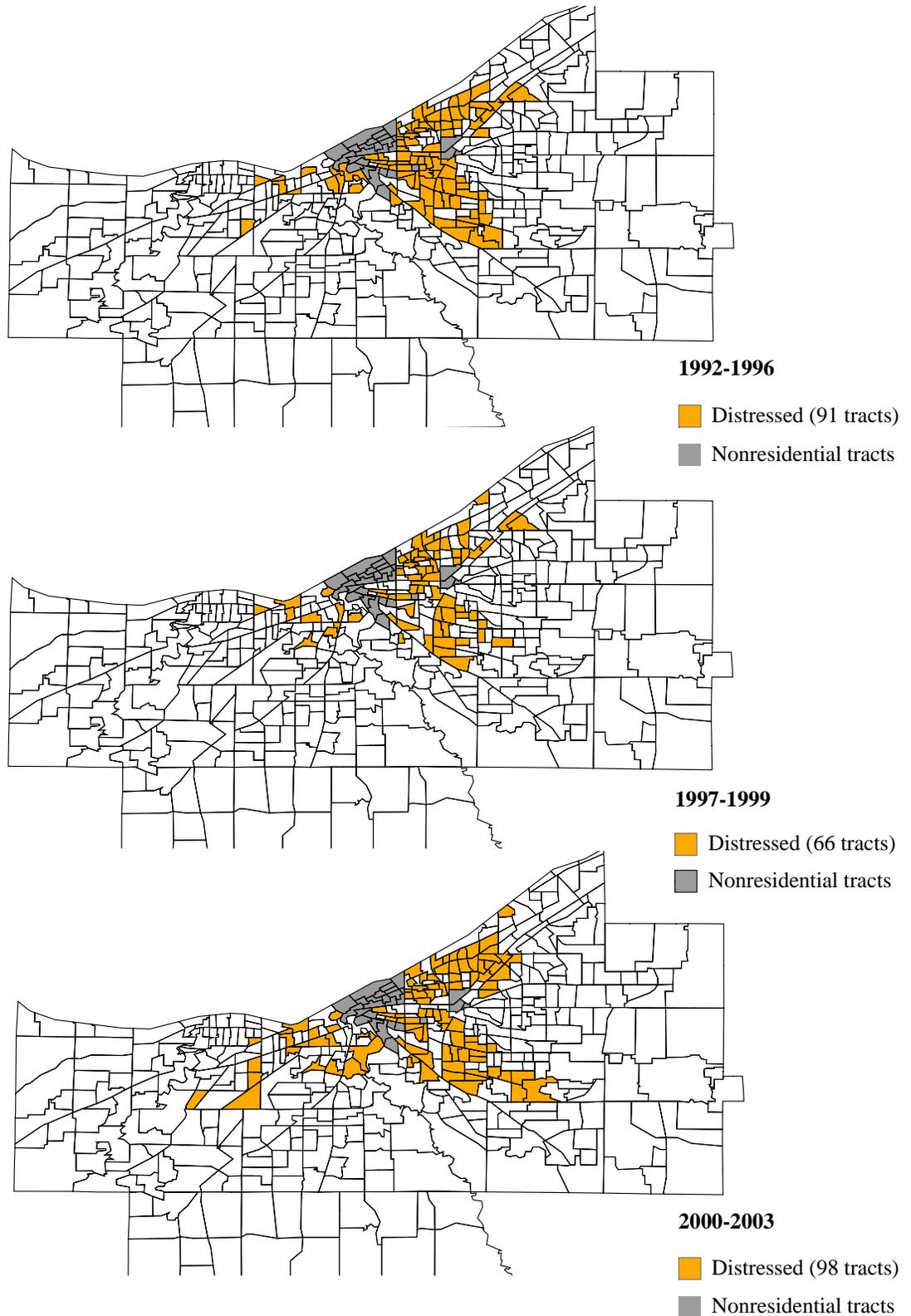
Homicide has been thoroughly researched. Perhaps the most comprehensive recent report for the present purpose is *Murder Is No Mystery: An Analysis of Philadelphia Homicide, 1996-1999*, which includes the following observations: 300 to 500 Philadelphians have been

²⁴Importantly, these data record an incidence of homicide by the address of the victim and not by the address of the incident, as on police reports. But because homicides are often committed close to the victim’s address (indeed, over a quarter are committed in the victim’s home), the method of recording should not change the major conclusions presented here.

²⁵Fazlollah, Matza, and McCoy (1998).

Figure 5.8

Summary of Social Distress as Measured by Maternal and Infant Health:
Snapshots of Cuyahoga Neighborhoods at Three Points in Time



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

The Project on Devolution and Urban Change

Figure 5.9

Summary of Social Distress as Measured by Maternal and Infant Health:
Snapshots of Philadelphia Neighborhoods at Three Points in Time



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

killed each year since the early 1970s. Most of the victims and nearly all of the alleged murderers were men. More than half of the alleged murderers and over a third of the victims were between 18 and 24 years old. Three-quarters of the alleged murderers and the victims were African-American. Most of the alleged murderers had prior arrests. In fact, more than half were awaiting trial or sentencing at the time of the murder.²⁶

Perhaps the only good news about homicide is that it declined to record lows throughout the 1990s. Nationally, the incidence of homicide declined between 1991 and 2000, and the rate has remained fairly stable since.²⁷ Table 5.4 summarizes homicide trends across the three types of neighborhoods in Philadelphia during the pre-reform (1992-1996), early reform (1997-1999), and later reform (2000-2003) periods. The homicide rate declined dramatically in Philadelphia's poor neighborhoods in both the early and the later reform periods.

Unfortunately, homicide data for Cuyahoga are available only for the City of Cleveland, which precludes a statistical analysis of change over time. But Appendix Figure B.6 shows that the homicide rate declined through 1999 in Cleveland's poor neighborhoods before increasing in the early 2000s.

Home Investments

In addition to monitoring risks among the most disadvantaged populations, such as low-income families, it is also important to assess progress. One set of indicators of financial well-being is participation in the home mortgage market. Earlier Urban Change reports find that 14 percent of Cuyahoga survey respondents and 26 percent of Philadelphia respondents owned a home in 2001 — an increase of 9 percentage points in each county since the 1998 survey interview.²⁸ This analysis relies on data provided under the 1975 Home Mortgage Disclosure Act (HMDA), which requires lenders to report the approval rates and amounts for home purchases, broken down by applicants' characteristics, such as race and sex, and by property location.²⁹ Specifically, the data track trends in the proportion of low-income families applying for home mortgages, their approval rates, and the amounts approved (both in 2005 dollars and as a ratio of their income).

²⁶Tierney, McClanahan, and Hangle (2001).

²⁷U.S. Department of Justice, Bureau of Justice Statistics (2006).

²⁸Brock et al. (2002, p. 125); Michalopoulos et al. (2003, p. 131).

²⁹HMDA loan amounts have been found to be closely correlated with single-family home sales prices at the census-tract level across multiple cities. Economists have demonstrated that a wide range of neighborhood amenities and disamenities are capitalized into the values of properties located nearby (Galster, Hayes, and Johnson, 2004). MDRC has purchased and analyzed these data for the period from 1992 to 2003.

Table 5.4 summarizes these trends across the three different types of neighborhoods in Cuyahoga and Philadelphia during the pre-reform (1992-1996), early reform (1997-1999), and later reform (2000-2003) periods. The first three columns indicate the direction of trends that changed during the pre-reform period. Statistically significant changes (those greater than 10 percent) are indicated by larger arrows, and smaller changes are indicated by smaller arrows.

In Cuyahoga, roughly 63 percent of the 9,500 homes purchased each year by low-income families were located in poor neighborhoods (not shown). Home mortgage approval rates declined across neighborhoods — substantially in the early reform period and less so in the later reform period. Over time, however, approved borrowers (like other borrowers countywide) qualified for higher mortgage amounts (even after controlling for inflation). These increases in purchasing power were substantial in poor neighborhoods in the early reform period and across neighborhoods in the later reform period. Taken together, these indicators suggest that the 1990s were a period of increased home mortgage costs and declining approval rates for low-income borrowers across Cuyahoga neighborhoods.

In Philadelphia, roughly 72 percent of the 11,000 homes purchased each year by low-income families were located in working-poor neighborhoods (not shown). An increasing proportion of low-income households applied for mortgages in the early reform period, especially in working-poor and nonpoor neighborhoods. Perhaps reflecting increased participation in home investments, the approval rates for borrowers in poor and in working-poor neighborhoods dipped in the early reform period, along with approved mortgage amounts. But their purchasing power increased after 2000. The 1990s were a period of rising home mortgage participation rates among low-income Philadelphia families, and the early 2000s were a period of increased home equity.

Moving in Circles or Moving Out?

Poor families are highly mobile; according to prior Urban Change reports, nearly 80 percent of Cuyahoga survey respondents and 64 percent of Philadelphia respondents moved at least once between 1995 and 2000. Concerned that poor neighborhoods offer greater risks and fewer opportunities for low-income families, some housing experts propose policies to enable such families to move to middle-income neighborhoods.³⁰ Others propose strategies to revitalize

³⁰For findings of the Moving to Opportunity for Fair Housing Demonstration, see Orr et al. (2003); for findings of the Gatreux studies, see Rabinowitz and Rosenbaum (2000); for findings of the Hope VI studies, see Popkin et al. (2004).

poor neighborhoods.³¹ Essential to either strategy is a solid empirical understanding about mobility patterns among poor families: How many move? How far? And to what effect?

Calculations based on census data estimate that the five-year mobility rate in poor neighborhoods across major metropolitan areas is about 50 percent, although the rate is somewhat lower in the Northeast than in the growing West and lower in highly segregated metropolitan areas and in tight housing markets.³² Not surprisingly, younger households, households without children, and renters are more mobile than older households, households with children, and home owners.

Census data provide some information about the characteristics of households who moved into their current housing within the past year and the past five years. But few data sources provide insights into how far families move. Those sources that do suggest that black families and families with less education, lower labor force participation rates, and portable housing subsidies tend to move short distances.³³

This analysis draws on the Urban Change survey of women who received welfare in 1995 and who were interviewed in 1998 and again in 2001. More specifically, the Urban Change Respondent Survey sample consists of women who, in May 1995, were single mothers ages 18 to 45 who were receiving cash welfare, food stamp benefits, or both. Based on these administrative records of cash or food stamp benefits, 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 in each county.³⁴

Table 5.5 compares the two counties' nonmovers and movers in terms of personal characteristics, housing hardships and conditions, and neighborhood characteristics. It is estimated

³¹For a discussion of the accomplishments of the Empowerment Zone program, see U.S. Department of Housing and Urban Development and U.S. Department of Agriculture (1999).

³²This paragraph draws heavily on a literature review prepared for MDRC by Galster (2002).

³³Larner (1993).

³⁴As in the earlier Urban Change reports, the Cuyahoga analysis sample is restricted to the 689 women who were receiving welfare in May 1995 and who responded to both the 1998 and the 2001 survey. Similarly, the Philadelphia analysis sample is restricted to the 638 woman who were receiving welfare in May 1995 and who responded to both the 1998 and the 2001 survey. Response rates for the Cuyahoga surveys were 80 percent in 1998 and 86 percent in 2001, and response rates for the Philadelphia surveys were 79 percent in 1998 and 82 percent in 2001. Analyses of attrition bias for the Cuyahoga sample concluded that respondents to the 2001 survey were not significantly different from nonrespondents on several key characteristics, such as race/ethnicity, age, marital status, educational attainment, and welfare status. In Philadelphia, women who were still single at the time of the 2001 interview were slightly more likely to respond than those who were married or separated. Although it is possible that women who moved farther would be less likely to be located for the second survey, the relatively high 2001 response rates and the minimal response bias suggest that the sample for this analysis is representative of the 1998 respondent sample.

The Project on Devolution and Urban Change

Table 5.5

Characteristics and Experiences of Welfare Recipients in 2000, by Five-Year Mobility Status

	Cuyahoga		Philadelphia	
	Nonmovers	Movers	Nonmovers	Movers
Average distance moved (miles)	0.0	3.0	0.0	2.1
<u>Personal characteristics</u>				
Age	40	36 ***	39	36 ***
Race/ethnicity				
Black, non-Hispanic	83.7	81.8	74.4	76.3
White, non-Hispanic	7.3	9.5	4.9	3.8
Hispanic	6.5	6.6	19.2	18.6
Marriage and family				
Never married	52.8	56.1	69.0	61.4
Number of children	1.8	2.3 **	1.8	2.2 **
Education, work, and public receipt status				
No high school diploma or GED	29.3	32.4	40.4	41.6
Currently employed	78.0	75.0	67.5	70.9
Received welfare in prior month	14.6	14.7	29.1	30.2
Received food stamps in prior month	35.8	47.7 **	51.2	53.7
Home ownership	9.8	7.9	29.1	14.5 ***

(continued)

Table 5.5 (continued)

	Cuyahoga		Philadelphia	
	Nonmovers	Movers	Nonmovers	Movers
<u>Situational housing hardships in past year</u>				
Had trouble finding a place to live	15.1	26.4 **	16.4	27.0 **
<u>Housing condition hardships (current)</u>				
Leaky roof or ceiling	16.3	11.5	25.1	17.6
Plumbing problems	12.2	11.1	20.7	10.4 **
Broken windows	16.3	12.5	26.6	14.3 **
Lead paint	6.5	5.4	10.4	5.3 **
Exposed electrical wires	9.8	8.2	15.3	10.2
Rats, mice, roaches, or other insects	23.6	24.8	55.7	44.8
Unreliable furnace, boiler, or heater	8.1	6.3	9.9	7.9
Unreliable stove or refrigerator	9.8	8.4	11.3	8.1
<u>Neighborhood characteristics</u>				
Poverty status of neighborhood (2000)				
Poor	97.6	74.4 ***	100.0	86.9 ***
Working-poor	2.4	21.5 ***	0.0	13.1 ***
Nonpoor	0.0	4.1	0.0	0.0
Change in the neighborhood rate of homicide (per 100,000) between 1995 and 2000	-11.6	-8.1	-1.0	-16.2 ***
Neighborhood good or very good for children	65.0	68.2	41.9	59.8 **
Sample size	123	559	203	397

SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

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

that 82 percent of Cuyahoga respondents and 66 percent of Philadelphia respondents moved at least once between 1995 and 2001.³⁵ Movers in both counties were younger than nonmovers and had slightly more children, on average. They were also more likely than nonmovers to report having had trouble finding a place to live in the prior year (perhaps because they were more likely to be looking for a different place to live). By contrast, nonmovers more often owned their home than movers did (particularly in Philadelphia), and, as owners of properties in poor neighborhoods, they were more likely to report such housing problems as faulty plumbing, broken windows, and lead paint. By the end of the decade, almost all the neighborhoods of nonmovers were still poor, while some movers in each county had relocated to working-poor neighborhoods. In Philadelphia, some movers had also relocated to much safer neighborhoods, as evidenced by the change in the level of homicide in their 1995 and their 2000 neighborhood of residence (see the last panel of Table 5.5).

How far did families move between 1995 and 2000, and were those who moved farther away more likely to escape poverty than those who moved locally? Among movers, the average distance moved was three miles in Cuyahoga and two miles in Philadelphia (see the top row of Table 5.5). To assess whether families who moved farther than average fared better in terms of housing and neighborhood conditions, Table 5.6 divides families in each county into three groups based on the distance between their 1995 and 2000 residential addresses.³⁶ In Cuyahoga in 2000, nearly a third (32 percent) of welfare recipients lived three miles or more from their 1995 address; just over a quarter (26 percent) lived between one and three miles from their earlier address; and the remaining 42 percent lived within a mile of that address. For convenience, the groups are referred to, respectively, as “leavers,” “locals,” and “stayers.” In Philadelphia, 58 percent of the sample were stayers; 26 percent were locals; and 16 percent were leavers.

³⁵These estimates are based on both survey responses and actual addresses captured from administrative records to define movers and nonmovers. To be categorized as a nonmover, a respondent must have reported that she “did not move in the past year” on both the 1998 and the 2001 survey. In addition, administrative records of her neighborhood address in 1995, 1998, and 2001 must have matched. The estimates of mobility between 1995 and 2001 are based on this stringent definition, which draws on two surveys and three monthly addresses from administrative records.

³⁶Specifically, this analysis calculates the distance between the centroid (that is, the geographic center) of each survey respondent’s 1995 and 2000 census tract of residence. This analysis treats distance moved as a categorical variable, dividing the sample into three groups, in order to compare the circumstances and experiences of families that made short-, medium-, and longer-distance moves. (Nonmovers in each county are grouped together with those who moved less than one mile.) Given that the average distance moved was three miles in Cuyahoga and a little less in Philadelphia, a three-mile interval serves as a convenient way to divide the sample into these three groups. And as three miles is a fairly good-length walk, a move of more than three miles from one address to another suggests a move to a different “walking neighborhood.” Inasmuch as Cuyahoga County covers a land area of 458 square miles and Philadelphia County covers a land area of 135 square miles, there are many possible moves of three miles within each county. To confirm that distance moved predicts differences in housing and neighborhood circumstances — irrespective of the three-mile threshold — separate analyses for each county treat distance moved as a continuous variable. Those analyses confirm the relationship between distance moved and the predictor variables listed in Table 5.6.

The Project on Devolution and Urban Change

Table 5.6

Characteristics and Experiences of Welfare Recipients in 2000, by Distance Moved from 1995 Address

	Cuyahoga			Philadelphia		
	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than 3 Miles	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than 3 Miles
Average distance moved (miles)	0.2	2.0	5.6	0.1	1.9	5.3
<u>Personal characteristics</u>						
Age	38	35	35 *	38	36	35 ***
Race/ethnicity						
Black, non-Hispanic	80.4	80.8	85.5	72.0	79.9	82.3
White, non-Hispanic	10.9	7.3	8.2	5.4	2.6	2.1
Hispanic	6.3	9.6	4.5	21.1	16.2	14.6
Marriage and family						
Never married	54.7	55.1	56.8	62.9	66.2	64.2
Number of children	2.0	2.6	2.2	2.0	2.1	2.1 **
Education, work, and public receipt status						
No high school diploma or GED	33.0	37.9	25.5	42.3	35.1	46.9 **
Currently employed	76.9	70.9	77.6	68.2	66.7	79.5
Received welfare in prior month	13.7	16.9	14.1	32.6	26.6	25.0
Received food stamps in prior month	40.7	55.4	43.8 **	52.9	55.2	49.0
Home ownership	9.8	6.3	7.7	24.4	15.6	7.6 ***

(continued)

Table 5.6 (continued)

	Cuyahoga			Philadelphia		
	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than 3 Miles	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than 3 Miles
<u>Neighborhood characteristics</u>						
Poverty status of neighborhood (2000)						
Poor	95.1	82.5	54.1 ***	98.9	85.1	74.0 ***
Working-poor	4.9	15.8	36.8 ***	1.1	14.9	26.0 ***
Nonpoor	0.0	1.7	9.1	0.0	0.0	0.0
Change in the neighborhood rate of homicide (per 100,000) between 1995 and 2000	-6.0	-7.0	-15.0	-3.9	-18.6	-24.9 ***
Neighborhood good or very good for children	66.2	68.0	69.3	44.3	64.7	71.0 **
Sample size	285	177	220	350	154	96

SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

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

Table 5.6 (continued)

	Cuyahoga			Philadelphia		
	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than >3 Miles	Stayers Moved Less Than 1 Mile	Locals Moved 1-3 Miles	Leavers Moved More Than >3 Miles
<u>Neighborhood characteristics</u>						
Poverty status of neighborhood (2000)						
Poor	95.1	82.5	54.1 ***	98.9	85.1	74.0 ***
Working-poor	4.9	15.8	36.8 ***	1.1	14.9	26.0 ***
Nonpoor	0.0	1.7	9.1	0.0	0.0	0.0
Change in the neighborhood rate of homicide (per 100,000) between 1995 and 2000	-6.0	-7.0	-15.0	-3.9	-18.6	-24.9 ***
Neighborhood good or very good for children	66.2	68.0	69.3	44.3	64.7	71.0 **
Sample size	285	177	220	350	154	96

SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

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

Table 5.6 shows that there were few significant personal differences among the three groups. Leavers were younger in both counties. As was true of nonmovers, Philadelphia stayers were significantly more likely to own houses in poor neighborhoods and thus were more likely to report housing problems, such as leaks, broken windows, or lead paint.

Locals in both counties were significantly more likely than the others to participate in the federal Section 8 program (a portable housing subsidy for low-income families). Cuyahoga leavers were more likely than stayers or locals to report household independence as a motivation for moving. But they were also more likely than the others to report doubling up with another household because they needed a place to live.³⁷ In Philadelphia, by contrast, leavers were less likely than the others to report moving out on their own.

Most important is that leavers in both counties were significantly more likely than stayers or locals to escape neighborhood poverty by 2000. Table 5.6 shows that nearly all (95 percent) Cuyahoga stayers and most (83 percent) movers lived in a poor neighborhood in 2000, while just over half (54 percent) of leavers did. Recall that neighborhood poverty declined in Cuyahoga's poorest neighborhoods, which makes it even more surprising that leavers achieved reductions in neighborhood poverty above and beyond those achieved by stayers or locals. Philadelphia exhibited a similar pattern, although a much smaller proportion of leavers moved to nonpoor neighborhoods (perhaps reflecting, in part, the fact that Philadelphia County had fewer nonpoor neighborhoods to move to). In Philadelphia, almost all (99 percent) stayers and most (85 percent) movers still lived in a poor neighborhood in 2000, while only three-quarters (74 percent) of leavers did. Unlike in Cuyahoga, neighborhood poverty rates in Philadelphia increased (which, of course, made switching neighborhoods the only viable strategy of escape), partly contributing to the relative reductions in poverty for leavers vis-à-vis stayers.

Leavers in both counties also moved to safer neighborhoods, as measured by vital records data on neighborhood homicide rates. Notably, the homicide rate declined dramatically during this period in both counties, which makes it more surprising that leavers achieved such dramatic improvements in neighborhood safety relative to the other two groups. In Cleveland, the homicide rate declined by 6 per 100,000 for stayers, but it declined by more than twice as much for leavers. In Philadelphia, the homicide rate declined 4 per 100,000 for stayers and by more than six times as much for leavers. Philadelphia leavers were also significantly more likely to describe their 2000 neighborhood as a "good or very good" place to raise children (71 percent), compared with locals (65 percent) or stayers (44 percent).

³⁷In fact, Cuyahoga leavers were more likely than the others to report both reasons, suggesting that they moved in with others *and* moved out on their own. And Cuyahoga families who doubled up were more likely than other families to move several times. (Neither observation is shown in Table 5.6.)

As mentioned above, some housing programs (Gatreaux, the Moving to Opportunity for Fair Housing Demonstration, and Hope VI) aim to enable low-income families to move to middle-income neighborhoods, while other programs target social and community redevelopment services to poor families within poor neighborhoods. Both policy strategies could benefit from clearer empirical baselines about how often low-income families move, how far they move, and with what effects on their housing and neighborhood conditions.

This study of mobility patterns among low-income households in poor Cuyahoga and Philadelphia neighborhoods offers three findings, consistent with the scant empirical literature mentioned above. First, many low-income families switch households each year. This suggests that social service or community development programs in either county that are narrowly targeted to specific neighborhood blocks (such as Block Watch or Block Captain programs) should anticipate relatively high levels of annual turnover among residents. To the extent that such programs rely on a stable core of participants, they might target home owners and older residents, who are slightly less likely to move.

On the other hand, as most residents — particularly the most disadvantaged — do not move far, neighborhood-specific programs in these counties might do well to define their catchments to include areas of at least three square miles. Second, for proponents of mobility policies, this finding suggests that the problem (at least in these two counties) is not so much that low-income families are “stuck” in the same housing units and neighborhoods for many years but that, over several years, they move within a limited range of affordable housing units in the same neighborhoods. Thus, poor families in these two counties will move to different housing units even without special mobility programs, but policy interventions (counseling, enhanced rent assistance, and so on) might be needed to help them move to better neighborhoods. Further, not all moves are positive steps; some clearly reflect situational housing hardships, which are more prevalent among movers than nonmovers (Table 5.5). Thus, besides mobility programs, some families in both counties might find it useful to participate in housing *stability* programs (such as emergency rent and mortgage assistance, code enforcement, and home improvement loans).

Summary and Conclusions

As noted in the introduction to this chapter, policy analysts have paid close attention to indicators of social distress in poor neighborhoods since the 1970s, when the number of U.S. urban neighborhoods with exceptionally high concentrations of social distress more than tripled,

and the number of extremely high-poverty neighborhoods increased by half.³⁸ As it turned out, poor neighborhoods fared better than expected during the 1980s and 1990s. Even in 1980, fewer than a third of U.S. high-poverty neighborhoods evidenced high concentrations of social distress, and although the number of high-poverty neighborhoods increased over the 1980s, the number of distressed neighborhoods declined. During the much stronger economy of the 1990s, the number of each type of neighborhood declined precipitously.

Drawing on a wide range of census data, vital records, and home mortgage lending data, this chapter reports similar progress among low-income neighborhoods in Cuyahoga and Philadelphia during the booming economy of the late 1990s and the more sober economy of the early 2000s. In Cuyahoga, poverty fell, not just for adults but also for children. And the declines in poverty were concentrated in the poorest neighborhoods and among the most disadvantaged. The female labor force participation rate in poor neighborhoods increased by a remarkable 17 percent. Inflation-adjusted median family income in poor neighborhoods increased by 10 percent. Teen birthrates and rates of homicide in poor neighborhoods fell by nearly 40 percent. And the proportion of mothers and infants receiving adequate prenatal care in poor neighborhoods increased by 22 percent. Clearly, poor neighborhoods saw significant improvements.

But even during the 1990s, conditions for some subgroups and neighborhoods worsened in Cuyahoga. Male joblessness increased by 16 percent in poor neighborhoods. And composite indicators of acute distress in maternal and infant health remained high in several East Cleveland neighborhoods. Food stamp participation rates among poor adults in poor neighborhoods declined sharply.

Philadelphia was dealt a much worse hand. Unemployment rates hung above 7 percent for six of the ten years between 1994 and 2003. Even so, the child poverty rate declined 4 percent in poor neighborhoods. Teen birthrates in poor neighborhoods fell by 39 percent, and homicide rates fell by 30 percent. In working-poor and nonpoor neighborhoods, an increasing proportion of low-income families applied for mortgages.

But male labor force participation rates fell, especially in poor neighborhoods. The proportion of adults without a high school education increased countywide. Hardest hit were working-poor neighborhoods on the edges of poverty clusters on Philadelphia's north, west, and

³⁸The core measures of social distress in this literature have included male joblessness, high-school dropout rates, single-parent households, and public assistance. "Distressed neighborhoods" in this literature are defined as census tracts where the level of each of these indicators is 1 standard deviation above the national mean. "High-poverty neighborhoods" are defined as census tracts where the poverty rate is greater than or equal to 40 percent. For information about the national trends in poverty and social distress discussed in this and the following paragraph, see Jargowsky and Yang (2006) and Jargowsky (1997).

south sides, where median family income declined 7 percent and rates of poverty and extreme poverty increased.

In both counties, several nonpoor neighborhoods became working-poor. And although many welfare recipients moved, most did not get very far.

Understanding the socioeconomic context within which the two income support systems operated might help to explain their different administrative emphases. Chapter 2 describes how, over time, the Cuyahoga County Division of Employment and Family Services strove to position itself as an employment service and work support center for working families. And Chapter 3 describes how, in the early 2000s, Pennsylvania's Department of Public Welfare strove to offer closer, more coordinated case management with a range of service models for recipients who had employment barriers. The trends presented here suggest that both adaptations were responsive to local socioeconomic and caseload trends. Ohio's strict welfare policies ended long-term cash assistance receipt during a period of remarkably low unemployment, but Cuyahoga struggled to cope with an increasing proportion of working-poor residents. The Philadelphia system coped with persistently high levels of unemployment and increasing poverty, even during a period of national prosperity.

Chapter 6

Responding to the Challenges of Welfare Reform and Reauthorization in Practice and Policy

State welfare agencies nationwide confronted three primary operational challenges in implementing the Temporary Assistance for Needy Families (TANF) program: how to assist recipients in moving from welfare to work, how to serve recipients who have multiple or severe barriers to employment, and how to provide work supports to low-income families — both those on and off the welfare rolls. Despite different priorities, policies, and contexts, administrators in Cuyahoga and Philadelphia Counties often responded to these challenges with similar programmatic strategies.

The first part of this chapter compares and contrasts the policy responses in Cuyahoga and Philadelphia to these three main challenges, highlighting what administrators and staff would consider their “best practices.”

In the wake of the early 2006 federal reauthorization of the TANF program — which has effectively increased the caseload participation requirements that states must meet, starting in Fiscal Year (FY) 2007 — all three of the operational challenges discussed in this chapter are likely to become even more important for TANF agencies across the country to address. The second part of this chapter offers some reflections, based on the experiences of Cuyahoga and Philadelphia, about the next phase of welfare reform.

Summary of Findings

- **Cuyahoga and Philadelphia took different basic approaches to moving welfare recipients to work, although both counties strove to increase recipients’ engagement, create an appropriate mix of education and training versus employment services, and implement sanctioning policies fairly and effectively.** While Ohio implemented strict work participation requirements for recipients and Pennsylvania took advantage of the caseload reduction credit to allow recipients more flexibility, both counties struggled with determining the right combination of employment and education and training services to offer. Both counties also used performance-based contracting to monitor the quality of the services offered by outside providers, and they contracted with third-party organizations to review how they implemented their sanctioning policies.

- **As welfare caseloads declined, both counties sought new ways to serve recipients who had severe or multiple employment barriers.** They designed new assessment and referral procedures and developed specialized services, including transitional jobs programs.
- **To help low-income families (whether on the TANF rolls or not), both counties worked to increase access to work support programs, including child care, food stamps, health insurance, and tax credits.** They established telephone hotlines and Internet-based benefit-eligibility screeners to disseminate information about work supports, aligned TANF and food stamp eligibility requirements, and sought to make high-quality child care more accessible to working families.

Assisting Recipients in the Transition from Welfare to Work

The federal time limit and work participation requirements in TANF brought a sense of urgency to service delivery systems: They had 60 months to assist recipients in moving from cash assistance to work. In response, TANF administrators in Cuyahoga and Philadelphia strove to increase recipient engagement, to optimize the range and quality of employment services, and to provide third-party sanction reviews focused on bringing recipients back into compliance.

Increasing Recipient Engagement

As discussed in Chapter 1, by 2002, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) required states to engage 50 percent of families in certain kinds of work activities. State and local agencies struggled with how to balance the need to meet this participation rate versus other goals and with how to engage the broadest possible proportion of TANF recipients. Both counties strove to increase participation, but the extent to which they emphasized this priority and the approaches they took differed.

As described in Chapter 2, Ohio set participation targets that were higher than the federally mandated rates, and it established guidelines that were more restrictive than PRWORA required. Cuyahoga sent strong work-first messages and maintained low ratios of case managers to recipients, to engage as many recipients as possible. Administrators asserted that all recipients can (and should) work or participate in work-related activities in order to get on track to employment. Since the state's 36-month time-limit clock was ticking for all families, staff tried to engage families immediately.

As Chapter 3 makes clear, Pennsylvania, like some other states, imposed the minimum participation requirements allowable under federal law and took advantage of the federal

caseload reduction credit, which allowed most states to reduce their participation target as their caseloads declined. Thus, because Pennsylvania’s caseload fell so dramatically, its federal participation requirement was effectively eliminated by 2000.¹ In order to promote long-term self-sufficiency, Pennsylvania offered recipients of cash assistance more time and flexibility to meet participation requirements “upfront.”

The contrasts between these two approaches are instructive. Staff in Cleveland said that they appreciated the ways in which the clear messages about work from the Cuyahoga County Division of Employment and Family Services (EFS) motivated recipients to participate. The low ratios of caseworkers to recipients that Cuyahoga maintained may also have allowed for individualized service planning, which can further help engage recipients. But some argued that they could have engaged more recipients, particularly those with serious employment barriers, if the set of allowable activities that counted as “work activities” were broadened. A national study of TANF participation requirements corroborates that defining the activities in which recipients can participate broadly — including, perhaps, some activities that do not count toward the federal participation rate — helps engage a broad population.²

Although Pennsylvania’s modest hourly requirements and two-tiered participation structure emphasized the goals of respecting recipients’ autonomy and preventing long-term dependence, in practice its policies worked against engaging to the extent required by federal legislation. Line staff reported that frequent policy changes and inconsistent enforcement made it difficult for them to motivate recipients to participate. Indeed, the study on TANF participation requirements found that communicating a clear message and monitoring participation — as Ohio Works First (OWF) was implemented in Cuyahoga — may help promote recipient engagement.

Optimizing the Range and Quality of Employment Services

Cuyahoga and Philadelphia attempted to improve service quality in two ways: by adjusting the mix of education and training versus employment services and by adjusting the terms of performance-based contracts with third-party providers. In performance-based contracts, welfare agencies pay providers for a portion of their services with a flat payment, and they award the remaining portion based on such performance outcomes as the proportion of recipients completing orientation, the proportion placed in jobs, and the proportion that retain jobs for six months. Administrators in both counties struggled to determine what proportion of the contract value should be offered to providers as a flat payment and what proportion should be awarded based on performance outcomes.

¹U.S. Department of Health and Human Services, Administration for Children and Families (2002).

²Kauff, Derr, and Pavetti (2004).

Administrators in Cuyahoga and Philadelphia offered two important insights. First, concerning the optimal mix of services, they found that restricting the menu of service options to countable activities under PRWORA did not provide enough assistance to recipients who had serious employment barriers. On the other hand, too much flexibility in the service menu resulted in inefficiencies.

Ohio's strict interpretation of allowable activities limited most recipients to 240 hours of preemployment social services, followed by unpaid work experience. Caseworkers and administrators expressed a need for programs in which employment-related activities that contribute to the participation rate are combined with wraparound social services that address recipients' employment barriers.

Conversely, the Philadelphia Workforce Development Corporation (PWDC) initially relied heavily on education and training programs; over time, it implemented policies to ensure appropriate referrals and reduce "program hopping." Most services were coordinated through the umbrella Single Point of Contact (SPOC) program. A legacy of the Job Training Partnership Act (JTPA) of the 1980s, SPOC inherited JTPA's heavy emphasis on education and training, which administrators found was not always the best fit for most TANF recipients. Eventually, Philadelphia instituted an entrance literacy exam for training programs, and it offered remedial assistance to recipients who failed. (Those who could not read at the eighth-grade level were referred to programs that had suitable curricula.)

Second, administrators in both counties determined that the optimal ratio of flat payments to performance-based awards in third-party employment contracts was roughly 35-40 percent flat payment to 60-65 percent performance award.

Interestingly, although they began at opposite ends of the continuum, the two counties optimized contracts in offsetting ways to end up with similar terms. In Cuyahoga, EFS was traditionally a relatively demanding contractor, offering providers only 25 percent of the contract value as a flat payment and awarding the remaining 75 percent of the contract value based on performance outcomes. Over time, EFS recognized that providers needed more upfront resources to develop services capable of meeting the performance targets. Accordingly, EFS increased the flat-payment portion of the contract from 25 percent to 35 percent and decreased the performance portion from 75 percent to 65 percent. The Philadelphia Workforce Development Corporation, on the other hand, decided that its contract terms had not demanded enough of providers. Accordingly, it decreased the flat portion of the contract value from 45 percent to 40 percent, increasing the performance award portion from 55 percent to 60 percent. For Philadelphia service providers, this meant that 5 percent of the contract value — previously available upfront — would now be awarded only to providers who demonstrated results.

Providing Third-Party Sanction Review

PRWORA requires states to impose financial sanctions on families who are not participating in work activities to the extent required. Both counties in this study contracted with private, nonprofit organizations to independently review their sanctioning determinations. Cuyahoga administrators were confident that EFS implemented sanctions fairly and infrequently. Nevertheless, they were concerned that sanctioned families might experience severe material deprivation or that their children might suffer harm. To ensure that recipients understood the reasons for a sanction and the steps required to restore benefits, and to identify and respond to instances of severe deprivation or child maltreatment, EFS implemented *post-sanction reviews* for all sanctioned recipients. By contrast, Pennsylvania's Community Connections Initiative (CCI) provided *pre-sanction reviews*, designed to prevent unfair or inappropriate sanctions. CCI grew out of the work of community-based advocacy organizations, which argued that sanctioning policies were not clearly articulated to non-English speakers. The Pennsylvania Department of Public Welfare (DPW) mandated a review as one of the good-faith efforts that caseworkers must make before issuing a sanction.

TANF case managers in both counties (and EFS administrators in Cuyahoga) were fairly critical of third-party sanction reviews, but Philadelphia County Assistance Office (PCAO) administrators offered an important counterpoint.

Case managers in both counties expressed some resentment concerning the involvement of third-party reviewers. They complained that sanction reviews rarely uncovered information that would have altered their initial decisions to sanction. In Cuyahoga, Self-Sufficiency Coaches and administrators questioned the value of the reviews, inasmuch as sanctions were implemented relatively infrequently and fairly and the review process rarely uncovered severe material deprivation or neglect.

Philadelphia administrators, on the other hand, found it beneficial to engage advocates in the sanction prevention system. One seasoned PCAO administrator explained that the CCI program provided the opportunity for advocates and community-based organizations to work with case managers on behalf of recipients, bridging an otherwise-contentious divide and promoting understanding on both sides:

I think it served its purposes. It brought allies into the fold, people into the tent, who began to understand that you've got some people out there that if a job came up and knocked on the door and said, "Here I am," they wouldn't take it. So that was a good thing. It got them to see some people out there who are really gaming us. It's quite different when they say it. And I have to laugh, because I tell them, "Oh, it's quite different when you say that." When I say it,

I'm the "bureaucrat." What's that that they call me? — I'm "the suit." "But when you say it, it's really true." So in that fashion it served its purpose.

Serving Recipients Who Have Severe or Multiple Barriers to Employment

Broader participation requirements, stricter policy decisions regarding exemptions from participation requirements, and time limits all amplified the importance of identifying and serving recipients at risk of becoming long-term recipients. Administrators in Cuyahoga and Philadelphia focused on two particular strategies: (1) identifying barriers to employment and making appropriate referrals for services and (2) developing more effective services for recipients with severe or multiple employment barriers.

Identifying Employment Barriers and Making Appropriate Referrals

TANF recipients often face barriers to employment, ranging from limited employment and education histories to substance abuse issues, mental illness, and physical disability. In order to refer recipients to the services best suited to their circumstances, state and county TANF administrators recognized the need to better identify the employment barriers that recipients face. Many TANF agencies have developed formal assessment procedures so that caseworkers will have a better understanding of recipients' barriers and can make the most appropriate service referrals.

The content and administration of assessments vary widely.³ Although assessment tools may screen for many potential barriers, agencies often must choose which ones to include. Also, they may screen for multiple barriers in a single assessment or may use separate instruments that each screen for a single barrier. Some TANF agencies take charge of the design, while others seek guidance from community-based organizations that have more experience in assessing barriers and working with recipients who face multiple or severe barriers to work. Agencies may be able to use previously designed tools, but often they must adapt them for the TANF population, in order to link them directly with TANF's employment goals. In addition, agencies must decide when the assessment should occur — that is, whether to administer it at intake or after the recipient has attended programs without success. Some agencies delegate the task of administering assessments to staff within the TANF agency, while others contract with staff from outside organizations. Finally, TANF agencies may want to consider how the case management process can provide ongoing assessments of barriers to complement the initial formalized assessment.

³Thompson and Mikelson (2001).

In developing new assessment procedures, the two counties once again arrived at solutions that had both similarities and differences. Cuyahoga contracted with a private, nonprofit organization in 2004 to pilot the “Comprehensive Employment Screen,” a single-interview process delivered by the nonprofit providers at intake that identifies several employment barriers, including limited education and employment history, family and relationship issues (including caretaking responsibilities and domestic violence), physical health issues, learning disabilities, mental illness, and substance abuse. The first part of the screen consists of a series of yes-or-no questions developed from the GAIN-Q, an instrument developed by the federal Substance Abuse and Mental Health Services Administration (SAMHSA). The second part is more conversational; screeners ask a list of key questions and follow up any issues that emerged during the first part of the screen. Screeners generate a brief report that describes the recipient’s barriers and suggests one type of employability plan. This report is then sent to a TANF caseworker, who uses the results to match the recipient to the most appropriate services. Program referral ultimately remains the caseworker’s decision.

In Philadelphia, the Department of Public Welfare (DPW) also strove to improve the referral process, but it focused less on the screening instrument and more on restructuring case management and employment services. In 2005, DPW established neighborhood Employment, Advancement, and Retention Network (EARN) Centers in an attempt to provide more individualized, coordinated, and consistent case management services and more personalized attention to recipients that would help identify barriers throughout their time on cash assistance. In addition, as discussed in Chapter 3, DPW broadened the scope of recipients who can be referred to the voluntary assessment and treatment program (the Maximizing Participation Project, or MPP) and allowed that referral to happen at any point in the recipient’s service trajectory.⁴

Cuyahoga and Philadelphia made different decisions about how to develop and administer assessment procedures: Cuyahoga focused on developing an upfront, formal assessment tool, while Philadelphia focused on integrating assessment into ongoing case management services. Cuyahoga administrators felt that the comprehensive tool was successful in providing caseworkers with a broad history of each client and that the screen was more convenient for both staff and recipients than the multiple tools that had been used previously. Most caseworkers reported that the new tool provided more information about recipients’ backgrounds earlier in the process and, thereby, effectively informed service planning. Administrators and providers

⁴For example, a job training provider who realized that a recipient was struggling with a serious employment barrier (such as a learning disability, domestic violence, or substance abuse) could refer the individual directly to the MPP provider, without sending her back to an initial assessment procedure with the caseworker in the public assistance office. DPW also broadened the scope of recipients who could be referred to MPP, to include those who repeatedly failed other programs. For example, a job training provider who realized that a client was not making progress after several attempts could refer her directly to MPP, without waiting for an official assessment of a serious employment barrier.

in Philadelphia were optimistic that the new case management process would provide ongoing identification of barriers. They explained that it is important to design systems that offer ongoing and contingent support for the situational barriers that recipients encounter over time.

In addition, as mentioned, both counties chose to privatize the assessment process. Administrators felt that subcontracting the process to organizations more familiar with assessments would improve the services, as caseworkers are not trained specifically to identify employment barriers. However, some tensions arose as caseworkers' responsibilities changed. In Cuyahoga, where the screen is administered in the county public assistance offices, caseworkers were initially wary of the new screeners and felt that they took over some case management responsibilities. But as the process became more familiar, administrators reported that tensions subsided. Maintaining a clear boundary between the screeners' responsibilities and the caseworkers' responsibilities may have helped alleviate this tension. In Philadelphia, the new procedures had not yet been fully implemented at the time of the field research. Administrators anticipated some tension as caseworkers' responsibilities diminished, but they remained optimistic that the improved services would outweigh the risks.

Further research is needed to understand the effectiveness of various assessment methods. Neither county in this study has yet systematically evaluated the impact of the new assessment procedures on recipients' outcomes.

Developing More Effective Services for Those with Severe or Multiple Employment Barriers

While many TANF recipients receive cash grants for only a short period of time due to a crisis situation or brief unemployment, a substantial proportion of the TANF caseload is composed of long-term recipients, many of whom face significant barriers to employment. For example, a study that synthesized results from a common survey administered to welfare recipients across six states found that 40 percent lacked a high school diploma or General Educational Development (GED) certificate, 30 percent had mental health problems, and 21 percent had physical health limitations.⁵ Following the TANF caseload declines of the late 1990s, policymakers, program administrators, and researchers have increasingly focused attention on recipients who have been “left behind” — those who have not made a stable transition off welfare.

TANF agencies have struggled to determine which program models most effectively assist hard-to-serve recipients in finding and maintaining employment. The experiences of Cuyahoga and Philadelphia offer insights on three key models: upfront barrier removal and

⁵Hauan and Douglas (2004).

treatment, intensive job search or job readiness programs that are targeted at recipients with specific barriers, and transitional (subsidized) employment.

Most programs that are targeted at hard-to-serve TANF recipients in Cuyahoga are intensive job search and job readiness interventions that retain a work-first focus. For example, Spectrum of Supportive Services provides job readiness assistance for recipients with mental health barriers, combined with ongoing case management and employment support once an individual has found a job. While remaining within the bounds of the participation requirements, such services provide an option for recipients who have significant barriers, at a relatively low cost. However, some line staff reported that they offered little more than the typical job search and job readiness activities.

Philadelphia, on the other hand, focused more heavily on upfront barrier-removal programs, such as the Maximizing Participation Project (MPP), which offers voluntary behavioral health services to recipients who are exempt from the work requirements because of medical or physical disabilities. This program offers more specialized services but does not count toward the work participation requirement. Further, some administrators questioned whether a significant proportion of recipients ever moved out of treatment and into employment.

Both Cleveland and Philadelphia also offer transitional work programs. The Transitional Work Corporation (TWC) in Philadelphia was a pioneer in using the model to serve TANF recipients; in fact, Cuyahoga contracted with TWC for assistance in designing its own program. These programs place recipients into paid jobs for 20 to 30 hours per week for up to six months. During the transitional work period, they offer on-site and on-the-job case management and workplace-behavior coaching, while simultaneously seeking to place recipients in unsubsidized employment. The philosophy of the programs, as described by a former secretary of Pennsylvania DPW, is that “the best way to get a job is to have a job.”⁶ Transitional jobs programs are costly to operate, however, and both Cuyahoga and Philadelphia have limited slots available.

Transitional employment models have shown promising results for TANF recipients in nonexperimental studies. A survey of transitional jobs programs found that they were successful at finding permanent jobs for 50 percent to 75 percent of hard-to-serve participants who began the programs.⁷ In addition, a study of six transitional work programs found that placement rates into permanent, unsubsidized employment for recipients who completed the programs ranged from 81 percent to 94 percent.⁸ MDRC is currently conducting a random assignment study of the Philadelphia Transitional Work Corporation, as part of a larger evaluation of program models for serving individuals who have severe employment barriers.

⁶Transitional Work Corporation (2003), quoting Walter Cohen.

⁷Richer and Savner (2001).

⁸Kirby et al. (2002).

Providing Work Supports to Low-Income Families

Because neither cash assistance nor full-time, minimum-wage earnings alone provide enough income to raise families above the federal poverty line (see Figure 6.1), most families coming off welfare need to piece together income from several different sources, including such work supports as tax credits, child care, food stamps, Medicaid, and the Children's Health Insurance Program (CHIP). (Appendix E introduces several major federal work supports and discusses the opportunities and constraints of making these supports more accessible.) As Figure 6.1 shows, food stamps make an essential contribution to the income package, especially for families working part time or less, and the federal Earned Income Tax Credit (EITC) is an essential work support for families working part time or more. Work supports are particularly important for families making the transition from welfare to work, because earnings do not typically increase quickly enough to compensate for lost benefits.⁹

In addition, to participate as required in employment-related activities, and ultimately to sustain employment, many TANF recipients need child care assistance. Obviously, the availability, convenience, and cost of high-quality child care are critical components of a feasible employment plan for parents with young children. Child care is one of the largest work-related expenses for most working parents; for parents working in part-time or low-wage jobs, work often does not pay well enough to compensate for those costs.

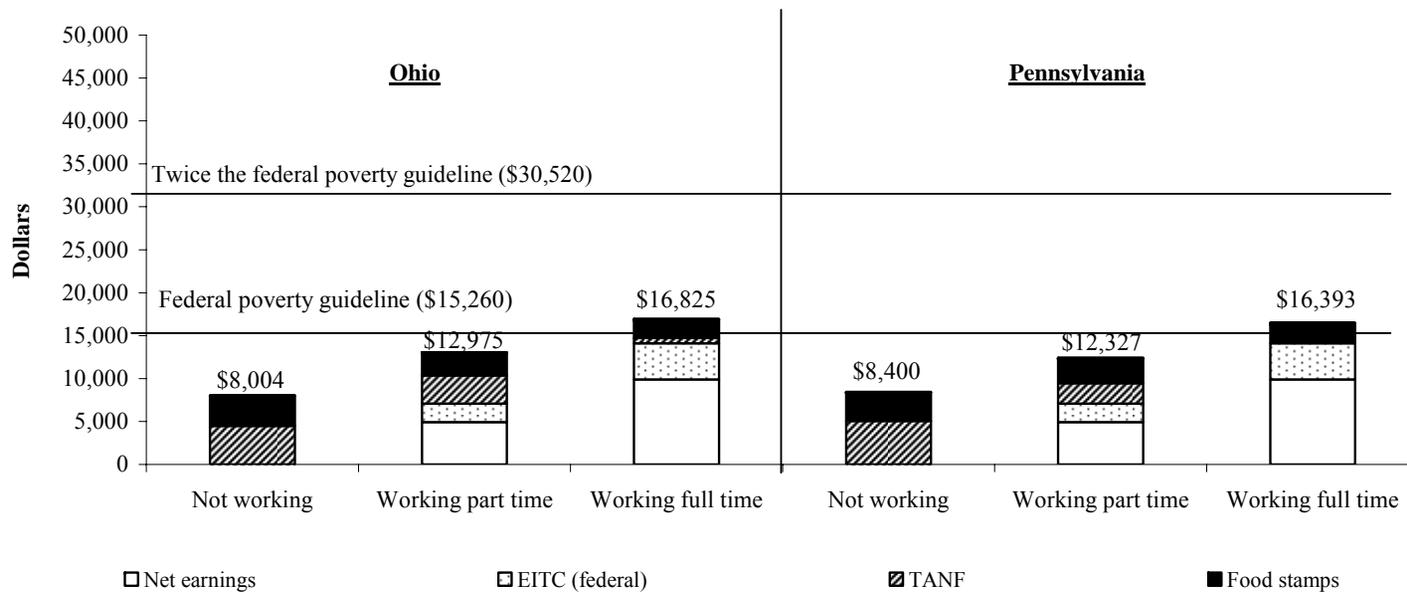
Enhancing Outreach and Broadening Eligibility for Work Supports

The Cuyahoga County Division of Employment and Family Services (EFS) and the Pennsylvania Department of Public Welfare (DPW) implemented three similar outreach efforts to promote the availability of work supports: telephone hotlines, online benefit-eligibility screeners, and EITC campaigns. Pennsylvania policies offered food stamps and health insurance (Medicaid and CHIP) to a broader range of families than Ohio's policies did, but both states took some steps to broaden eligibility for these supports.

First, both counties established information hotlines to market Medicaid and the Children's Health Insurance Program (CHIP). Pennsylvania established the Healthy Babies and Healthy Kids Hotline statewide; it offers low-income families information about Medicaid and

⁹Indeed, studies have shown that the earnings of families in the bottom fifth of the income distribution increased 130 percent between 1993 and 2000, but, because of public benefits losses associated with higher earnings, total income increased only 24 percent. Similarly, in the second fifth of the income distribution, earnings increased 135 percent, but total income increased only 30 percent (Sawhill, Weaver, and Kane, 2002). Studies have also shown that although half of welfare leavers experience an increase in income immediately after leaving cash assistance, the other half experience a decline. Most families who leave TANF do not earn enough to offset the loss of TANF benefits until after a year or two of work (Moffit, 2002).

Figure 6.1
Annualized Earnings and Benefits for a Minimum-Wage Worker in a Family of Three
Compared with the Federal Poverty Guideline and Median Family Income, by Work Effort, 2003



SOURCE: U.S. House of Representatives, Committee on Ways and Means (2004).

NOTE: The 2003 poverty guideline for a family of three was \$15,260 in the 48 contiguous states and the District of Columbia; it was \$19,070 in Alaska and \$17,550 in Hawaii.

CHIP, including application forms and information about medical service providers. An independent evaluation reports that telephone calls increased more than sixfold (from 691 per month in 1997 to 4,226 per month in 2001) and that the proportion of callers who subsequently submitted an application increased from 19 percent to 71 percent over that period.¹⁰ Cuyahoga established a countywide hotline in 1998 to market child care, Medicaid, and Healthy Start (Ohio's CHIP). It publicized the hotline through television and radio commercials and at community fairs. Cuyahoga also publishes a professionally designed advertisement package, "A Guide to Resources for Working Families."

Second, the two agencies also launched Internet-based benefit-eligibility screeners that enable low-income families to go to Web sites (sometimes with the assistance of partners in community-based organizations) to determine their eligibility for a range of work supports. As mentioned in Chapter 3, DPW launched the Commonwealth of Pennsylvania Access to Social Services (COMPASS) in 2001; it provides customized eligibility information about health insurance, food stamps, and home energy assistance, based on information that recipients enter about their family size and income.¹¹ In the first few years of the system, DPW received over 45,000 benefit applications from across the state that originated in COMPASS. At the time of this writing, Cuyahoga planned its own Virtual Neighborhood Assistance Center, to provide eligibility information about child care, health insurance, and food stamps.

Third, both counties launched public outreach campaigns to disseminate information about the Earned Income Tax Credit (EITC) and to ensure that all qualified families claim it. As explained in Appendix E, at a federal cost of \$38 billion in 2002 — more than twice the federal share of TANF — the work-conditioned, fully refundable EITC is the largest U.S. income support program. And, to encourage families to work more, the amount of the EITC increases with earnings (Figure 6.1), unlike other supports (notably food stamps) that go down as earnings go up. Philadelphia's 2003 Campaign for Working Families was one of the largest public-private outreach campaigns in the country. Pennsylvania also offers a nonrefundable state tax forgiveness program called TAX BACK, which forgives 10 percent to 100 percent of state income tax, based on family size and income. Starting in 2001, Cuyahoga County also launched annual EITC campaigns.¹² In 2005, it authorized the use of \$200,000 in unspent TANF resources to support the implementation of a Volunteer Income Tax Assistance (VITA) site, an IRS-approved voluntary organization that helps low-income recipients file for the EITC.

Table 6.1 shows trends in the number and amount of EITC claims filed in both counties from 1997 to 2002. Over the period, the number of EITC filers increased by about 10 percent;

¹⁰Barents Group of KPMG Consulting (2002).

¹¹Web site: www.compass.state.pa.us.

¹²Hanauer (2004).

The Project on Devolution and Urban Change

Table 6.1

**Number of Filers Claiming the EITC, Total and Average Amount Claimed,
Philadelphia and Cuyahoga Counties, 1997-2002**

Year	Cuyahoga			Philadelphia		
	Number of Filers	Total Amount Claimed (\$)	Average Claim (\$)	Number of Filers	Total Amount Claimed (\$)	Average Claim (\$)
1997	95,971	138,835,000	1,447	139,695	209,621,000	1,501
1998	95,239	146,966,000	1,543	142,595	228,543,000	1,603
1999	95,040	153,553,616	1,616	147,755	250,233,590	1,694
2000	96,395	159,238,562	1,652	148,380	253,410,781	1,708
2001	97,925	165,964,532	1,695	148,576	258,318,409	1,739
2002	104,805	184,773,467	1,763	156,733	280,901,522	1,792

SOURCE: Brookings Institution Center on Urban and Metropolitan Policy (2000).

the total amount claimed increased by about 33 percent; and the average claim amount increased by about 20 percent. In 2002, the average claim amount was approximately \$1,800.

In addition to these outreach efforts, both states took steps to broaden eligibility for food stamps. As described in Appendix E, the federal Food Stamp Program is a critically important work support, but its application, verification, and redetermination policies are often burdensome. The 2002 Farm Bill offered states several opportunities to simplify food stamp applications. As Table 6.2 shows, Ohio and Pennsylvania both aligned income-reporting requirements for food stamps with those of Medicaid. Pennsylvania also took advantage of additional Farm Bill provisions to simplify food stamp applications; most significantly, Pennsylvania extended transitional food stamp benefits for TANF leavers from three months to five months, and it extended the redetermination period from three months to six months. Pennsylvania piloted an “e-signature” program, enabling community-based organizations to enroll families for food stamps using an electronic signature, rather than requiring them to apply in person at welfare offices.

Finally, as the federal government delinked TANF and Medicaid eligibility in 1996 and created the new Children’s Health Insurance Program in 1997, states — including Ohio and Pennsylvania — revisited their Medicaid and SCHIP (state versions of CHIP) eligibility policies. As mentioned in Chapter 3, Pennsylvania has led the states in comprehensive health insurance coverage for several years, ranking first in Medicaid/SCHIP enrollment from 2001 through 2003. In 1992, it was one of the first states to implement an insurance program for children,

The Project on Devolution and Urban Change

Table 6.2

Income and Work Support Policies in Ohio and Pennsylvania

Benefit Type	Ohio	Pennsylvania	Most States
Food stamps			
Simplified reporting for all households	No	Yes	Yes
Standard utility allowance	No	Yes	Yes
Align income-reporting requirements with TANF or Medicaid?	Yes	Yes	Yes
Increase transitional food stamp benefits from 3 to 5 months for TANF leavers	No	Yes	No
Child care			
Eligibility as a percentage of the federal poverty guideline	150	194	150
Monthly copayments (\$)			
Family with 1 child at 100 percent of the federal poverty guideline	127	85	65
Family with 1 child at 150 percent of the federal poverty guideline	190	173	166

(continued)

Table 6.2 (continued)

Benefit Type	Ohio	Pennsylvania	Most States
Medicaid			
Eligibility thresholds			
Pregnant women	150	185	185
Infants (less than 1 year old)	150	185	185
Young children (less than 6 years old)	150	133	133
Older children (6 to 18 years old)	150	100	100
Adults with children	100	200	Ineligible, except in states with special programs
Adults without children	Ineligible	200	Ineligible, except in states with special programs
Does state extend eligibility to otherwise-eligible noncitizens with fewer than 5 years' residency?	Yes	Yes	Yes
Who qualifies for presumptive eligibility?	No one	Pregnant women	Pregnant women
Who qualifies for continuous eligibility, and for how long?	Newborns, for 12 months	Children under 19, for 12 months	Children under 19, for 12 months

(continued)

Table 6.2 (continued)

Benefit Type	Ohio	Pennsylvania	Most States
<u>State Children's Health Insurance Program (SCHIP)</u>			
Eligibility thresholds			
Infants (less than 1 year old)	200	235	200
Young children (less than 6 years old)	200	235	200
Older children (6 to 18 years old)	200	235	200
Who qualifies for presumptive eligibility?	No one	No one	No one
Who qualifies for continuous eligibility, and for how many months?	No one	Children under 19, for 12 months	Children under 19, for 12 months

SOURCES: National Governors Association (2003); Shulman and Blank (2004); U.S. General Accounting Office (2004).

which in some respects served as a model for the federal program of 1997. As Table 6.2 shows, Pennsylvania provides broader eligibility for Medicaid and SCHIP than most states, in two ways. It offers health insurance for childless adults through Adult Basic Coverage, a program financed with tobacco settlement funds, and it provides SCHIP eligibility to families who are up to 235 percent of the federal poverty guideline. By contrast, Ohio's health insurance eligibility policies are more restrictive than most states'; for example, its eligibility ceilings for infants and pregnant women are lower than many states' (150 percent versus 185 percent of the federal poverty guideline), and it does not offer presumptive eligibility to pregnant women or continuous eligibility to teens aging out of their parents' households.

Administering Child Care Subsidies for Those Most in Need

As Chapter 1 explains, TANF dramatically expanded the amount of resources available for child care, but it also intensified the demand. States have a good deal of flexibility in determining child care policy; they set eligibility standards and copayment schedules for families and specify certification standards and training opportunities for providers. Meanwhile, private sector initiatives in both Cleveland and Philadelphia challenged the broad, sometimes fragmented array of child care programs and providers in order to use child care settings as opportunities to improve school readiness.

As shown in the second panel of Table 6.2, Ohio and Pennsylvania set different child care eligibility standards and copayment schedules, and they took different approaches to service delivery. In 2003, Ohio restricted eligibility and raised parental copayments, essentially rationing its child care resources, as discussed in Chapter 2. Indeed, by 2004, Ohio's eligibility thresholds were among the lowest in the nation, and its copayment schedules were among the highest.¹³ In 2005, under pressure from advocates, Ohio restored its initial eligibility standard. Pennsylvania took a different approach, maintaining relatively its original eligibility and copayment schedules, even though waiting lists indicated that the demand outstripped the supply. Starting in 2000, Pennsylvania used TANF nonassistance funds to offer full-time, full-year child care to employed TANF and former TANF recipients. In 2004, DPW established the Office of Child Development (OCD), essentially putting the issue of child care on the same footing as income maintenance. OCD was established to ensure the seamless administration of benefits for all low-income families, whether or not they were TANF recipients. It consisted of three bureaus, which regulated child care subsidies, initiatives to address early-learning quality, and certification services for child care providers.

Both Ohio and Pennsylvania reimburse informal child care providers, such as relatives and friends, as well as formal daycare centers. Naturally, supporting such a broad range of child

¹³Schulman and Blank (2004).

care arrangements increases the supply of providers dramatically. And here, as in other states that offer this type of care, informal arrangements are by far the most popular with parents.¹⁴ On the one hand, administrators in both Cuyahoga and Philadelphia credit the parental-choice policy for what they judge to be an adequate supply of providers.¹⁵ On the other hand, administrators and staff in both counties also raised concerns about the potential for fraud in the payment systems and about the quality of child care provided in some of the informal settings.

In both states, community-based initiatives emerged to offer parents advice about how to choose and monitor providers and to educate providers in child development and early literacy. These initiatives (Starting Point in Ohio and Keystone Stars in Pennsylvania) have gained broad political support and have identified “school readiness” as an organizing principle for establishing a common set of quality standards across the many different child care providers and revenue streams.

Reauthorization Intensifies the Three Challenges of Welfare Reform

The first five chapters of this report compare and contrast the different approaches to, and outcomes of, welfare reform in Cuyahoga and Philadelphia Counties. This chapter shows that, despite these differences, the day-to-day challenges of welfare reform were similar, and administrators and staff responded with comparable goals and programs. The closing section of this chapter reflects on the counties’ experiences with welfare reform in light of the increasing demands for work participation by welfare recipients that came with the reauthorization of TANF in early 2006. The section focuses on some of the unfinished business of welfare reform.

The 1996 national welfare law authorized TANF through 2002. But because of disagreements about policy issues (such as work requirements and child care funding) and other pressing concerns (including terrorism and the wars in Afghanistan and Iraq), federal legislators enacted 11 short-term extensions of the existing law between 2002 and 2005. Finally, in the 2006 budget, Congress reauthorized TANF for the next five years.

The new legislation makes work participation requirements more binding in three ways. First, and most important, it changes the benchmark year for calculating the caseload reduction credit from 1995 (when caseloads were much higher) to 2005, essentially eliminating the credit as a way to reduce each state’s obligation to meet the federally defined participation rate. Sec-

¹⁴Porter and Kearns (2005).

¹⁵Ohio has no waiting list for child care among eligible families, although advocates maintain that it should develop a list of families who want but do not qualify for child care subsidies. The number of children on Pennsylvania’s waiting list increased from 540 in 2001 to 1,680 in 2004.

ond, it gives participation requirements teeth by requiring common definitions of what “counts” as work activities and consistent verification and reporting standards across states. Third, it requires states to count families served in separate state-funded assistance programs in its TANF participation rate calculations. (Often two-parent families were served in separate state-funded programs, in part because states were unable to meet the 90 percent participation rate for these families under federal law.)

Essentially, reauthorization pushes states to immediately engage 50 percent of all TANF families and 90 percent of two-parent TANF families in work-related activities. Not surprisingly, there is a great deal of uncertainty about the implications of the more binding participation standards. States are now more experienced in designing and running their own welfare programs than they were in 1996, but the labor market is not as tight as it was then. Arguably, many families who can afford to do without cash assistance have already left the rolls. And despite the fact that most states have implemented work requirements and quick-employment services; Ohio is one of the few that met the 50 percent all-family participation standard. Few have met the 90 percent two-parent family standard.

While reauthorization has not changed the basic challenges of welfare reform, it may have made addressing them more difficult. The remainder of this chapter offers some observations about how to meet these challenges in the current policy context.

Participation requirements accelerated welfare-to-work transitions, but more can be done to make work pay

In Cuyahoga and Philadelphia Counties, TANF’s clearest impact on caseload dynamics was to increase exit rates among long-term recipients. (This impact was evident before time limits took effect — even in Philadelphia, where the time limit was not enforced.) Longer-term follow-up analyses presented in this report show that these impacts on exit rates were sustained throughout the job losses from 2001 to 2003. And the neighborhood indicators analysis suggests that welfare reform did not result in concentrated harm in low-income neighborhoods.

TANF’s emphasis on work requirements and quick employment services is supported by over a decade of rigorous evaluation.¹⁶ Experimental research of welfare programs shows that participation requirements, like those articulated in TANF legislation, encourage cash assistance recipients to leave the rolls sooner. But many cash assistance leavers remain poor or near poor, essentially trading low monthly cash assistance grants for low monthly paychecks.¹⁷ Wel-

¹⁶For a short, comprehensive summary of the lessons of the National Evaluation of Welfare-to-Work Strategies (NEWWS), see Hamilton (2002).

¹⁷For example, Urban Change surveys found that, several years after leaving cash assistance, more than half of TANF leavers were poor or near poor.

fare programs that combine participation requirements with incentives to make work pay (such as generous earned income disregards) promote employment *and* increase family income.¹⁸ Nonexperimental research suggests that the same is true of policies nationally. The TANF reforms of 1996 increased exit rates among long-term recipients, while the federal Earned Income Tax Credit (EITC) reduced recidivism among those who left welfare for work.¹⁹

The TANF reauthorization legislation focuses almost exclusively on the first part of this important two-part combination: participation mandates. Looking forward, policymakers might also consider additional investments in the second part: work incentive policies, including the federal EITC, state earned income credits (such as Pennsylvania's TAX BACK), and state-level enhanced TANF disregards. Strengthening these work incentives along with participation requirements is more likely to help families not just get off welfare but also get out of poverty.

Although research shows that work requirements increase employment, few states have met the 50 percent all-family participation rate, and the opportunity costs of meeting this rate are largely unknown. Indeed, Pennsylvania's TANF State Plan for FY 2005 mentions that the commonwealth plans to redirect funds from several nonassistance programs to support universal engagement.²⁰ The Cuyahoga experience suggests that, at least for some large metropolitan counties, the new participation standards are attainable. Serving more mandatory recipients will almost certainly mean expanding low-cost services, such as unpaid work experience, and cutting more cost-intensive services, such as transitional work. Just to engage a small proportion of the caseload in required activities, case managers will have to work with nearly all recipients to perform assessments, schedule orientations, monitor attendance, initiate sanctions, and so on. In fact, case managers often end up working more intensively with nonparticipants than with participants, which seems both unfair and inefficient.²¹

Federal and state policymakers might consider creating performance incentives in addition to the caseload reduction credit. In particular, they might revisit two performance incentives, one suggested during the reauthorization debates and another that was actually implemented between reform and reauthorization. The first was a proposal by the Senate Finance Committee to reward states that had strong employment outcomes, by decreasing their mandatory participation rates. It was an appeal to pragmatism that might have inspired successful approaches to fostering employment retention and advancement. The second was the TANF high-performance bonus, a series of annual \$200 million awards granted by the federal Department of Health and Human Services (HHS) to the ten states with the highest measured performance

¹⁸Berlin (2000).

¹⁹Grogger (2004).

²⁰Web site: <http://www.dpw.state.pa.us/lowinc/cash/003673645.htm>.

²¹Hamilton (1999).

on four employment outcomes between 1998 and 2003.²² Although the financial rewards were not large, states valued the recognition and publicity conveyed by these annual rankings, and both the data sources and measures of performance improved over time.²³

Clearer evidence and better incentives are needed to improve services for recipients with severe or multiple employment barriers

TANF has offered little guidance about how to serve recipients who have severe or multiple employment barriers — and few rewards for recipients who do. Fortunately, instead of simply leaving the most disadvantaged families to sink or swim on their own, many states and counties have worked hard to prepare the most at-risk families for the prospect of time limits. This report describes the steps that Cuyahoga and Philadelphia took to screen for employment barriers and to provide effective service models. Philadelphia made particularly substantial investments to extend time limits for recipients after 60 months and to offer a range of large-scale service models, including one of the biggest transitional employment programs in the country and a large behavioral health assessment program.

The first challenge for researchers and policymakers is to understand which combination of standard welfare-to-work services, transitional employment and on-the-job case management, and mental and behavioral health treatment works most effectively for participants with various barriers to employment. Many adults with severe or multiple barriers *can* work successfully, and standard employment-focused welfare-to-work services do help them find employment, although the services are less successful in helping these families achieve income gains. Standard welfare-to-work approaches are less successful overall for women who are diagnosed with depression, but medication, psychotherapy, and combinations of the two have proved effective for this group. Transitional employment models have shown promise for adults with mental retardation, but they are expensive, and their effects for cash assistance recipients are less understood.

As evidence builds about the most effective combination of treatments for adults with various employment barriers, policymakers at the federal and state levels can budget and respond accordingly. Until then, policymakers might consider how to design incentives that generate a creative and thoughtful range of service models — and then how to build a learning agenda to determine what works best.

²²Beginning in 1999, HHS also rewarded states for six outcomes related to the provision of Medicaid and CHIP, food stamps, and child care.

²³Wiseman (2005).

More can be done to coordinate work support policies and to broaden outreach and eligibility

Federal, state, and local policymakers tried to improve coordination between cash assistance and work support policies. Federal reforms delinked TANF and Medicaid, to make it easier for low-income families to receive Medicaid without relying on TANF. Pennsylvania decided to administer children's health insurance and child care assistance through separate state-level offices, to provide continuity for families "on" and "off" TANF. Both Cuyahoga and Philadelphia created specialized divisions of caseworkers to provide strategic, employment-focused case management. Cuyahoga also created a separate office of Health and Nutrition to make food stamps and health insurance accessible to low-income families.

Beyond these administrative changes, policymakers at the federal, state, and local levels cooperated to fund and to promote work supports. Federal policymakers dramatically increased resources for work supports, such as children's health insurance and child care. State governments determined eligibility and benefit levels and, in some cases, offered supplemental state policies, such as Pennsylvania's Adult Basic Coverage health insurance program. State and local agencies established telephone hotlines and online benefit-eligibility screeners, which enabled families to find out easily if they qualified for work supports. Outreach campaigns in both counties publicized the federal Earned Income Tax Credit and other benefits.

But administrators in both counties agreed that more can be done at each of these levels. In some cases, federal and state policymakers might be able to provide new tools, such as new targeted tax credits or partly subsidized health insurance plans for families who do not qualify for Medicaid or State Children's Health Insurance Programs. In most cases, however, local administrators asked for simple modifications to make existing tools work better and work together. They explained that simplified processes for food stamp application, benefit redetermination, and service quality control would go a long way toward providing broader coverage. They suggested that, with a little more flexibility and better incentives to cooperate, administrators could use TANF nonassistance funds to offer recipients exposure to education and training opportunities and could use Workforce Investment Act (WIA) resources to offer ongoing scholarships to those who persist in their education or training. With relatively small annual Medicaid outreach grants, local service delivery systems demonstrated that they could improve outreach through a range of creative and thoughtful strategies, including hotlines and online benefit-eligibility screeners, public service advertisements, and community fairs.

* * *

The welfare reforms of the mid-1990s and related federal policies to make work pay were among the most significant domestic policy changes of the decade. They challenged states to assist recipients in moving from welfare to work, to help families who risked hitting the time limits

before securing work, and to deploy all available non-time-limited income supports to help low-income families remain off welfare. TANF caseworkers, administrators, and social service providers worked hard to meet these challenges, and many TANF recipients left welfare for work.

TANF reauthorization has intensified the demands of the initial reforms. To apply the momentum of these initial accomplishments to the uphill challenges ahead, service delivery systems need cooperation from the federal, state, and local levels to make work pay, to identify parents who have serious employment barriers earlier and to serve them more effectively, and to provide work supports that work well and that work well together.

Appendix A

Supplemental Exhibits to Chapter 4

MDRC's first Urban Change report on Cuyahoga County documents employment trends among individuals.¹ The subsequent reports on Philadelphia, Miami, and Los Angeles document employment trends among *adults associated with a case*, in order to look at the joint influence of the case unit toward employment.² That is, the latter reports document whether anyone who was associated with a particular case experienced certain durations of employment. For consistency with these latter reports, this extension analysis of Cuyahoga County was conducted in the same manner. However, the results of the analysis are not presented in the body of Chapter 4 because they differ notably from the results stemming from individual-level analyses and appear to be unreasonable, as described below. Appendix A explores some possible explanations for the discrepancies.

The individual-level results reported in Chapter 4 for Cuyahoga County only weakly mirror the results obtained from looking at all adults associated with a case. The case-level analysis tracks the individual-level analysis perfectly for the first three quarters after welfare reform was implemented, but then employment rates jump dramatically, from 50.2 percent employed in Quarter 1 of 2000 to 78.4 percent employed in Quarter 3 of 2000. Appendix Figure A.1 illustrates the jumps in employment reported for the case.

The increase in overall employment shown in Appendix Figure A.1 is consistent with a work-first policy combined with a strict participation mandate. These findings imply that such policies affect the entire case and not individual recipients in isolation, suggesting that recipients may alter their labor supply in ways so that two (or more) adults are not working simultaneously. This is notable, given that a number of procedures were already in place to encourage work among recipients of Ohio Works First (OWF), as indicated in Chapter 2. The previous strong emphasis on work, in addition to a faltering economy, may have given OWF a boost in altering this employment trend after 2000.

Yet the impacts that are implied by the case-level analysis are large and disconcerting (see Appendix Table A.1). To examine whether this 16 percent jump in employment is an artifact of either corrupt data or programming error, a series of comparisons between the original unemployment insurance (UI) data contained in the earlier Cleveland report (covering Quarter 1 of 1992 through Quarter 2 of 2001) and the new UI extension data was conducted. Overall, the analysis of UI data suggests that:

1. The new UI data contain individuals with less work attachment each quarter.

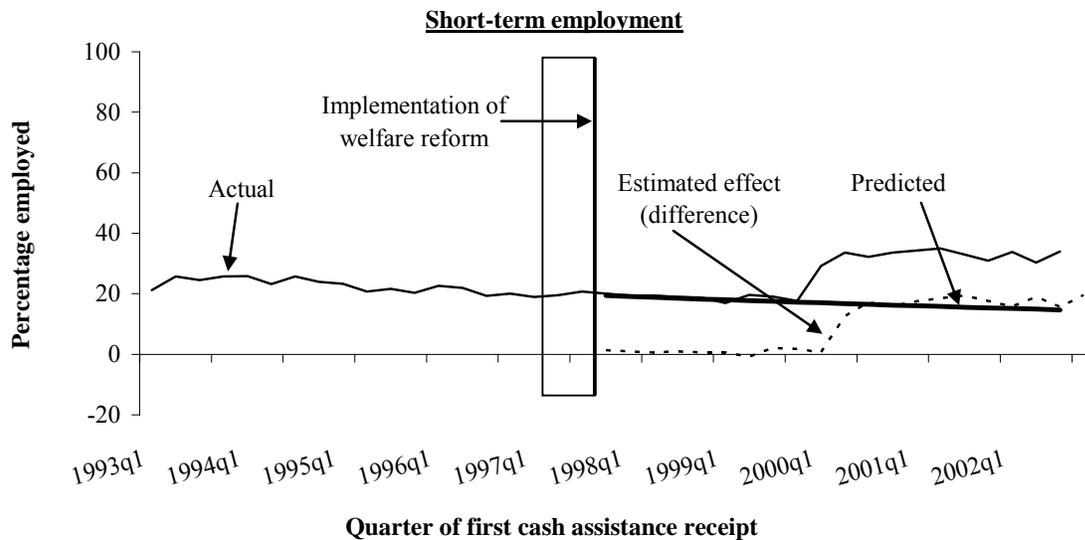
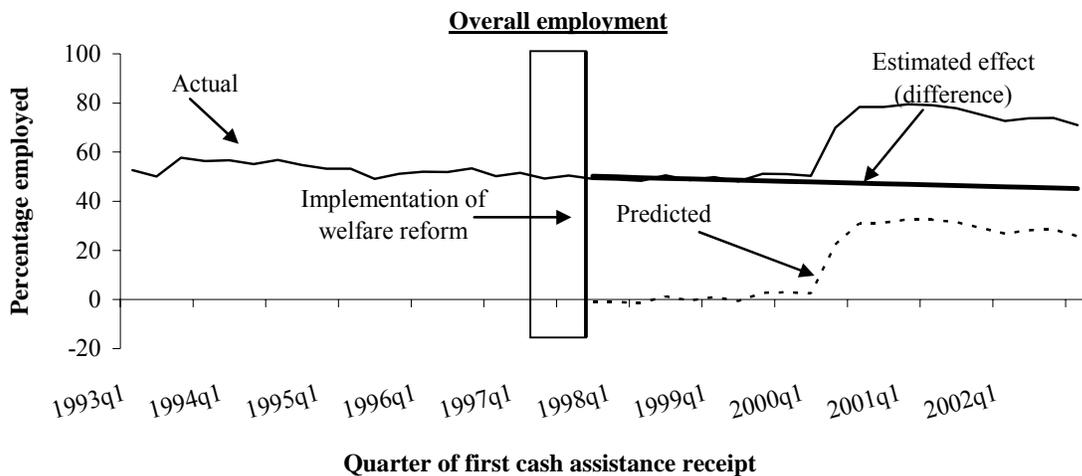
¹See Brock et al. (2002).

²For Philadelphia, see Michalopoulos et al. (2003); for Miami, see Brock et al. (2004); and for Los Angeles, see Polit, Nelson, Richburg-Hayes, and Seith (2005).

The Project on Devolution and Urban Change

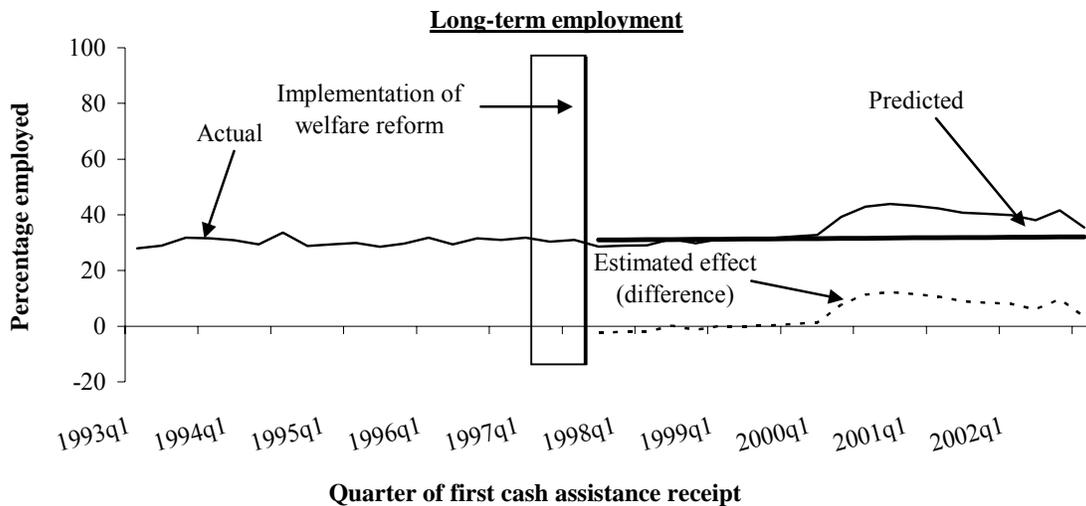
Appendix Figure A.1

Percentage of Cases That Had at Least One Member Employed Within Four Quarters of Starting AFDC/TANF in Cuyahoga County, January 1993, Quarter 1, Through December 2002, Quarter 3



(continued)

Appendix Figure A.1 (continued)



SOURCES: MDRC calculations using Cuyahoga County 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, as the policies were well advertised prior to being signed into law and were gradually implemented over time. The area extends from Quarter 2, 1997, to Quarter 3, 1997. The darker, rightmost vertical line represents the implementation of Ohio Works First, Cuyahoga County's TANF program, in Quarter 3, 1997. The groups to the left of the darkened vertical line in the boxed area are not included in the calculation of the predicted trend line.

The predicted percentage employed and the estimated effect of welfare reform for overall employment and short-term employment are calculated using a semilogarithmic trend for the pre-reform period. A linear trend is used in the calculation for long-term employment. See text for details.

2. The old UI data are incomplete for Quarters 1 and 2 of 2001.
3. These discrepancies are not enough to justify the 20 percent jump in employment.

The best explanation seems to be a possible change in the composition of the people on a case between the early 1990s and the early 2000s. To explore this possibility, unemployed two-parent cases were excluded; this eliminated 9,259 cases, or slightly more than 13 percent of the sample. Yet the jumps remained. When the analysis was limited to only regular AFDC/TANF cases (single parents with children), the jumps remained while the overall trend in UI employment was lower (as expected).

The Project on Devolution and Urban Change

Appendix Table A.1

**Estimated Effect of 1996 Welfare Reforms on Employment
and Employment Stability for Welfare Cases in Cuyahoga County**

Outcome	Actual Outcome for Post-Reform Period	Counterfactual Outcome	Difference	
Percentage of cases with at least one person employed 4 quarters after starting cash assistance	63.2	47.6	15.6	***
Percentage of cases with at least one person with first employment spell lasting (short-term stability):				
1 to 3 quarters	26.3	16.8	9.4	***
lasting (long-term stability):				
4 quarters or more	36.0	31.5	4.5	**

SOURCES: MDRC calculations using Cuyahoga County administrative welfare records and unemployment insurance records.

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

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.

In summary, the case-level jumps appear to be related to the combining of employment across individuals associated with a case, but the mechanism through which this occurs is unclear. While the change-in-composition theory seems reasonable, the sensitivity checks that were conducted do not support that explanation.

The Project on Devolution and Urban Change

Appendix Table A.2

**Sample Sizes for New-Entrant Groups, by Year of
First Cash Assistance Receipt**

Year	Observations 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 Opened AFDC/TANF Cases Within 6 Months (4)
<u>Cuyahoga County</u>				
1993	12,005	—	2,919	27,175
1994	9,932	—	6,927	21,257
1995	8,692	4,703	8,907	17,318
1996	7,914	3,382	8,294	15,081
1997	6,658	2,636	8,700	11,861
1998	6,030	1,993	7,399	10,938
1999	4,936	1,359	7,461	9,548
2000	4,600	1,186	6,270	8,559
2001	4,724	831	4,910	7,828
2002	3,666	782	2,158	14,114
Total	69,157	16,872	63,945	143,679
<u>Philadelphia County</u>				
1993	12,701	—	1,864	—
1994	10,530	—	5,293	—
1995	7,598	7,407	6,287	—
1996	6,229	5,805	6,557	—
1997	4,946	4,030	6,778	—
1998	5,047	2,940	6,758	—
1999	2,936	2,168	612	—
2000	9	2,116	—	—
2001	6	987	—	—
Total	50,002	25,453	34,149	—

(continued)

Appendix Table A.2 (continued)

SOURCES: MDRC calculations using Cuyahoga County and Philadelphia County administrative welfare records.

NOTES: The sample is limited to family cases, which contain an adult and children. Cases that opened 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 occurred 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 opened a welfare case refers to the proportion of individuals who received food stamps, but not cash assistance, who opened a cash assistance case within a specified period of time.

This analysis is not presented for Philadelphia County because it can be found in an earlier report. Since the data consist of new cases through July 1999 (see Chapter 4, footnote 7), the longer follow-up period through 2003 does not provide any new information about people moving from food stamp cases to welfare cases within six months. See Michalopoulos et al. (2003), Table 3.2 (p. 75) and Figure 3.7 (p. 80).

Appendix B

**Trends in Maternal and Child Health,
Neighborhood Safety, and Home Purchases,
by Poverty Concentration**

Appendix B presents the trends summarized in Chapter 5 (see Table 5.1) and provides additional detail about how they changed in the poor, working-poor, and nonpoor neighborhoods of Cuyahoga and Philadelphia Counties during the *pre-reform period* (1992-1996), when the economy heated up and service delivery systems (particularly in Cuyahoga) geared up in anticipation of welfare reform; during the *early reform period* (1997-1999), a time of strong economic growth and sweeping policy reforms; and during the *later reform period* (2000-2002), when the initial policy changes were in place and economic growth subsided.

Rate of Births to Women Ages 15 to 19 per 1,000 Women

One of the most promising national trends related to the poverty of mothers and children was been the decline in the teen birthrate from 1990 to 2000.¹ Children born to teen mothers are at increased risk of birth and health disorders in infancy and, along with their mothers, are at greater risk of poverty and unwanted pregnancy well into adulthood.²

- Cuyahoga: The teen birthrate declined sharply in poor neighborhoods from 1992 to 1999, as it did in working-poor neighborhoods from 2000 to 2002.
- Philadelphia: Poor neighborhoods experienced sustained declines in the teen birthrate throughout the analysis period.

Percentage of Births with Any and Adequate Prenatal Care

Two important indicators of health services to pregnant women and newborn children are the percentage of births with any prenatal care and the percentage of births with “adequate” prenatal care — a summary measure based on the month of the first prenatal medical visit and the number of subsequent visits. The National Center for Health Statistics set a national goal for 2000 of raising the proportion of pregnant women who receive adequate prenatal care to 90 percent.

- Cuyahoga: The trend in any prenatal care dipped in poor neighborhoods in the early reform period, while the trend in adequate care increased. Both trends improved across the three types of neighborhoods in the later reform period.

¹Earlier Urban Change reports tracked changes in the rate of births to mothers ages 10 to 17, but, following the conventions of reporting national health statistics, this report tracks changes in the rate of births to mothers ages 15 to 19.

²Maynard (1997).

- Philadelphia: The proportion of births with both any and adequate prenatal care increased in poor neighborhoods in the early reform period, but it declined in the other two types of neighborhoods and in later years.

Low-Birth-Weight Births as a Percentage of All Births

Children who weigh less than 5 pounds, 8 ounces, at birth are at increased risk of serious health and developmental problems. Nationally, the percentage of low-birth-weight babies increased from 7.0 percent in 1990 to 7.6 percent in 2000.

- Cuyahoga: Low-birth-weight births declined in poor neighborhoods before welfare reform and in the early reform period, but they increased in nonpoor neighborhoods in the later reform period.
- Philadelphia: Working-poor neighborhoods saw consistent declines in low-birth-weight births throughout the analysis period.

Rate of Infant Deaths per 1,000 Live Births

Nationally, the rate of infant deaths per 1,000 live births declined from 9.2 in 1990 to 6.9 in 2000.

- Cuyahoga: The rate of infant deaths dipped to just under 1 per 1,000 in working-poor neighborhoods in the early reform period.
- Philadelphia: Infant deaths inched up to 1 per 1,000 in working-poor neighborhoods in the later reform period.

Deaths by Homicide per 100,000 Residents

- Cuyahoga: The homicide rate declined sharply in poor Cleveland neighborhoods in the pre-reform and the early reform periods, but the same neighborhoods experienced slight increases in the later reform period.
- Philadelphia: There were sharp and sustained declines in the homicide rates in poor neighborhoods throughout the analysis period.

Percentage of Households with Incomes of Less Than \$30,000 Applying for Mortgages

- Cuyahoga: None of the three types of neighborhoods saw a significant change in low-income mortgage applicants.
- Philadelphia: There were significant increases in mortgage applications in working-poor and nonpoor neighborhoods in the early reform period.

Home Mortgage Approval Rates Among Low-Income Applicants

- Cuyahoga: Mortgage approval rates declined across the three types of neighborhoods in the early and later reform periods.
- Philadelphia: Mortgage approval rates declined in poor and in working-poor neighborhoods in the early reform period.

Ratio of Approved Mortgage Amounts to Applicants' Income, Among Low-Income Applicants

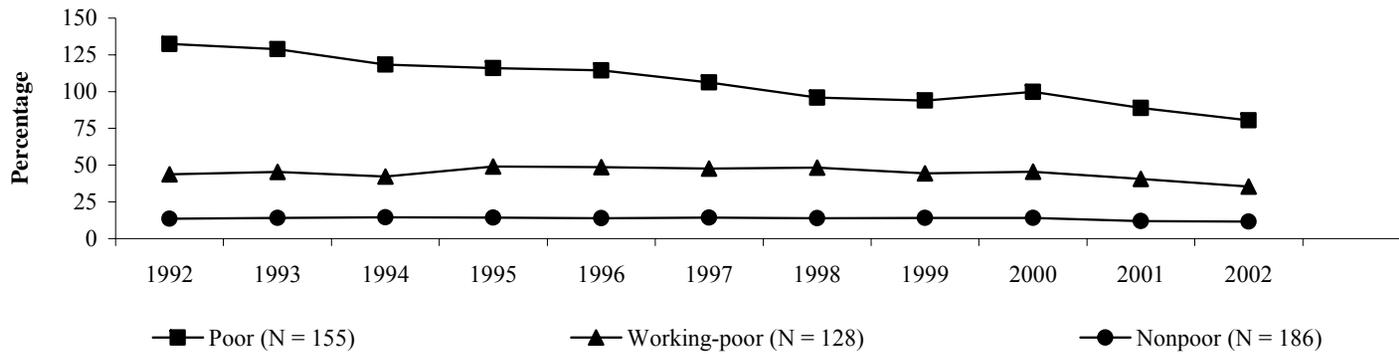
- Cuyahoga: The ratio increased in poor neighborhoods in the early reform period, and it increased across all types of neighborhoods in the later reform period.
- Philadelphia: The ratio declined across neighborhoods in the early reform period and increased across neighborhoods in the post-reform period.

Median Amount of Approved Mortgages Among Low-Income Applicants (in 2005 Dollars)

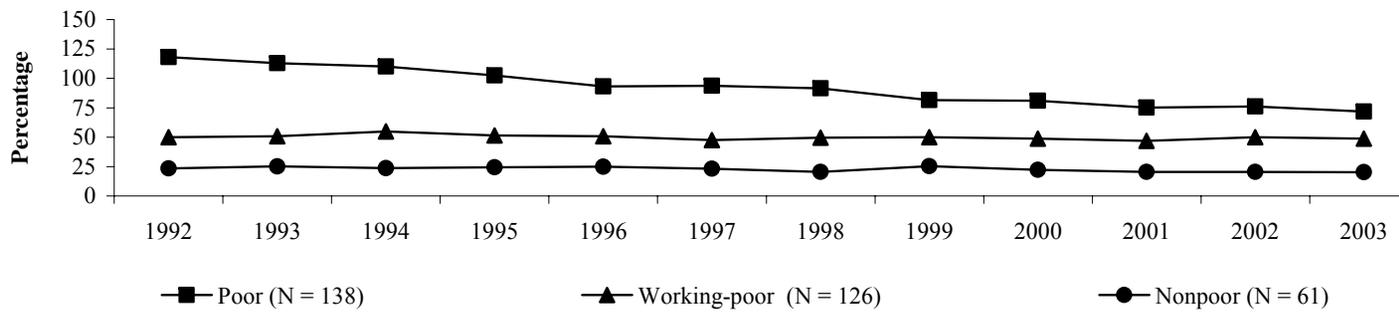
- Cuyahoga: The median mortgage amount increased across all types of neighborhoods in the early and later reform periods.
- Philadelphia: The median mortgage amount declined across all types of neighborhoods in the early reform period but increased across all types of neighborhoods in the later reform period.

The Project on Devolution and Urban Change
Appendix Figure B.1
Births to Teens (Ages 15-19) per 1,000,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



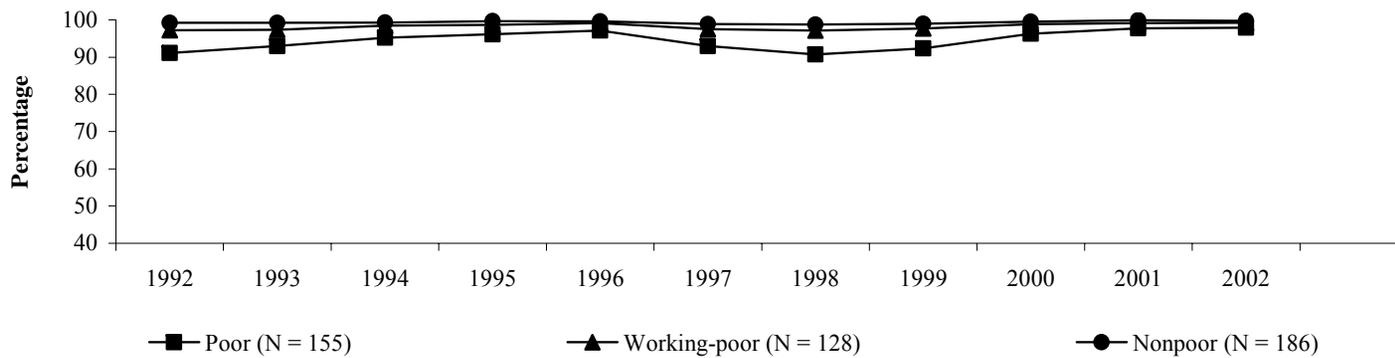
Philadelphia



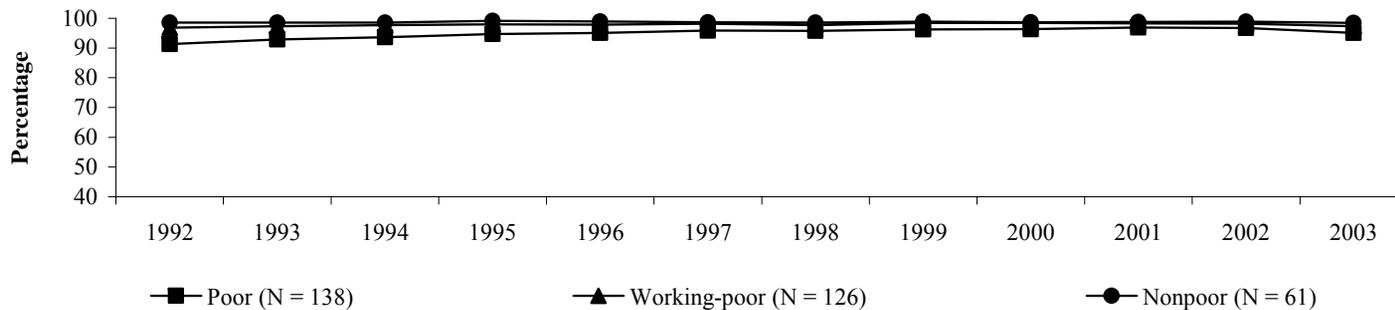
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure B.2
 Percentage of Births with Any Prenatal Care,
 by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga

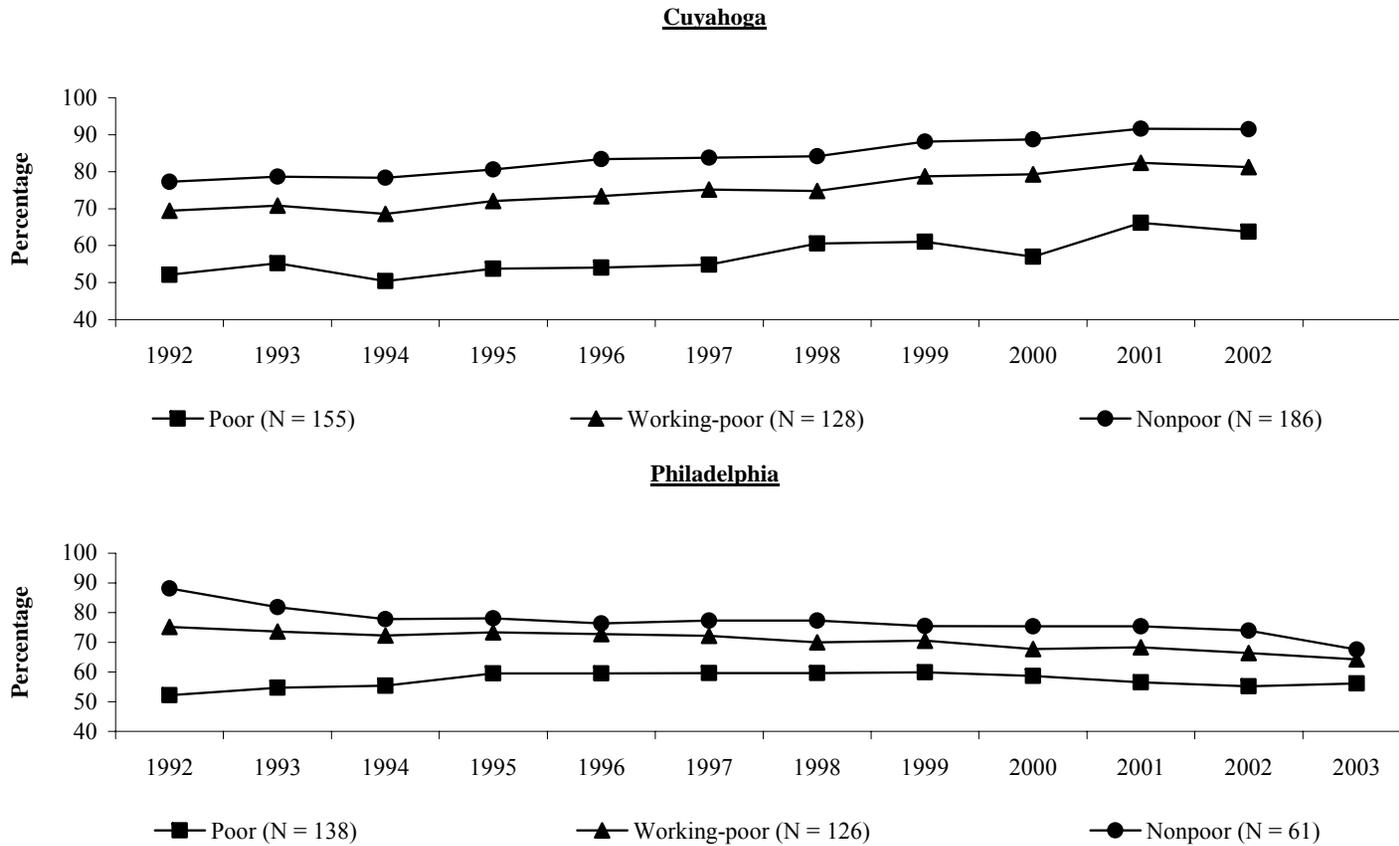


Philadelphia



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure B.3
 Percentage of Births with Adequate Prenatal Care,
 by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003



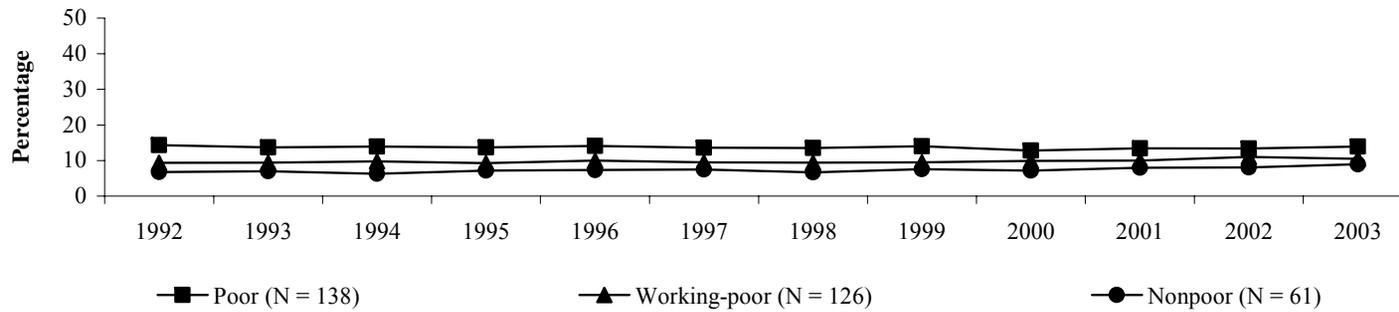
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
Appendix Figure B.4
Low-Birth-Weight Births as a Percentage of All Births,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



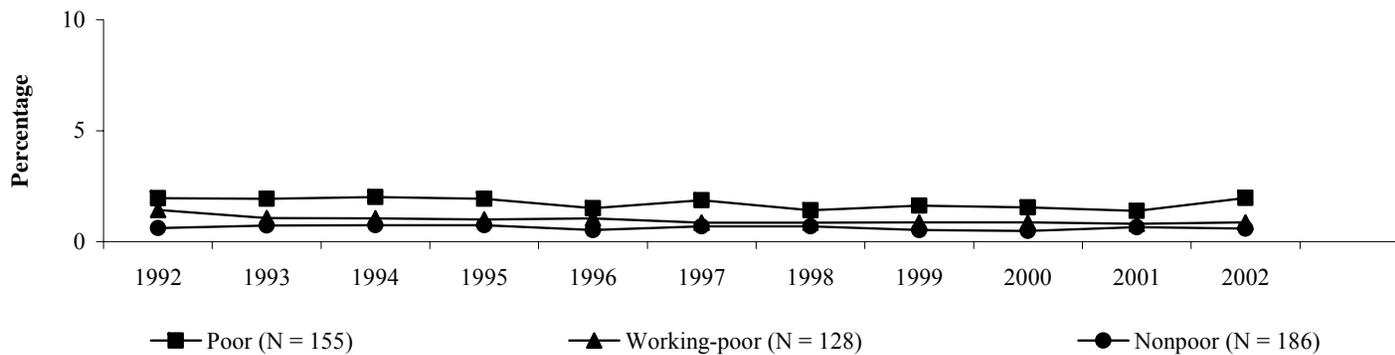
Philadelphia



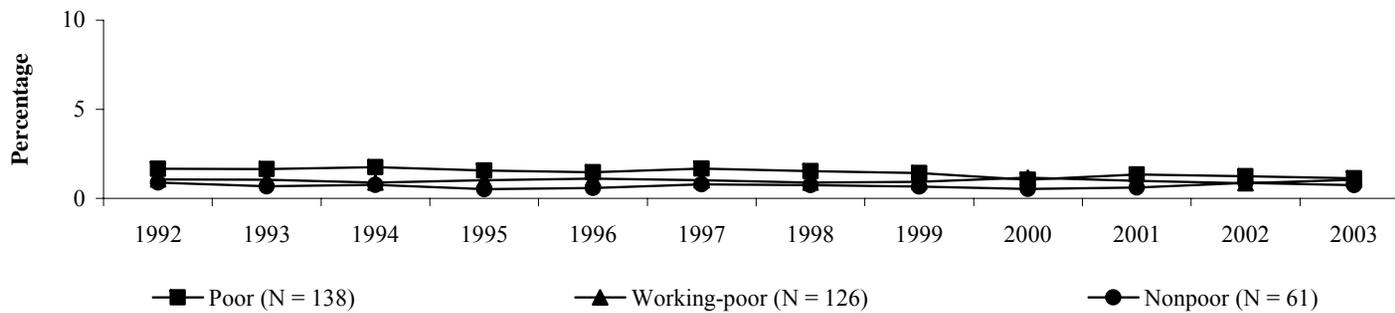
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
Appendix Figure B.5
Rate of Infant Deaths per 1,000 Live Births,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



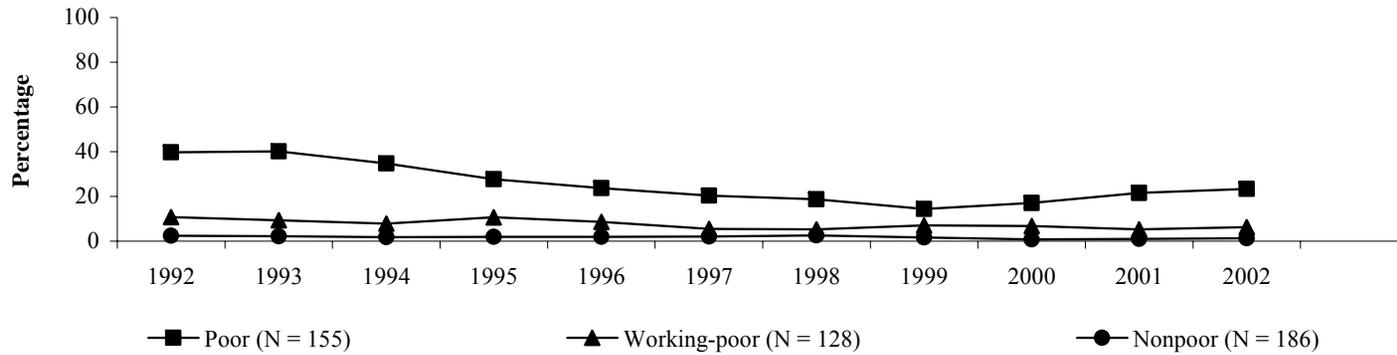
Philadelphia



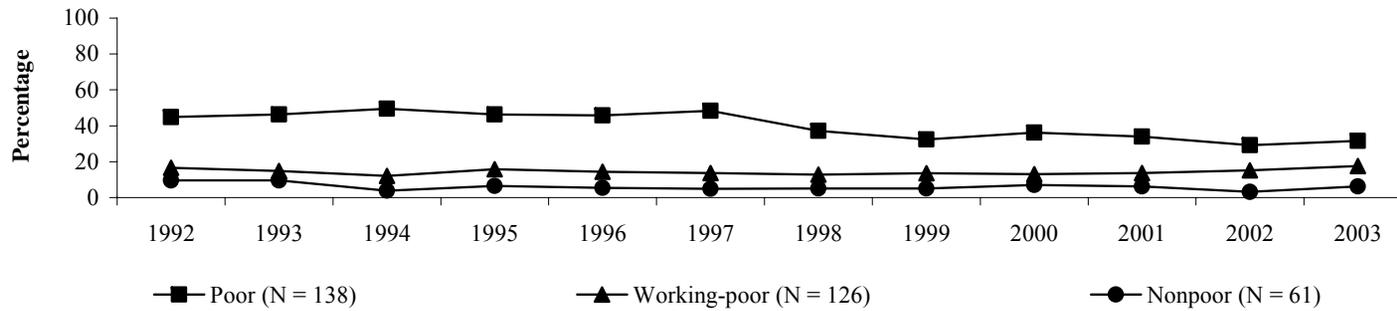
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure B.6
 Incidence of Homicide per 100,000 Residents,
 by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

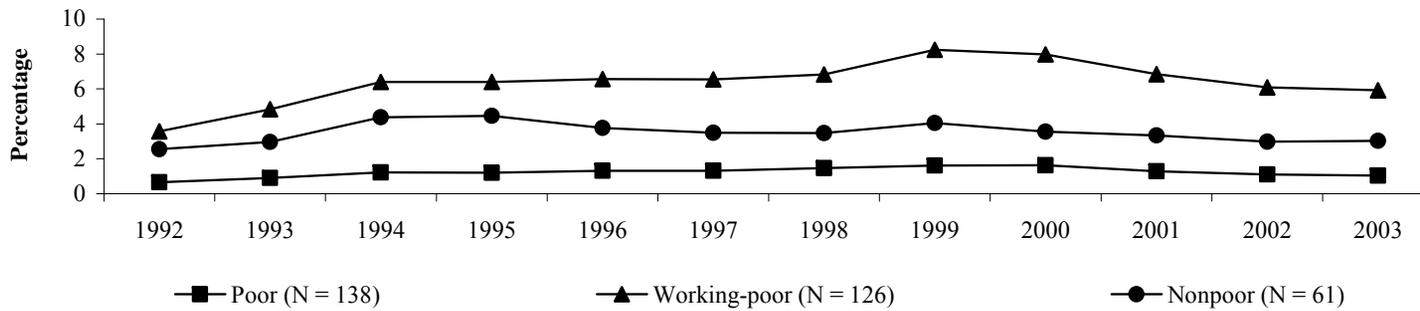
Appendix Figure B.7

Percentage of Low-Income Households Applying for Mortgages,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



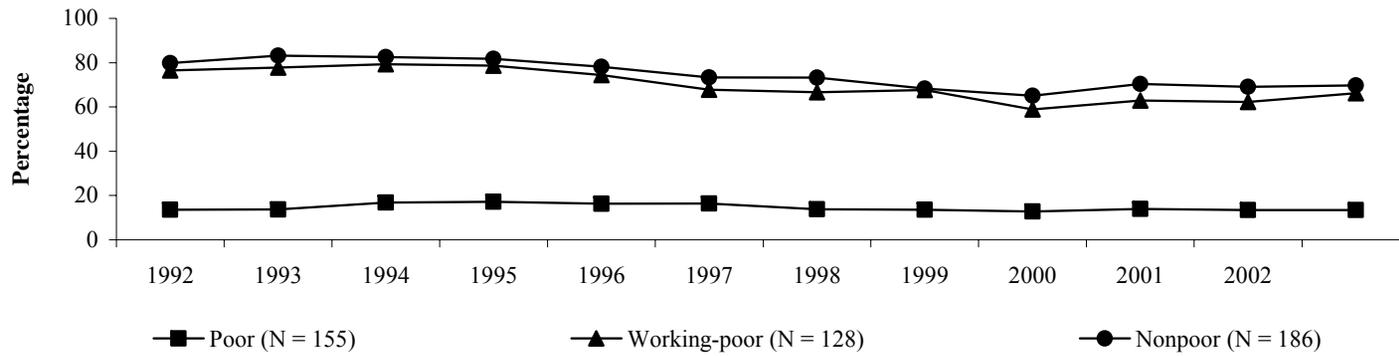
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

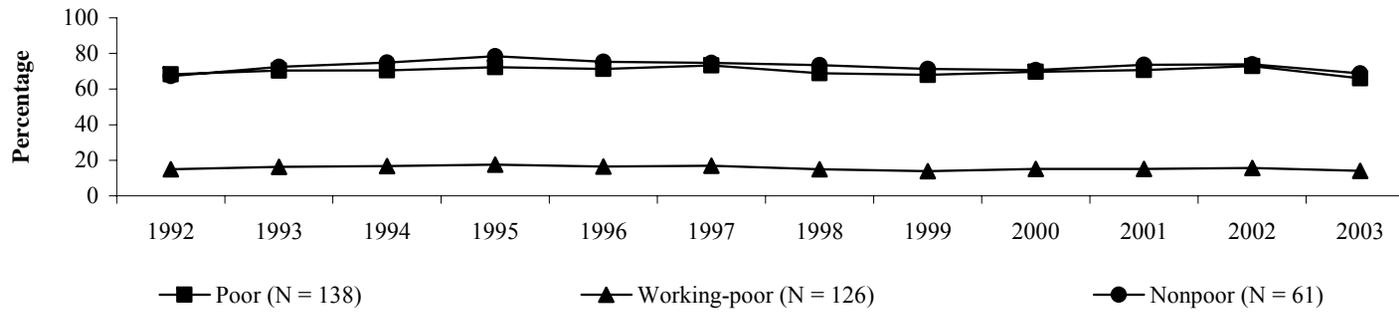
Appendix Figure B.8

Home Mortgage Loan Approval Rates Among Low-Income Applicants,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



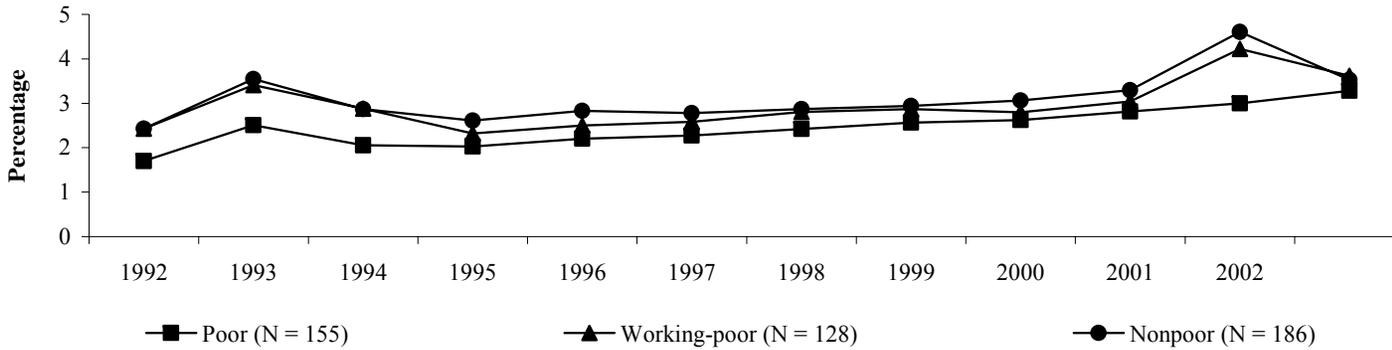
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Appendix Figure B.9

Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Low-Income Applicants, by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



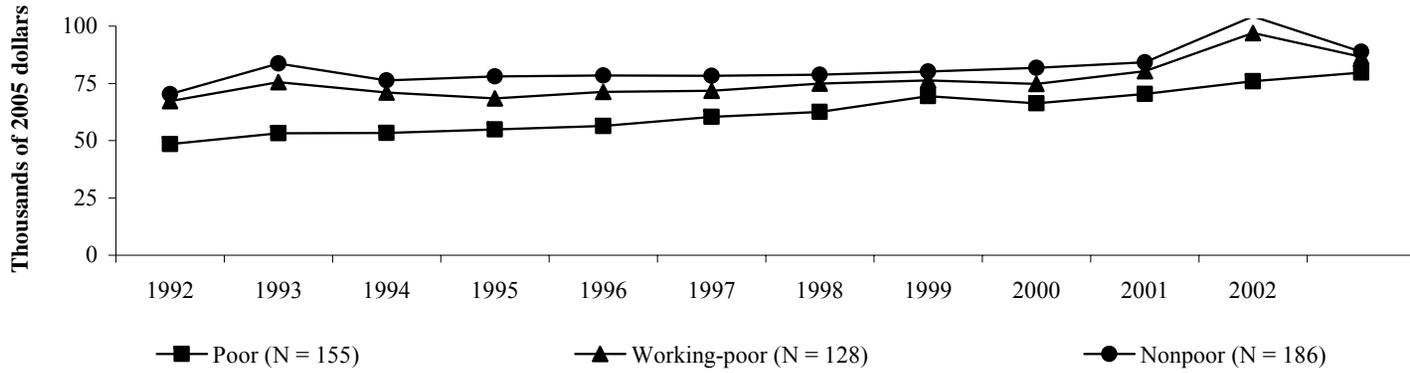
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

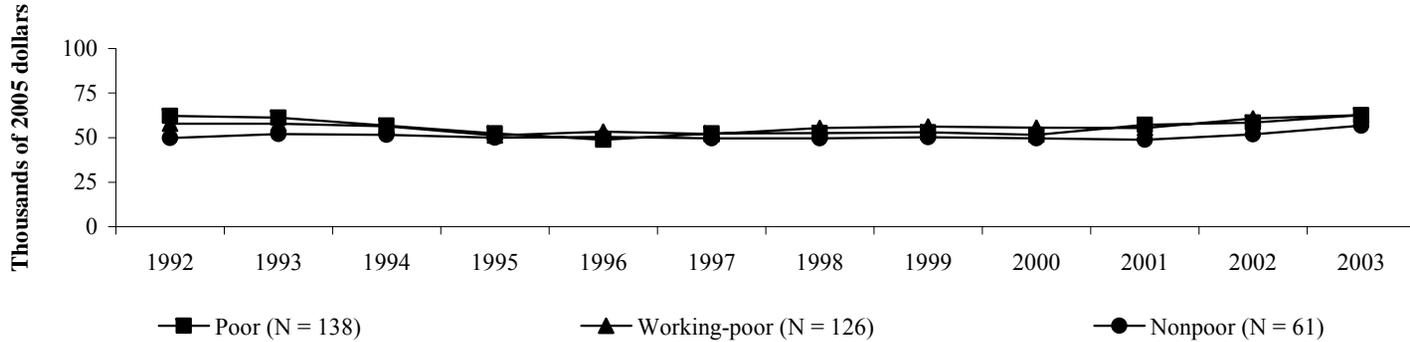
Appendix Figure B.10

Median Amount of Approved Mortgages to Low-Income Applicants,
by Neighborhood Poverty, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

Appendix C

**Neighborhood Welfare Concentration
and Social Distress**

Appendix C provides a brief analysis of the composition of neighborhoods where many welfare recipients lived and of trends in those neighborhoods from 1992 to 2003. In doing so, it extends the analyses of earlier Urban Change reports on Cuyahoga and Philadelphia Counties, which defined “high-welfare neighborhoods” as those where at least one out of five residents received welfare in the pre-reform period (from 1992 to 1995).¹ It answers the following five questions.

How do the “high-welfare neighborhoods” discussed in the earlier reports compare with the “poor neighborhoods” discussed in Chapter 5?

The vast majority of Cuyahoga’s high-welfare neighborhoods (114 out of 117) are a disadvantaged subset of the 155 poor neighborhoods introduced in Chapter 5, as seen by comparing Appendix Table C.1 and Table 5.2. Residents of high-welfare neighborhoods were younger, on average, than residents of all poor neighborhoods. Their median family incomes were lower; their poverty rates were substantially higher; and they had a lower ratio of working adults to children.

Similarly, most of Philadelphia’s high-welfare neighborhoods (110 out of 123) are a subset of the 138 poor neighborhoods introduced in Chapter 5. There were proportionately more children and fewer working adults in Philadelphia’s high-welfare neighborhoods than in its poor neighborhoods, as seen by comparing Appendix Table C.2 and Table 5.3.

How did the residential composition of high-welfare neighborhoods change over the course of the decade vis-à-vis the balance of the county?

Poverty rates declined much more sharply in Cuyahoga’s high-welfare neighborhoods than in the balance of the county, as shown in Appendix Table C.1. For example, the adult poverty rate fell by 50 percent in high-welfare neighborhoods, compared with 29 percent in the balance of the county. The child poverty rate fell by 11 percent in high-welfare neighborhoods, but it increased in the balance of the county.

The population declined by 11 percent in Cuyahoga’s high-welfare neighborhoods, while inching up 1 percent in the balance of the county. By 2000, residents of what were once Cuyahoga’s high-welfare neighborhoods were younger than residents of the same neighborhoods in 1990. In the balance of the county, the age distribution was relatively constant. In both types of neighborhoods, basic education levels and female labor force participation rates increased, but male labor force participation rates declined.

¹For the earlier report on Cleveland, see Brock et al. (2002); for the earlier report on Philadelphia, see Michalopoulos et al. (2003).

The Project on Devolution and Urban Change

Appendix Table C.1

Demographic Composition and Labor Force Participation Among Neighborhoods,
by Welfare Concentration, Cuyahoga, 1990 and 2000

	High-Welfare Neighborhoods (N = 117)		Balance of the County (N = 352)	
	1990	2000	1990	2000
Population	272,924	243,714	1,123,029	1,131,985
<u>Age composition (%)</u>				
Children (ages 0-14)	27.3	29.1	18.6	19.4
Teens (ages 15-19)	8.0	7.7	5.9	6.0
Adults (ages 20-64)	53.7	52.6	58.7	58.7
Seniors (ages 65 and up)	11.1	10.6	16.7	15.9
<u>Racial/ethnic composition and nativity (%)</u>				
Hispanic	4.2	6.0	1.6	2.7
Black, non-Hispanic	77.0	78.8	11.9	15.8
White, non-Hispanic	18.1	13.3	84.9	77.6
Asian	0.4	0.4	1.4	2.0
Foreign born	1.9	2.0	6.5	7.2
<u>Education and labor force participation (%)</u>				
Adults without a high school diploma	47.9	36.9	21.4	15.0
Total labor force participation rate	51.8	53.1	63.8	64.5
Male labor force participation rate	58.8	56.3	73.7	72.1
Female labor force participation rate	46.5	50.6	55.2	57.8
<u>Median rent and home ownership</u>				
Median rent (2005 dollars)	416	465	593	597
Five-year household mobility rate (%)	59.5	56.3	61.4	60.7
Home ownership (%)	39.1	40.8	67.5	68.0

(continued)

Appendix Table C.1 (continued)

	High-Welfare Neighborhoods (N = 117)		Balance of the County (N = 352)	
	1990	2000	1990	2000
<u>Income and poverty</u>				
Median family income (2005 dollars)	20,543	23,313	49,657	51,688
Ratio of income to poverty (%)				
Below 50% of poverty	24.4	19.6	3.4	3.5
Below 100% of poverty	39.8	35.9	7.2	8.0
Below 200% of poverty	63.7	62.6	20.5	21.6
Poverty rate, by age group				
Child poverty rate	55.3	49.1	9.7	10.4
Adult poverty rate	34.0	17.0	6.2	4.4
<u>Provider ratio</u>				
Ratio of working adults to children	1.08	1.06	2.60	2.52

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

The Project on Devolution and Urban Change

Appendix Table C.2

Demographic Composition and Labor Force Participation Among Neighborhoods,
by Welfare Concentration, Philadelphia, 1990 and 2000

	High-Welfare Neighborhoods (N = 123)		Balance of the County (N = 202)	
	1990	2000	1990	2000
Population	620,279	560,245	942,646	940,470
<u>Age composition (%)</u>				
Children (ages 0-14)	25.3	27.0	16.9	18.1
Teens (ages 15-19)	7.7	7.6	6.2	6.9
Adults (ages 20-64)	54.8	53.8	59.5	59.3
Seniors (ages 65 and up)	12.2	11.6	17.4	15.7
<u>Racial/ethnic composition and nativity (%)</u>				
Hispanic	10.1	14.1	2.1	5.0
Black, non-Hispanic	69.2	70.0	19.9	26.1
White, non-Hispanic	18.1	10.7	74.7	61.6
Asian	2.2	3.1	3.0	4.9
Foreign born	4.2	5.9	8.3	10.9
<u>Education and labor force participation (%)</u>				
Adults without a high school diploma	47.6	61.3	28.9	34.2
Total labor force participation rate	53.4	49.6	61.5	59.6
Male labor force participation rate	61.3	52.9	70.3	65.2
Female labor force participation rate	47.3	47.0	54.1	55.0
<u>Median rent and home ownership</u>				
Median rent (2005 dollars)	488	477	648	634
Five-year household mobility rate (%)	66.2	65.3	63.8	60.2
Home ownership (%)	59.6	55.8	63.7	61.3

(continued)

Appendix Table C.2 (continued)

	High-Welfare Neighborhoods (N = 123)		Balance of the County (N = 202)	
	1990	2000	1990	2000
<u>Income and poverty</u>				
Median family income (2005 dollars)	25,772	25,686	52,992	50,946
Ratio of income to poverty (%)				
Below 50% of poverty	18.4	19.0	5.4	7.7
Below 100% of poverty	39.8	35.9	11.1	15.0
Below 200% of poverty	58.7	61.1	26.8	32.6
Poverty rate, by age group				
Child poverty rate	47.4	46.7	13.6	18.3
Adult poverty rate	28.7	32.1	10.1	14.2
<u>Provider ratio</u>				
Ratio of working adults to children	1.29	1.09	2.78	2.45

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

In Philadelphia, the poverty rate declined in high-welfare neighborhoods, but it increased in the balance of the county, as shown in Appendix Table C.2. (Compare the proportions of residents with incomes “Below 100% of poverty.”) And the child poverty rate was stable in high-welfare neighborhoods, though it increased in the balance of the county.

In most other respects, changes in Philadelphia’s high-welfare neighborhoods were similar to, though more pronounced than, changes in the balance of the county. The population declined more sharply in high-welfare neighborhoods, as did basic education levels and male labor force participation rates.

How did the trends from 1992 to 2000 in high-welfare neighborhoods, described in the earlier reports, change during the period from 2000 to 2003?

As noted in the earlier Urban Change report on Cuyahoga, over the course of the 1990s, teen birthrates declined, and the percentage of mothers receiving adequate prenatal care increased.² Declines in the teen birthrate were particularly sharp in high-welfare neighborhoods between 1992 and 1999; they inched up in 2000 but continued to decline between 2000 and 2002, as shown in Appendix Figure C.1.

The number of all births in high-welfare neighborhoods declined by 44 percent between 1992 and 2002; and as the birthrate fell, a greater proportion of newborns received adequate prenatal care, as shown in Appendix Figure C.3.

Cuyahoga’s homicide rate declined sharply in high-welfare neighborhoods between 1992 and 1999, but the rate increased in the early 2000s.

The earlier Urban Change report on Philadelphia notes sharp declines in teen birthrates between 1992 and 2000 in high-welfare neighborhoods. Apart from a slight increase in 2002, these declines continued through 2003. (Teen birthrates also fell in the balance of the county, though the decline was driven by an increase in the teen population [the denominator] rather than by a decrease in the number of teen births [the numerator], which was fairly stable.)

The earlier report on Philadelphia also notes that the percentage of mothers receiving adequate prenatal care increased in high-welfare neighborhoods but declined countywide. From 2000 to 2003, however, the improving trend in high-welfare neighborhoods leveled out, and the trend in the balance of the county continued to worsen, as shown in Appendix Figure C.3.

²Earlier Urban Change reports tracked changes in the rate of births to mothers ages 10 to 17, but, following the conventions of reporting national health statistics, this report tracks changes in the rate of births to mothers ages 15 to 19.

Philadelphia's homicide rate was noticeably lower in the post-reform period in both types of neighborhoods, but the annual rates in the two periods fluctuated around the period averages.

How did the additional trends presented in this report change in high-welfare neighborhoods?

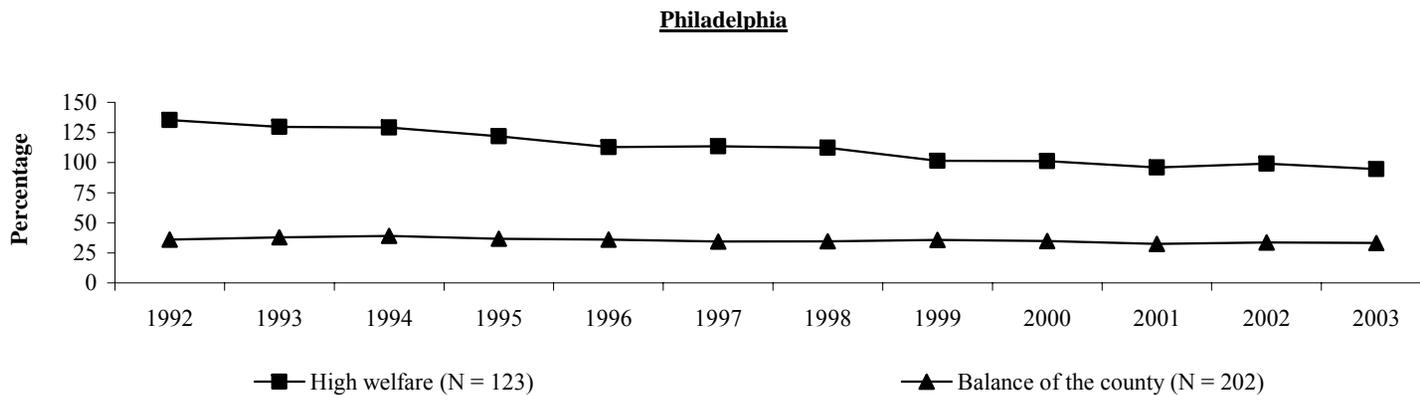
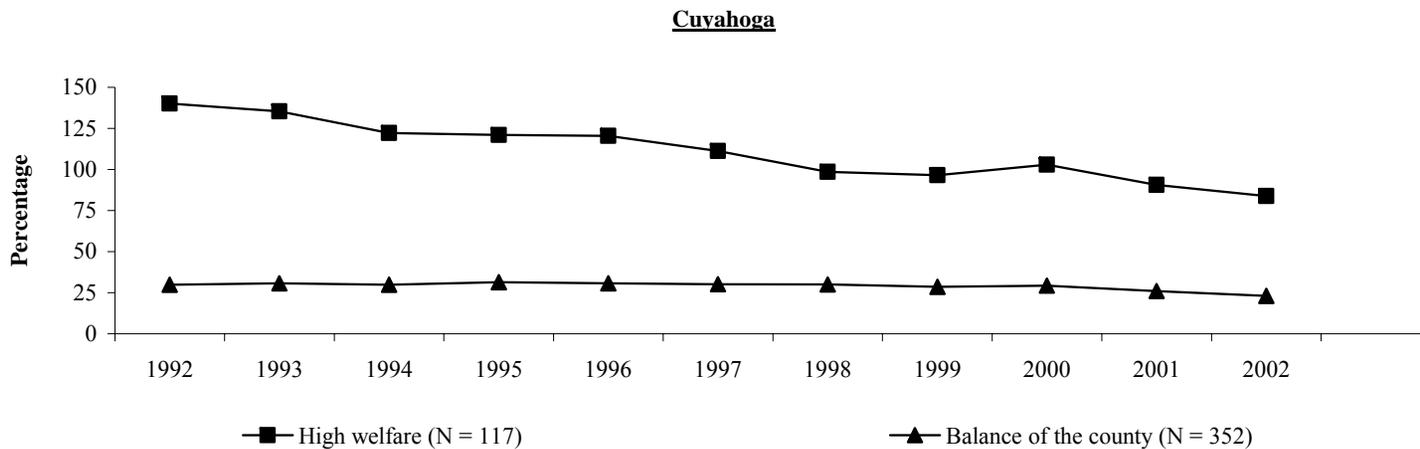
In addition to the trends discussed above, this report presents three additional indicators of maternal and infant health and four indicators related to home purchases. For the most part, trends in Cuyahoga's high-welfare neighborhoods were similar to those in poor neighborhoods. The proportion of births receiving any prenatal care dipped in the early reform period but increased afterward. The proportion of low-birth-weight births fell in the early reform period but was stable afterward. Home mortgage approval rates fell among low-income applicants, but the amount of approved mortgages to low-income applicants increased.

In Philadelphia as well, the trends in high-welfare neighborhoods resembled those in poor neighborhoods. The proportion of births receiving any prenatal care increased in the early reform period. And although the purchase amount of home mortgage applications among low-income borrowers declined in the early reform period, it increased afterward.

Tying it all together: How does the basic story of neighborhood change for vulnerable populations differ when using a lens that focuses on welfare concentration rather than on poverty concentration?

Inasmuch as high-welfare neighborhoods in both counties are almost entirely a subset of poor neighborhoods, either lens yields similar conclusions about changes in the most disadvantaged neighborhoods. Clearly, several conditions in the most disadvantaged neighborhoods improved, and they improved much more in disadvantaged neighborhoods than in less disadvantaged neighborhoods. For example, in both counties, poverty rates remained stable or declined sharply in the most disadvantaged neighborhoods, while increasing or declining less sharply elsewhere. And teen birthrates and homicide rates fell to record lows. What the welfare concentration lens misses are the important shifts that occurred among "working-poor neighborhoods," as discussed in Chapter 5.

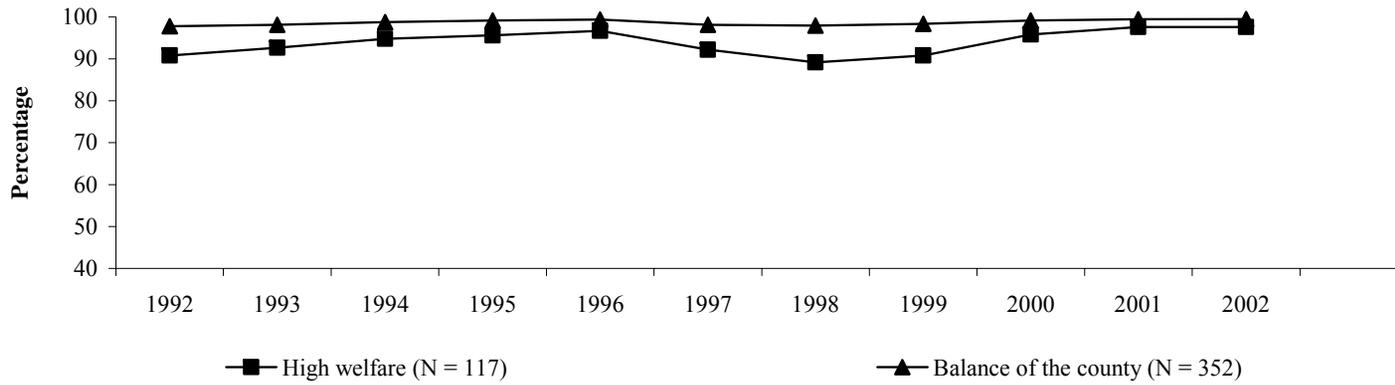
The Project on Devolution and Urban Change
 Appendix Figure C.1
 Births to Teens (Ages 15-19) per 1,000,
 by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003



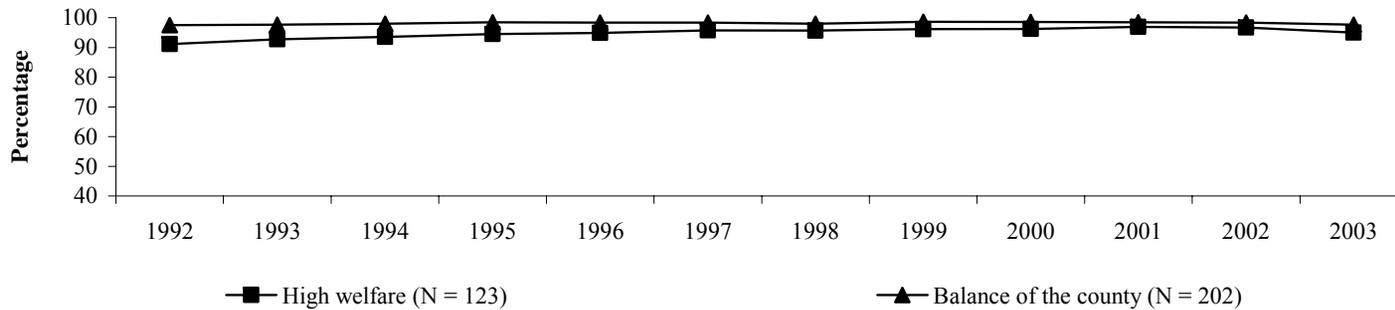
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
Appendix Figure C.2
Percentage of Births with Any Prenatal Care,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



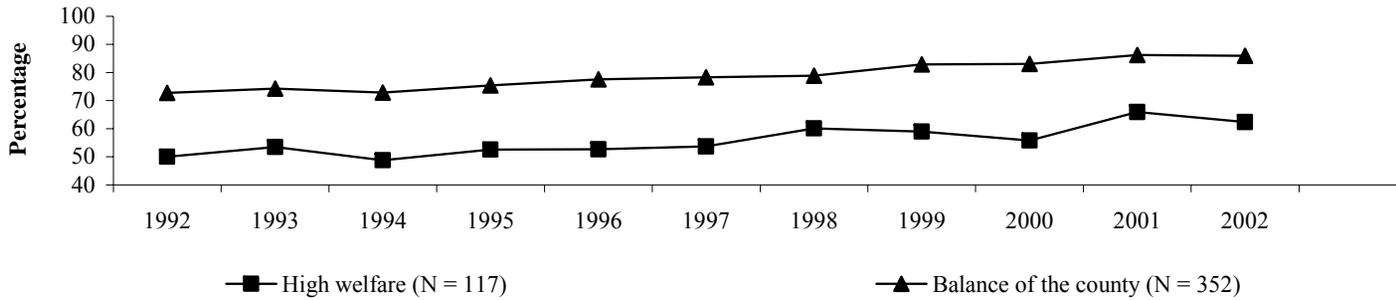
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

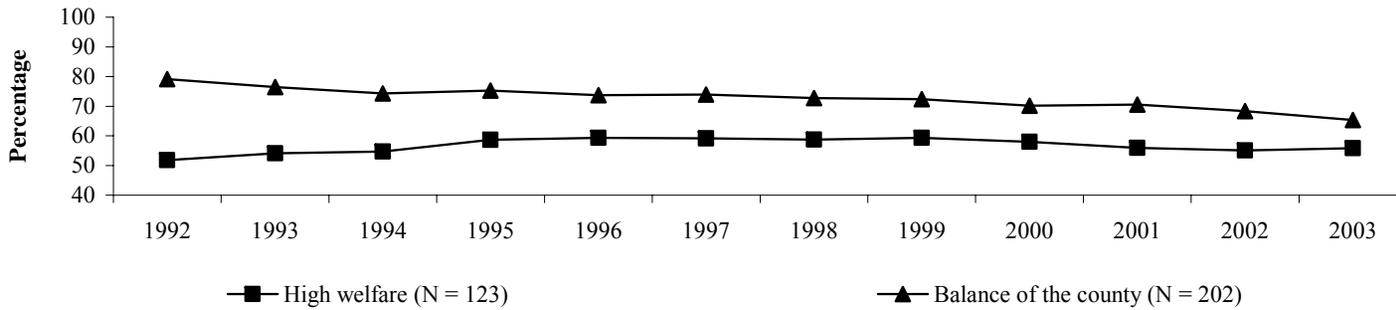
Appendix Figure C.3

Percentage of Births with Adequate Prenatal Care,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



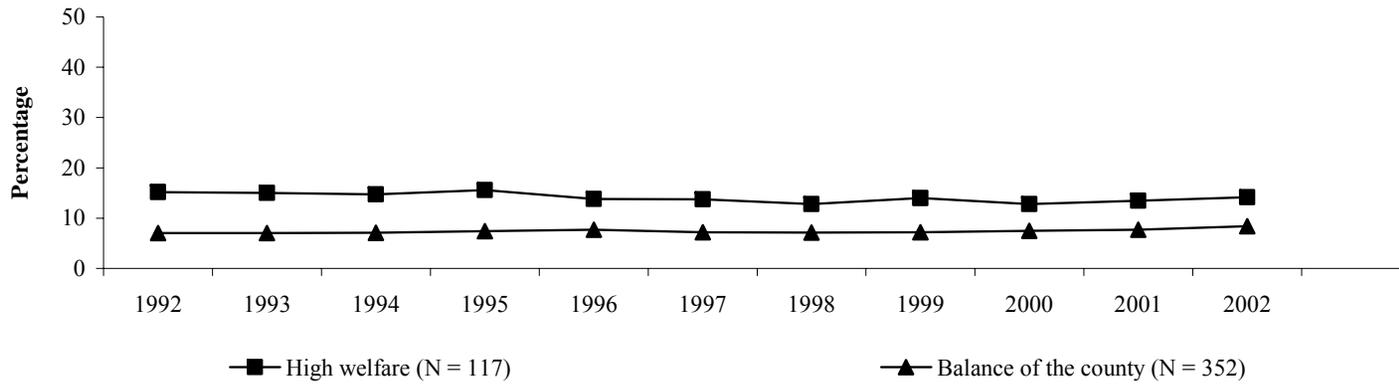
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

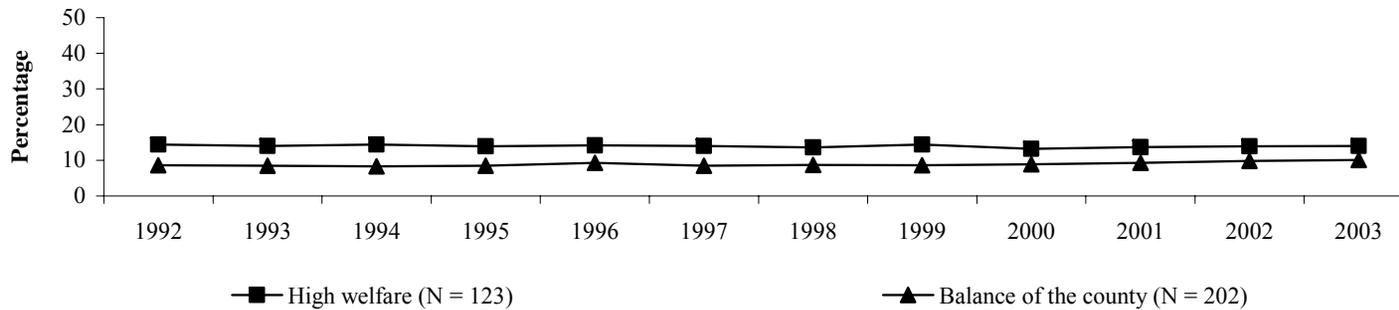
Appendix Figure C.4

Low-Birth-Weight Births as a Percentage of All Births,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



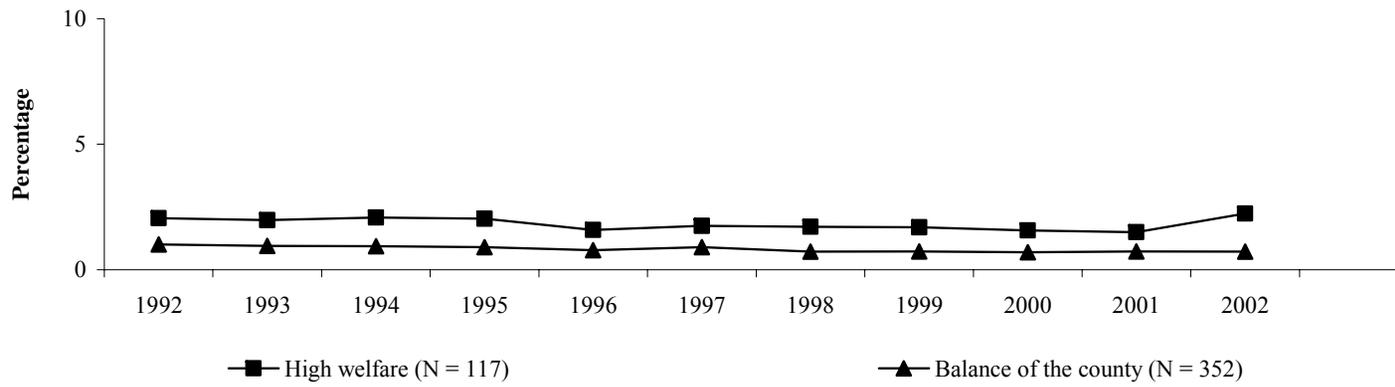
Philadelphia



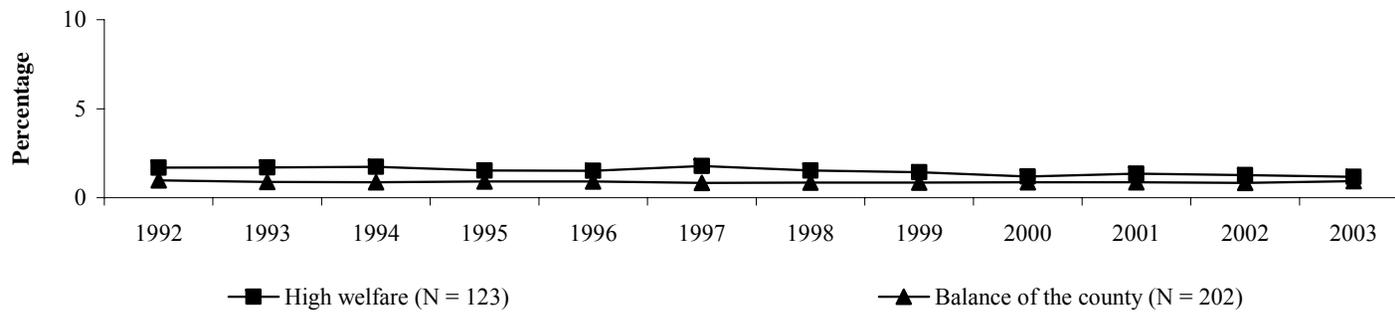
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure C.5
 Rate of Infant Deaths per 1,000 Live Births,
 by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



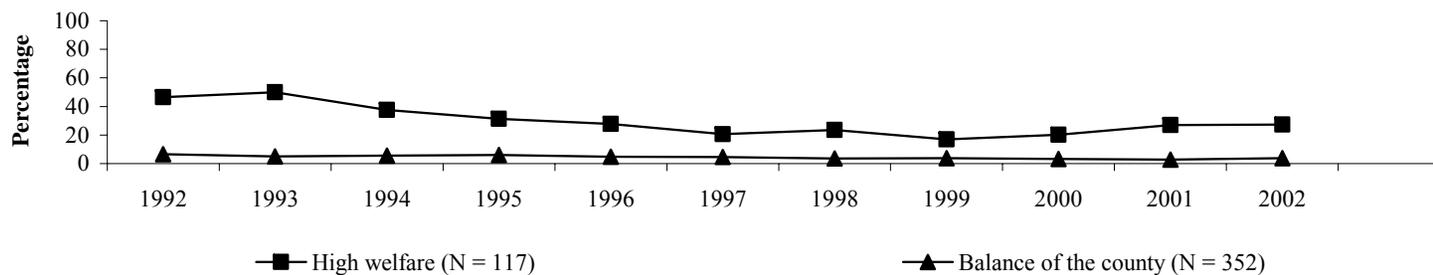
Philadelphia



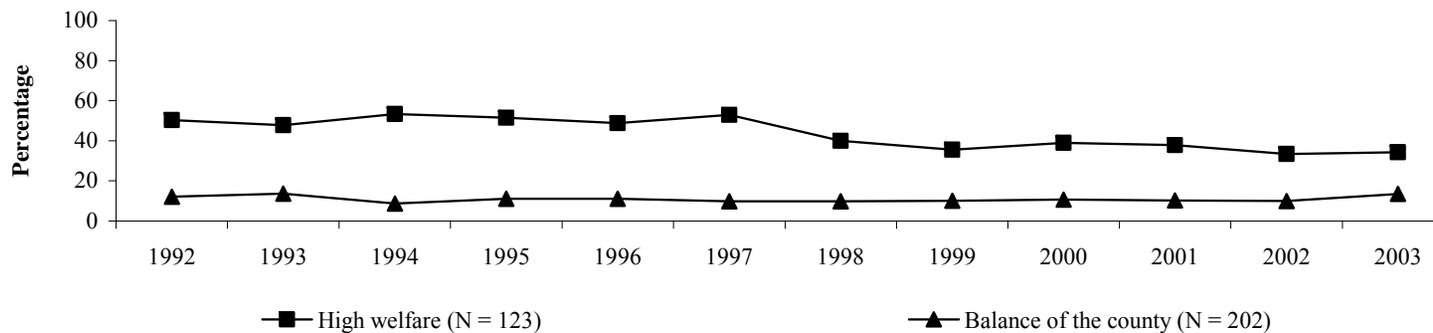
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
Appendix Figure C.6
Incidence of Homicide per 100,000 Residents,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia



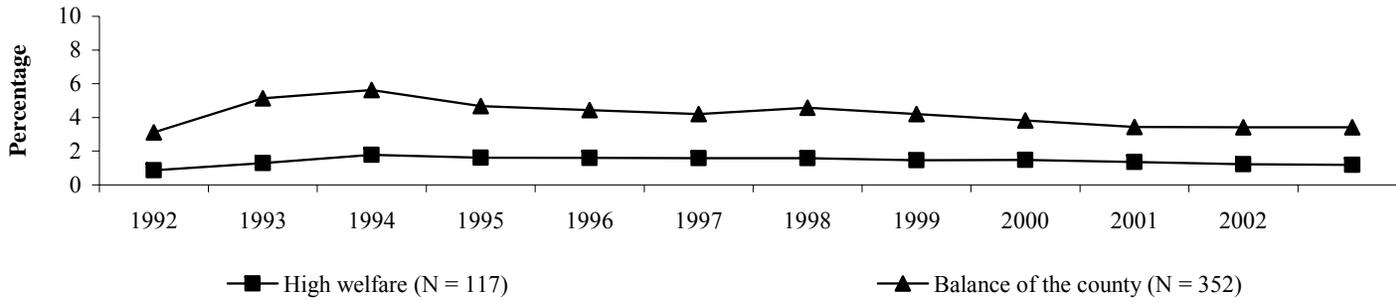
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

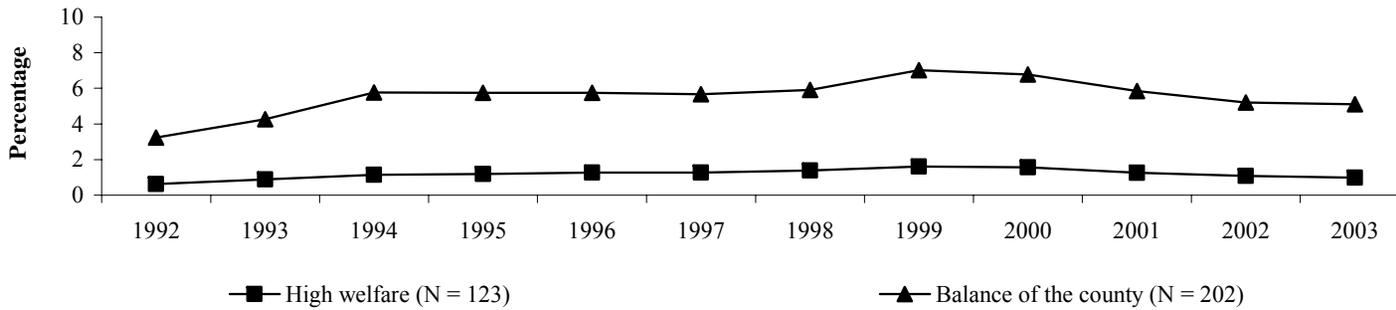
Appendix Figure C.7

Percentage of Low-Income Households Applying for Mortgages,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

Cuyahoga



Philadelphia

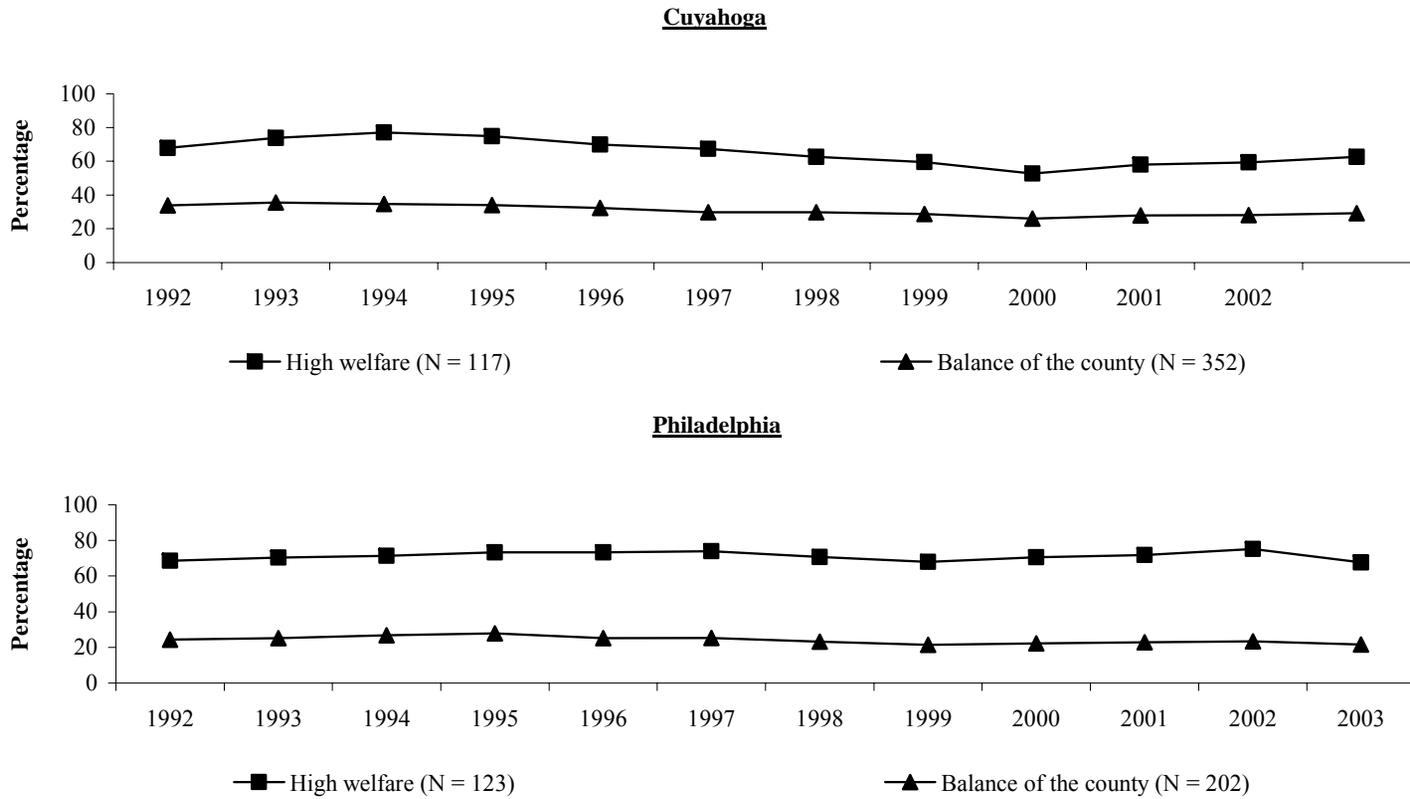


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Appendix Figure C.8

Home Mortgage Loan Approval Rates Among Low-Income Applicants,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

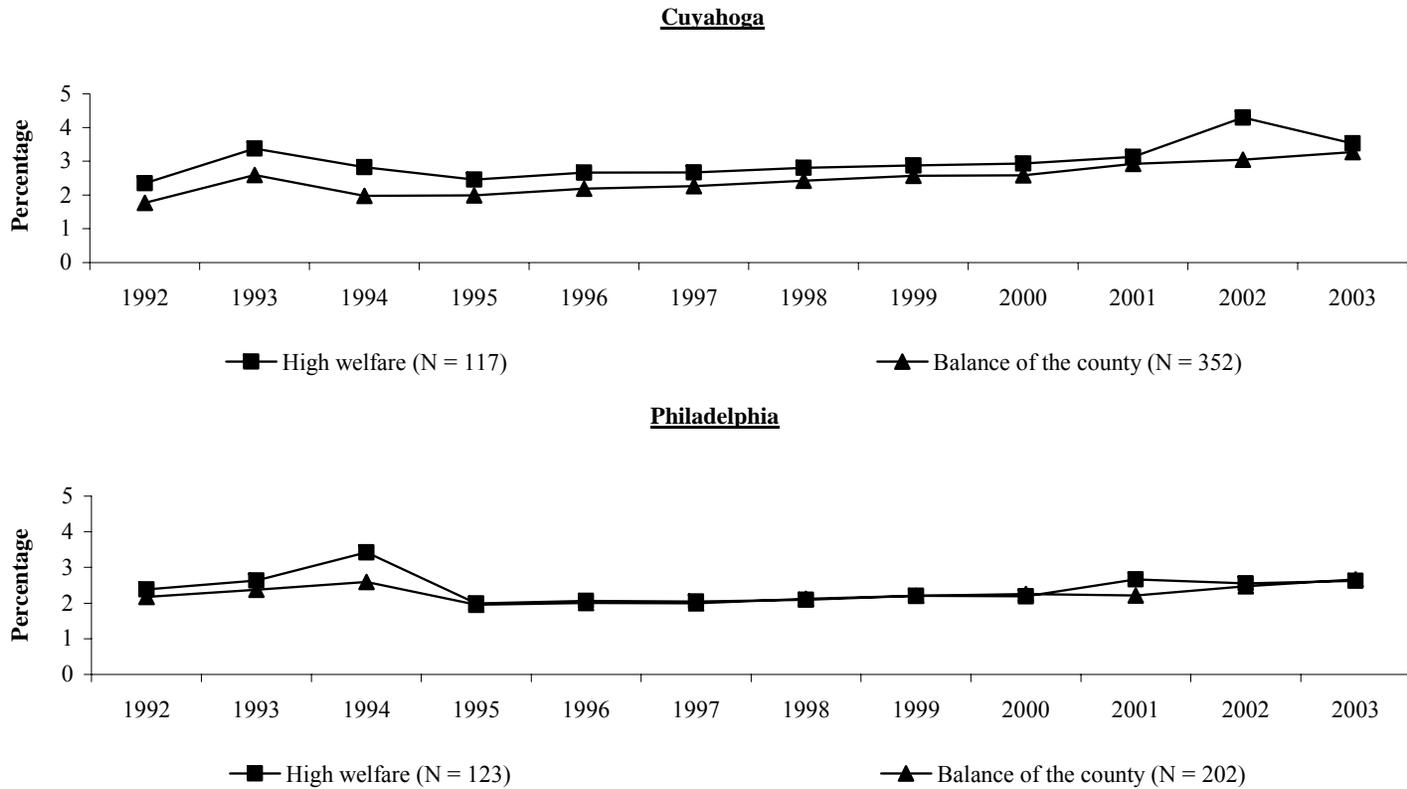


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Appendix Figure C.9

Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Low-Income Applicants, by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003

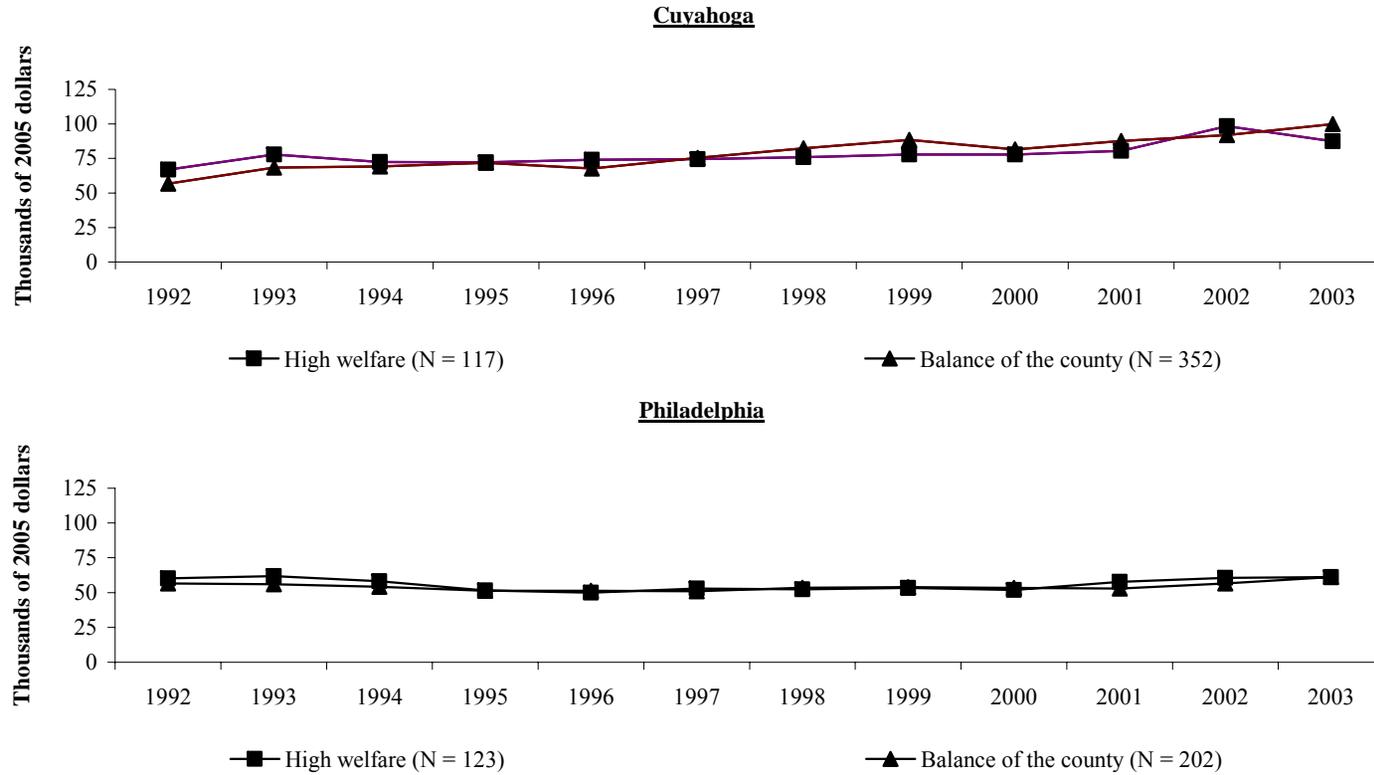


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

Appendix Figure C.10

Median Amount of Approved Mortgages to Low-Income Applicants,
by Welfare Concentration, Cuyahoga and Philadelphia Counties, 1992-2003



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

Appendix D

**The Circumstances and Experiences of Residents of
Cuyahoga and Philadelphia Counties,
As Analyzed by Race/Ethnicity**

Appendix D provides a brief analysis of the circumstances and experiences of residents of Cuyahoga and Philadelphia Counties as examined by race/ethnicity. As discussed in the introduction to Chapter 5, the purpose of the neighborhood indicators analysis is to monitor signs of distress and progress among low-income families, many of whom live in poor neighborhoods. But one limitation of aggregate trend analysis is that it can mask important changes that occur for subgroups of the larger population. Appendix D examines some of the same indicators presented in Chapter 5 in order to answer the following question about racial/ethnic subgroups:

- Are there indications of greater progress or greater harm among any of the three major subgroups in each county — African-Americans, whites, or Hispanics — than suggested by the aggregate trends presented in Chapter 5?

Cuyahoga

Cuyahoga County grew more diverse during the 1990s. The white population declined from a three-quarters to a two-thirds majority; the black population increased from just under to just over one-quarter; and the small but growing Hispanic and Asian populations made up the remaining 5 percent.

African-American Residents

Cuyahoga's African-American population grew by 9 percent over the decade, and the circumstances of Cuyahoga's black families improved dramatically, as shown in Appendix Table D.1. The child and adult poverty rates each declined by 20 percent. Basic education levels increased by 27 percent. And home ownership and female labor force participation rates each increased by 5 percent.

Appendix Figures D.1 to D.10 show that several of the improving trends discussed in Chapter 5 were even more pronounced for black families. The teen birthrate in Cuyahoga declined by over 40 percent (Appendix Figure D.1). Indeed, between 1992 and 2002, the number of births to black teens fell from over 1,700 to just over 1,000 per year. The black homicide victimization rate declined by a remarkable 58 percent (Appendix Figure D.6). The number of black homicide victims fell from 158 in 1992 to 47 in 2000, though it increased to 72 by 2002.

There were also, however, a few indicators of concern. The age distribution of the black population grew at the tails — with increasing proportions of children and seniors, as reflected in the declining ratio of working adults to children (Appendix Table D.1). Labor force participation rates among black males inched downward from 63 percent to 61 percent. The 1997-1999 dip in mothers with any prenatal care, discussed in Chapter 5, was particularly evident for black families in Cuyahoga (Appendix Figure D.2).

The Project on Devolution and Urban Change

Appendix Table D.1

Demographic Composition and Labor Force Participation Countywide,
by Race/Ethnicity, Cuyahoga, 1990 and 2000

	Hispanic		Black, Non-Hispanic		White, Non-Hispanic		Asian	
	1990	2000	1990	2000	1990	2000	1990	2000
Population	31,447	47,078	348,153	379,397	1,011,481	918,577	17,736	25,019
<u>Age composition (%)</u>								
Children (ages 0-14)	32.1	32.1	25.8	27.0	18.1	17.6	22.8	18.6
Teens (ages 15-19)	9.0	8.7	8.1	7.6	5.7	5.7	7.6	5.2
Adults (ages 20-64)	54.1	54.8	57.1	54.3	56.8	58.2	60.6	69.8
Seniors (ages 65 and up)	3.3	4.4	10.3	11.0	17.9	18.5	4.7	6.5
<u>Education and labor force participation (%)</u>								
Adults without a high school diploma	47.0	37.4	37.8	27.7	22.4	14.6	16.9	14.8
Total labor force participation rate	62.8	61.6	57.8	58.8	62.4	63.7	70.1	64.2
Male labor force participation rate	73.5	66.5	62.7	61.3	73.0	72.1	80.9	72.2
Female labor force participation rate	52.9	57.1	54.0	56.9	53.2	56.3	60.3	56.4
<u>Home ownership</u>								
Home ownership (%)	39.8	45.1	41.9	44.1	68.6	71.2	51.2	48.3
<u>Poverty</u>								
Poverty rate	31.6	26.1	31.2	26.8	7.5	6.8	11.9	13.4
Poverty rate, by age group								
Child poverty rate	40.0	32.6	46.4	37.3	10.5	8.0	11.0	11.3
Adult poverty rate	26.5	22.2	27.0	21.9	6.6	6.4	12.2	14.0
<u>Provider ratio</u>								
Ratio of working adults to children	1.1	1.1	1.4	1.3	2.4	2.4	1.9	2.4

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

White Residents

Cuyahoga's white population declined by 9 percent. By the end of the decade, the white population was older (Appendix Table D.1). The overall poverty rate and the child poverty rate declined. Basic education levels, female labor force participation, and home ownership rates all increased. Most indicators were stable or evidenced gradual improvement.

Hispanic Residents

Cuyahoga's relatively small Hispanic population grew by 50 percent over the decade, and the circumstances of Hispanic families improved dramatically. There were substantial declines in the child, adult, and overall poverty rates (Appendix Table D.1). Levels of basic education, female labor force participation rates, and home ownership all increased substantially. But there was a substantial decline in the male labor force participation rate.

Given the relatively small size of the Hispanic population, some of the trends for this population are unreliable. And given the sharp growth rate, it is important to understand the relative change in the numerators and denominators of the rates. For example, homicide was too rare an event among Cuyahoga's Hispanic population to support a reliable trend. And as the Hispanic population grew, teen birthrates fell, but these declines were driven primarily by the increasing number of Hispanic teens (the denominator). The number of births to Hispanic teens increased through 2000, though teen births declined afterward. Most trends suggest that the circumstances of Cuyahoga's Hispanic families were stable or gradually improved over time.

Philadelphia

Philadelphia County also grew more diverse during the 1990s. The white population declined from 52 percent to 43 percent of all residents, while the black population increased from 40 percent to 42 percent; the Hispanic population grew from 5 percent to 8 percent; and the Asian population rose from 3 percent to 4 percent.

Importantly, several aggregate trends in Philadelphia reflect this changing composition of the resident pool, rather than changes in the circumstances of the same residents over time. For example, although levels of basic education increased among each of Philadelphia's major ethnic groups, aggregate high school education rates fell, reflecting Philadelphia's changing demographic composition. (For example, compare the proportions of adults without a high school diploma in Table 5.3 and Appendix Table D.2.)

African-American Residents

Philadelphia's African-American population grew by 4 percent over the decade, and the circumstances of Philadelphia's black families improved, as shown in Appendix Table D.2. The child poverty rate declined by 12 percent, and the adult poverty rate declined by 4 percent. Basic education levels increased by 21 percent.

As shown in Appendix Figures D.1 to D.10, several of the improving trends discussed in Chapter 5 were even more pronounced for black families. The black teen birthrate in Philadelphia declined by 38 percent (Appendix Figure D.1). Indeed, between 1992 and 2003, the number of births to black teens fell from over 2,500 to just over 1,400 per year. The black homicide victimization rate declined by 26 percent (Appendix Figure D.6). The number of black homicide victims fell from 325 in 1992 to 228 in 1999, though it increased to 250 by 2003.

There were also, however, a few indicators of concern. The age distribution of the black population grew at the tails — with increasing proportions of children and seniors, as reflected in the declining ratio of working adults to children (Appendix Table D.2). Labor force participation rates among black males fell from 63 percent to 57 percent. And the black home ownership rate declined from 57 percent to 55 percent.

White Residents

Philadelphia's white population declined by 22 percent. By the end of the decade, the white population was older, and the ratio of working adults to children increased (Appendix Table D.2). But the experience of the white population was mixed. On the one hand, the overall and adult poverty rates increased, and home ownership rates fell. On the other hand, basic education levels increased 28 percent, and the female labor force participation rates inched up. Most trends improved gradually over time.

Hispanic Residents

Philadelphia's Hispanic population grew by 45 percent over the decade, and the experience of Hispanic families was quite mixed. On the one hand, indicators suggest relatively high — and in some cases increasing — levels of distress among Hispanic families. The Hispanic child poverty rate increased from 47 percent to 50 percent, and the male labor force participation rate declined from 64 percent to 54 percent. On the other hand, basic education levels, female labor force participation rates, and home ownership rates each increased, and the adult poverty rate declined.

Trends in teen birth and homicide rates suggest that the circumstances of Philadelphia's Hispanic population improved over time. The Hispanic teen birthrate (Appendix Figure D.1)

The Project on Devolution and Urban Change

Appendix Table D.2

Demographic Composition and Labor Force Participation Countywide,
by Race/Ethnicity, Philadelphia, 1990 and 2000

	Hispanic		Black, Non-Hispanic		White, Non-Hispanic		Asian	
	1990	2000	1990	2000	1990	2000	1990	2000
Population	89,193	128,928	623,510	646,123	825,839	644,395	42,156	67,119
<u>Age composition (%)</u>								
Children (ages 0-14)	32.2	32.2	24.3	26.1	16.0	14.3	24.3	19.1
Teens (ages 15-19)	9.5	9.0	7.5	7.5	5.8	6.1	9.1	9.7
Adults (ages 20-64)	54.2	54.4	59.4	55.2	58.2	59.6	60.6	65.6
Seniors (ages 65 and up)	3.9	4.4	11.2	11.2	19.6	20.1	5.2	5.6
<u>Education and labor force participation (%)</u>								
Adults without a high school diploma	57.4	50.5	39.8	31.6	31.9	22.9	35.4	37.1
Total labor force participation rate	52.0	49.3	57.9	55.2	58.9	57.6	57.6	54.4
Male labor force participation rate	64.2	54.4	62.8	56.8	69.1	64.3	64.0	60.3
Female labor force participation rate	40.7	44.7	54.1	54.0	50.3	51.7	50.9	48.7
<u>Home ownership</u>								
Home ownership (%)	45.2	51.1	56.7	54.7	66.8	65.1	42.8	42.6
<u>Poverty</u>								
Poverty rate	45.3	42.2	28.9	28.5	11.1	12.7	29.3	29.8
Poverty rate, by age group								
Child poverty rate	46.8	50.4	42.2	37.2	13.9	14.0	37.2	34.3
Adult poverty rate	38.3	37.3	25.5	24.6	10.5	12.4	27.2	28.4
<u>Provider ratio</u>								
Ratio of working adults to children	1.1	0.9	1.5	1.3	2.6	2.8	1.5	1.8

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

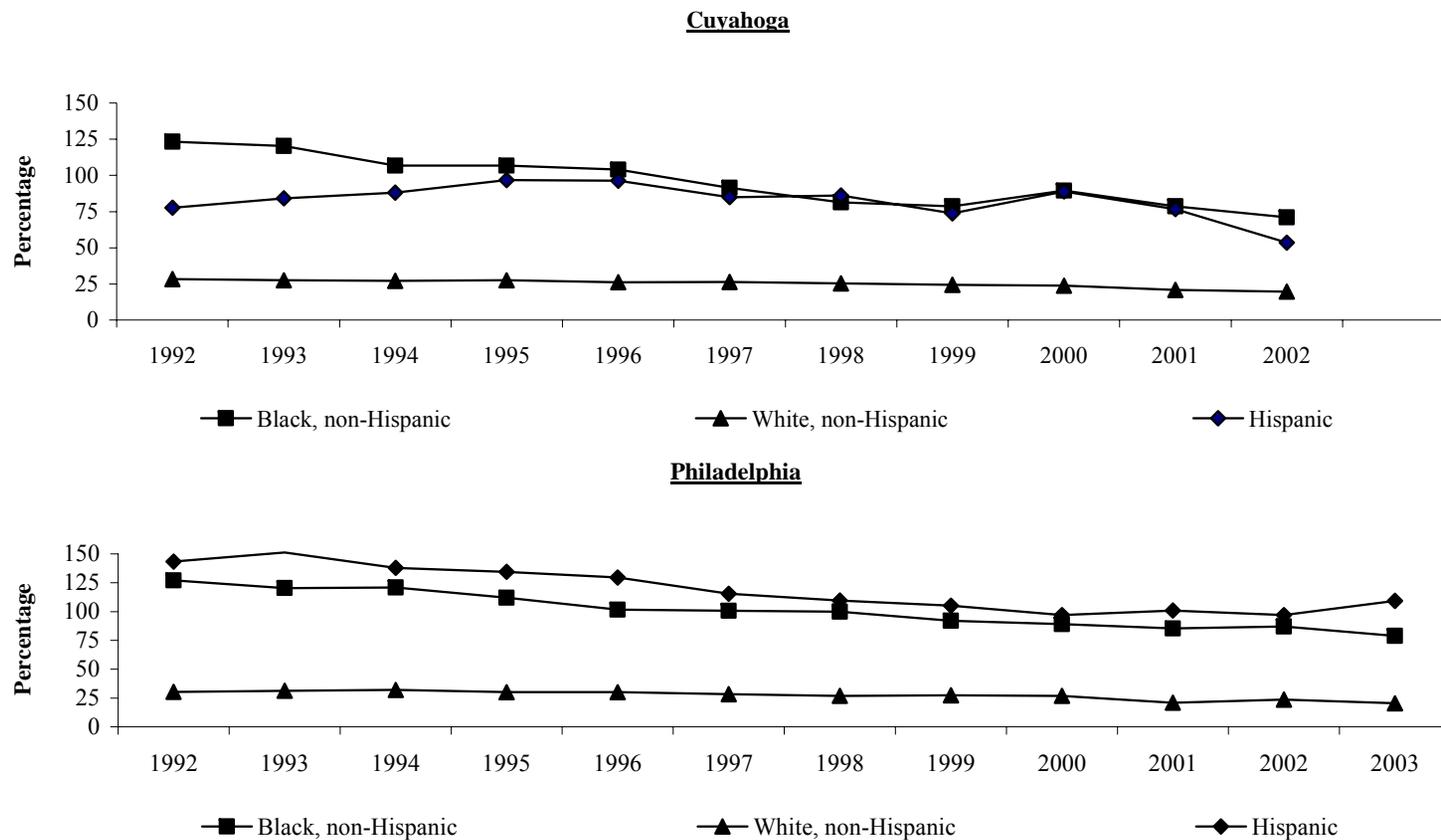
declined fairly consistently through 2002, and the decline was attributable to the declining number of births to Hispanic teens. The Hispanic homicide rate declined 46 percent between 1992 and 2003 (Appendix Figure D.6). The number of Hispanic homicide victims fell from 35 in 1992 to 20 in 2002, though it increased to 29 by 2003.

Conclusions

Consistent with Chapter 5, this analysis suggests that the experiences of a broad cross-section of Cuyahoga residents improved in a number of ways. These improving circumstances and experiences were particularly pronounced for African-American and Hispanic families. In both populations, child and adult poverty rates declined, while basic education levels, female labor force participation, and home ownership rates increased. Most of these indicators also improved among white residents, though progress was less apparent because of relatively advantaged starting levels. Some of the most dramatic improvements of the decade — declines in teen birthrates and homicide rates — were concentrated among black families. The only notable exceptions to these otherwise positive trends were declines in the male labor force participation rates and a notable dip in the proportion of black births that received prenatal care during the early reform period.

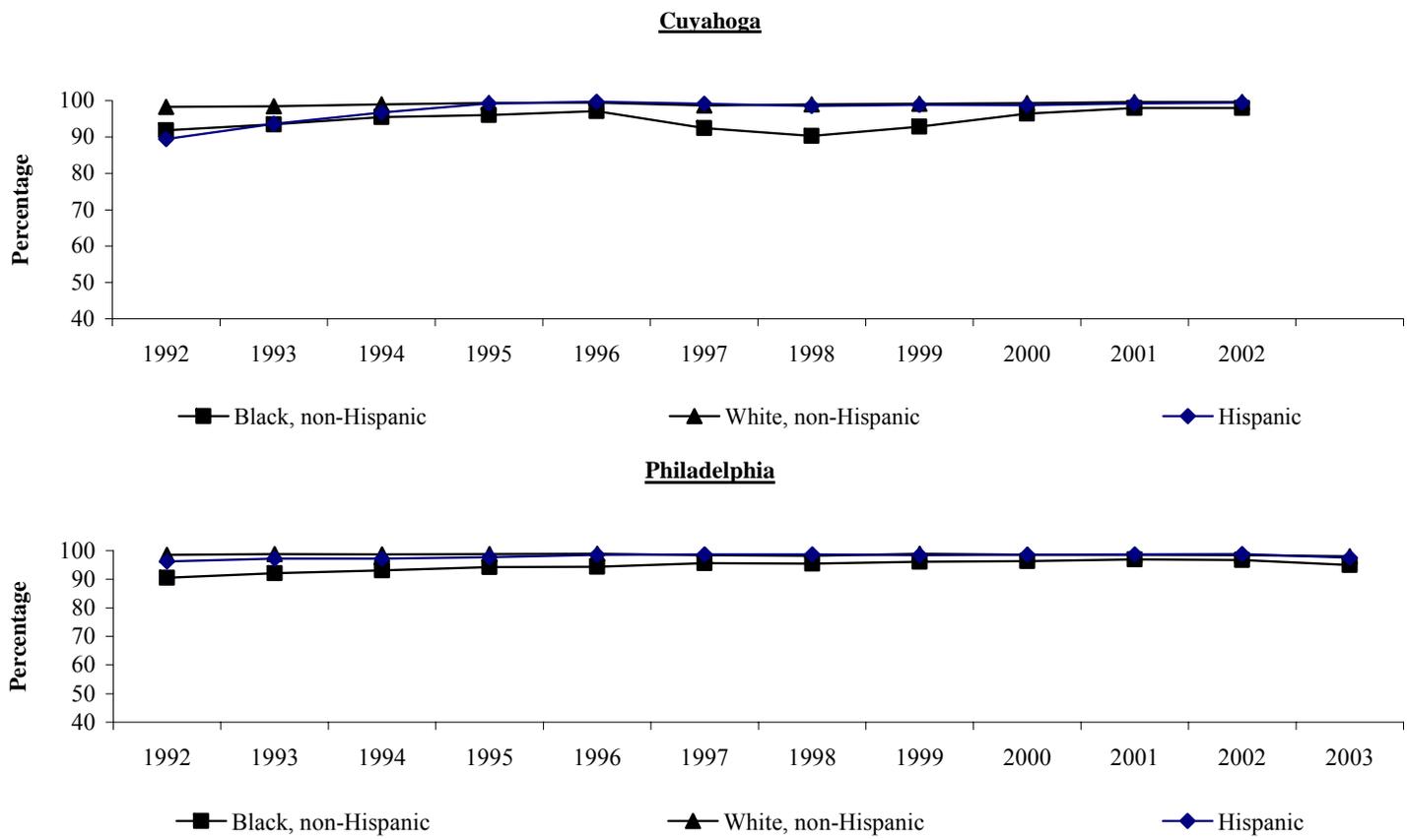
Philadelphia's experience was mixed. As in Cuyahoga, the circumstances of Philadelphia's black residents improved across several dimensions. Child and adult poverty rates declined, and basic education levels increased. Many white residents moved out of Philadelphia during the 1990s, and those who remained were poorer and older, on average. Levels of social distress were relatively high among Philadelphia's Hispanic population, and indicators of child poverty and male labor force participation rates worsened. At the same time, levels of basic education, female labor force participation, and home ownership rates improved among the Hispanic community. One possible interpretation of both sets of indicators is that some of the new Hispanic residents were arriving with lower levels of material resources than existing residents had but that their circumstances were improving over time.

The Project on Devolution and Urban Change
 Appendix Figure D.1
 Births to Teens (Ages 15-19) per 1,000,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

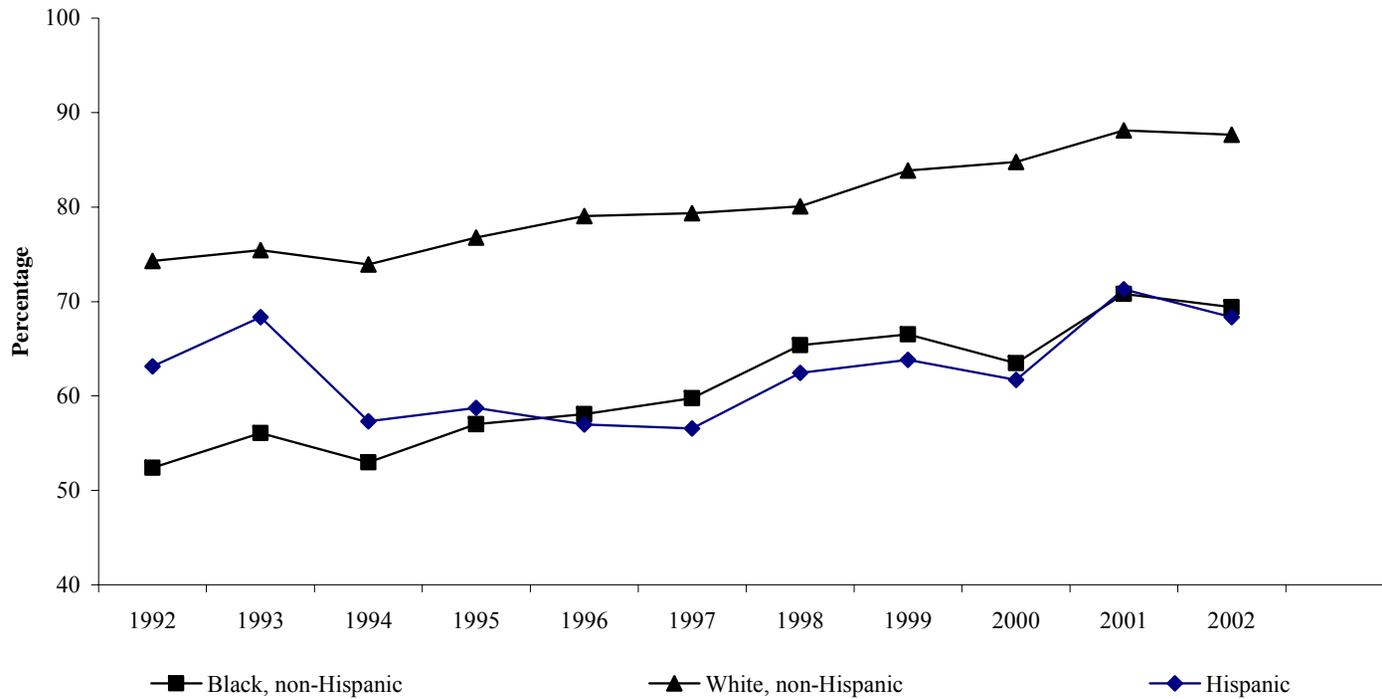
The Project on Devolution and Urban Change
 Appendix Figure D.2
 Percentage of Births with Any Prenatal Care,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure D.3
 Percentage of Births with Adequate Prenatal Care,
 by Race/Ethnicity, Cuyahoga County, 1992-2002 (Countywide)

Cuyahoga

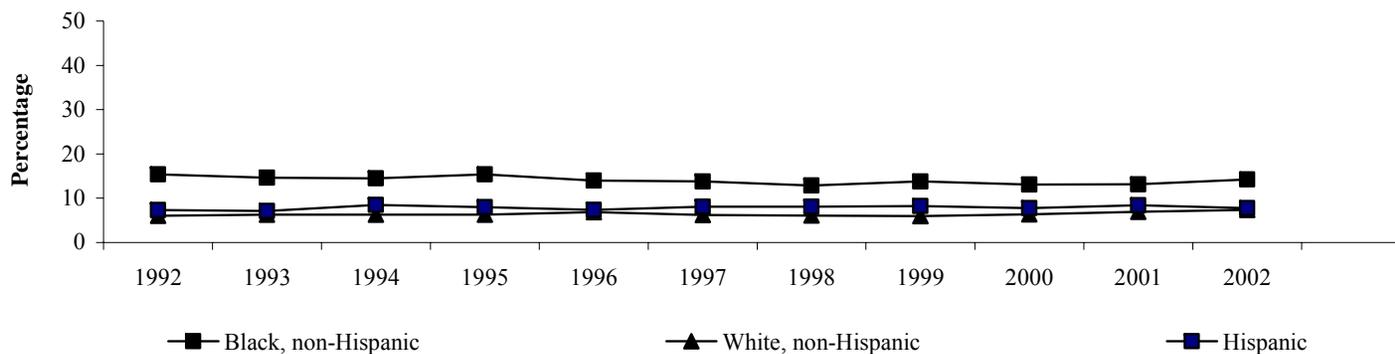


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

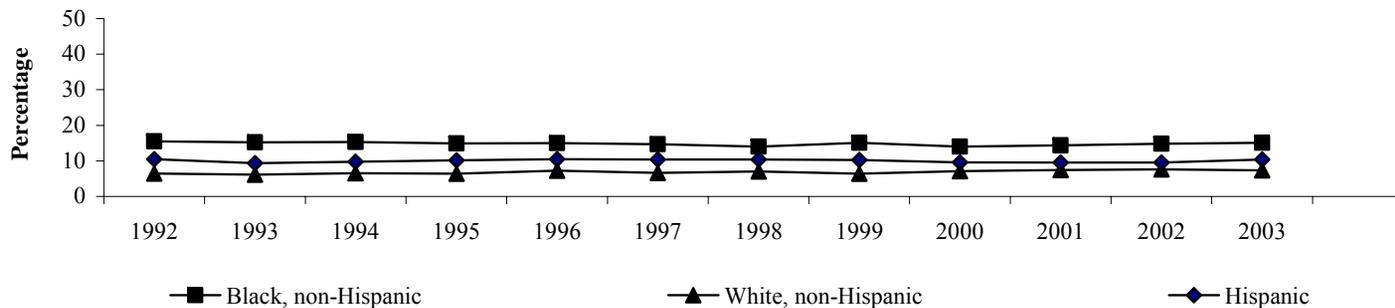
NOTE: The data source for Philadelphia County was found to be unreliable and, thus, was not used in this analysis.

The Project on Devolution and Urban Change
 Appendix Figure D.4
 Low-Birth-Weight Births as a Percentage of All Births,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)

Cuyahoga



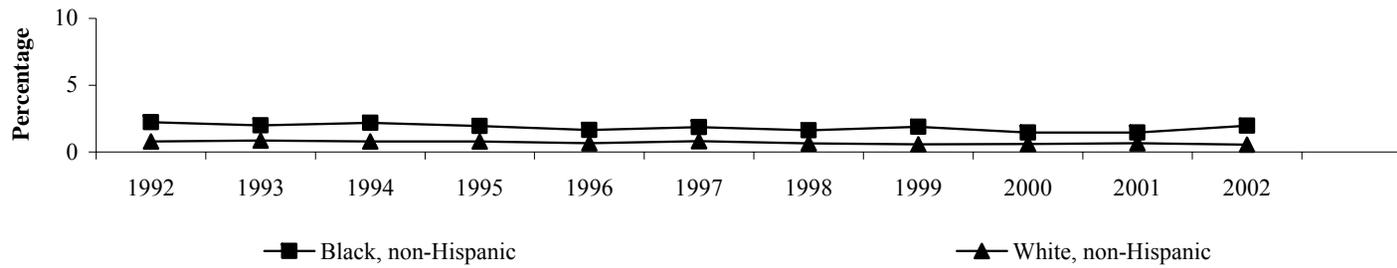
Philadelphia



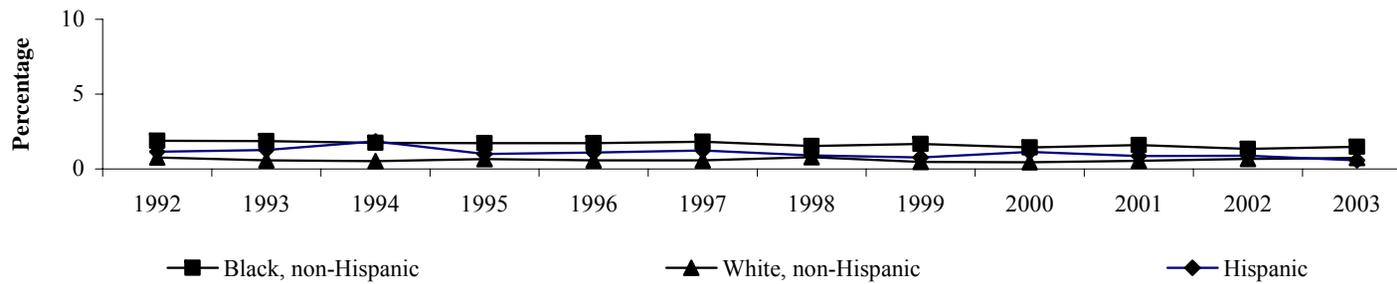
SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
Appendix Figure D.5
Rate of Infant Deaths per 1,000 Live Births,
by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)

Cuyahoga



Philadelphia

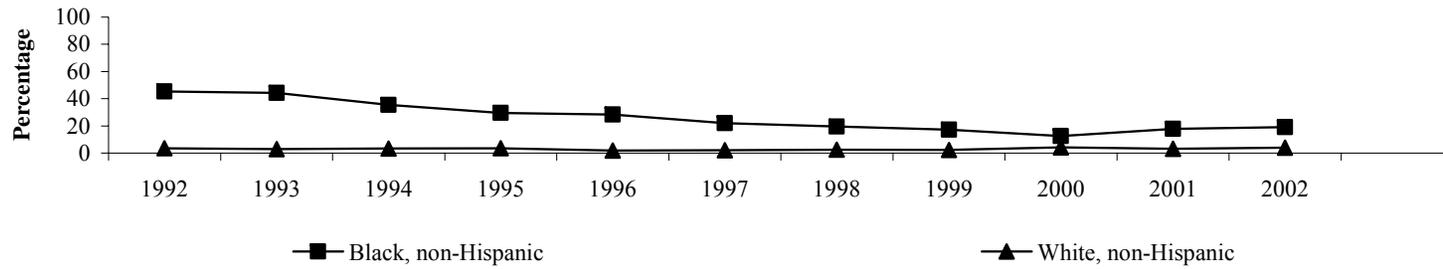


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

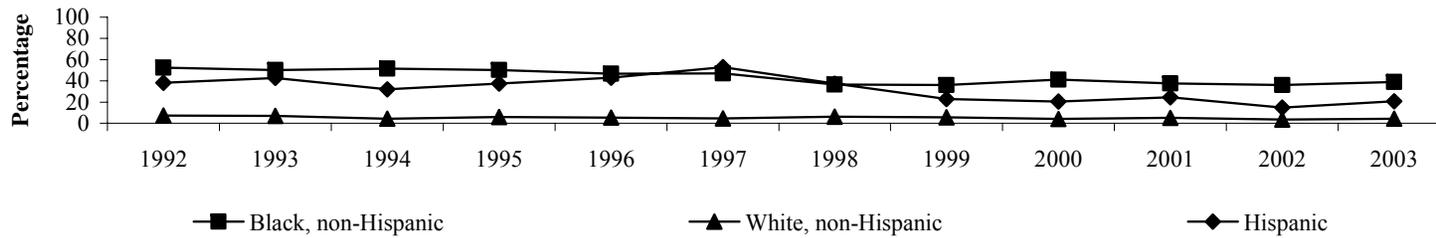
NOTE: The Hispanic population in Cuyahoga County was too small to use for this analysis.

The Project on Devolution and Urban Change
Appendix Figure D.6
Incidence of Homicide per 100,000 Residents,
by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)

Cuyahoga



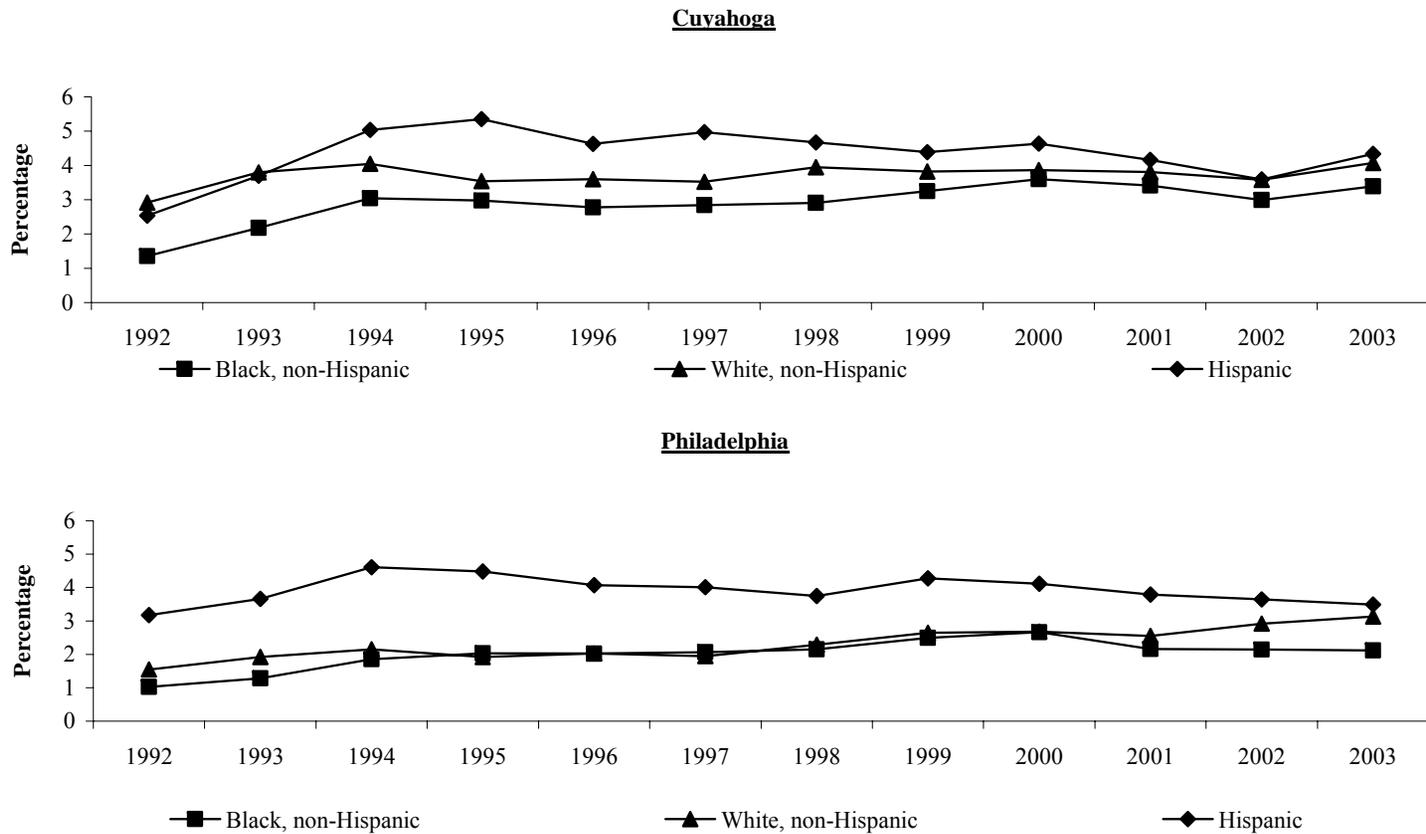
Philadelphia



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

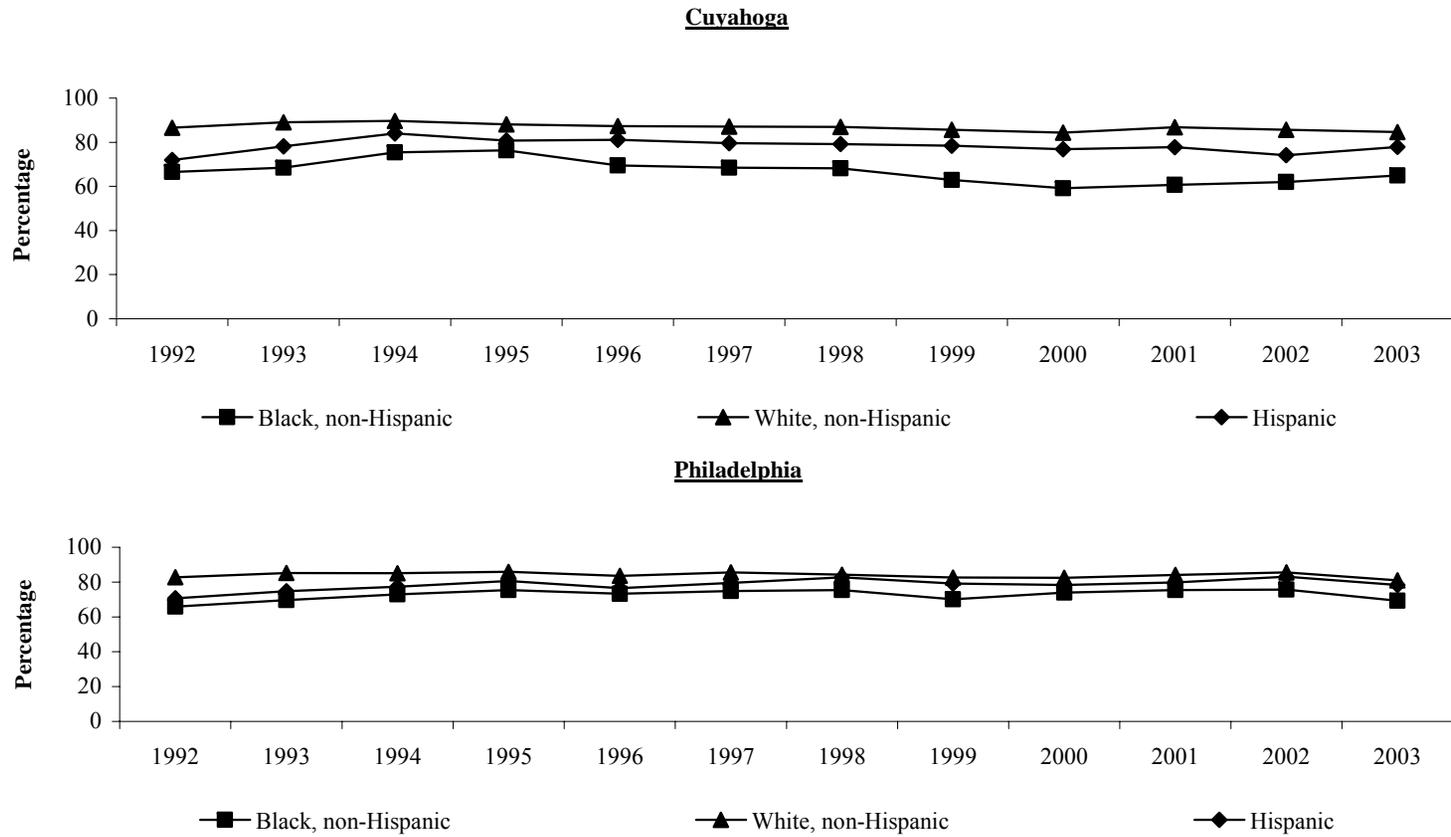
NOTE: The Hispanic population in Cuyahoga County was too small to use for this analysis.

The Project on Devolution and Urban Change
 Appendix Figure D.7
 Percentage of Low-Income Households Applying for Mortgages,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure D.8
 Home Mortgage Loan Approval Rates Among Low-Income Applicants,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)

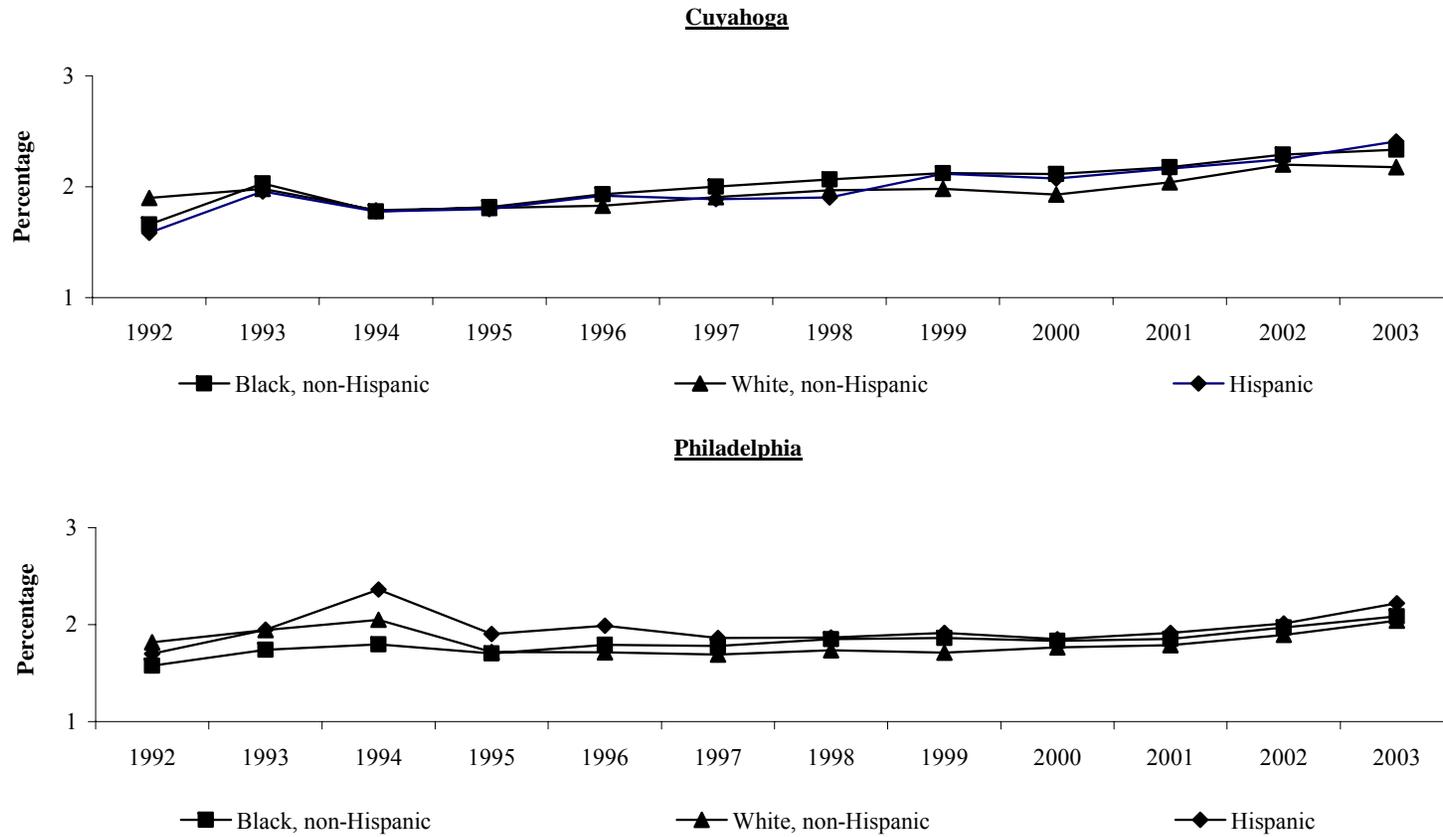


SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change

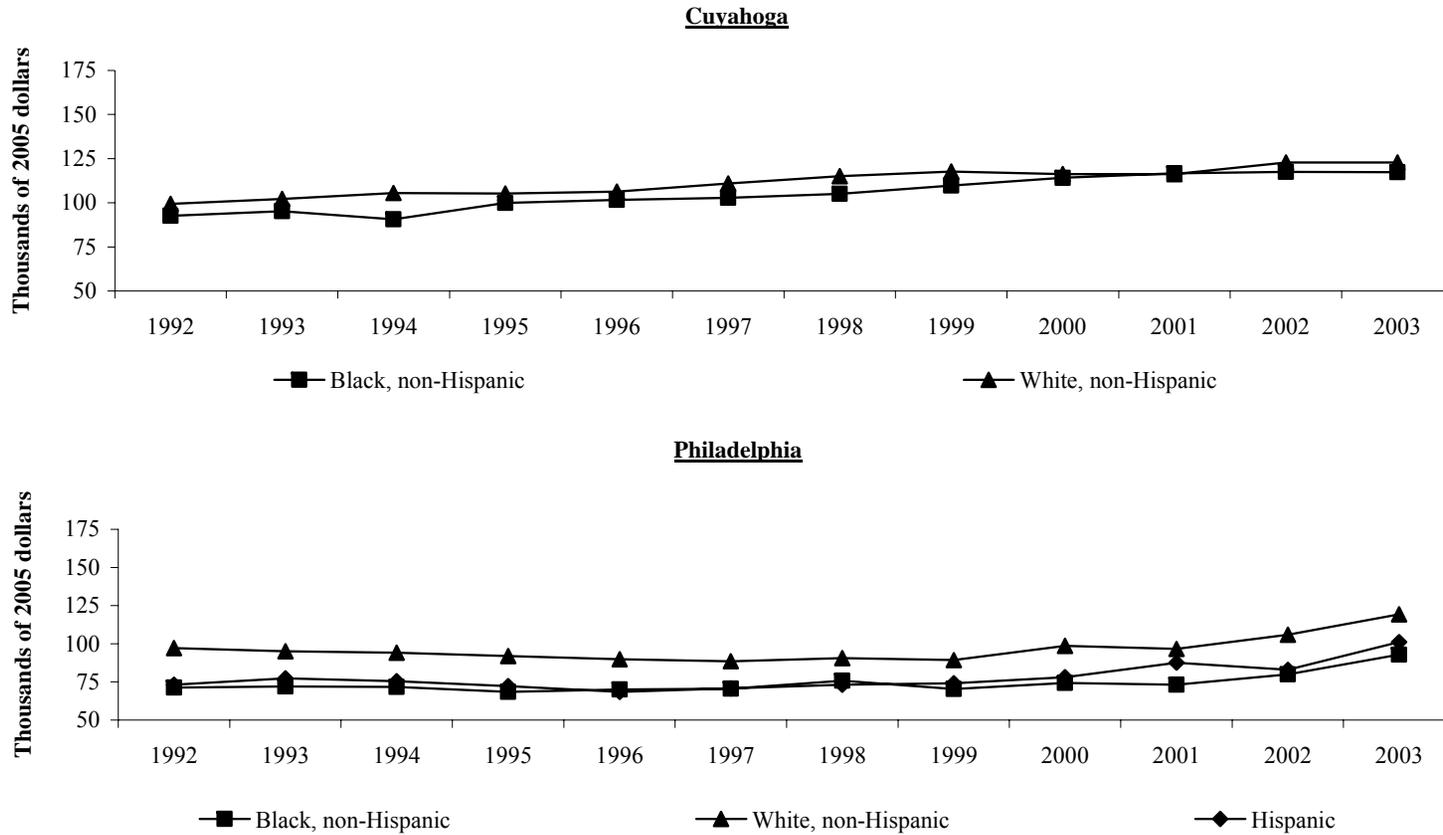
Appendix Figure D.9

Ratio of Home Purchase Price to Applicants' Income, for Approved Mortgages to Applicants,
By Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

The Project on Devolution and Urban Change
 Appendix Figure D.10
 Median Amount of Approved Mortgages to Low-Income Applicants,
 by Race/Ethnicity, Cuyahoga and Philadelphia Counties, 1992-2003 (Countywide)



SOURCES: MDRC calculations using data from the Urban Change Respondent Survey and the Neighborhood Indicators Database.

Appendix E

**The Nature and Challenges of Major U.S.
Income Supports, Subsidy Programs, and
Medical Insurance**

Income Supports

Earned Income Tax Credit (EITC)

Description

At a federal cost of \$38 billion in 2002 — more than twice the federal share of the Temporary Assistance for Needy Families (TANF) program — the work-conditioned, fully refundable Earned Income Tax Credit (EITC) is the largest U.S. cash antipoverty program. The amount of the EITC increases with the number of children and a family's earnings, to a maximum benefit ranging from \$412 for childless adults to \$4,500 for adults with two or more children. In 2002, 26 percent of EITC dollars were claimed by families with an adjusted gross income (AGI) of less than \$15,000 per year, and 73 percent of EITC dollars were claimed by families with AGIs of less than \$30,000.¹ Unlike cash assistance and several other major tax credits, the EITC is indexed for inflation. Established in 1975, the EITC was dramatically expanded in 1986, 1990, and 1993. The program has been credited for raising 5 million families out of poverty, for much of the recent increase in labor force participation among single parents, and for its multiplier effect within low-income neighborhoods.²

Opportunities and Challenges

EITC take-up rates among eligible claimants are estimated to be nearly optimal (80 percent to 95 percent), and the IRS notifies taxpayers who do not claim the credit but appear to be eligible.³ Nevertheless, many observers agree, first, that the extent to which the EITC makes work pay could be marketed more effectively as a work incentive for families who are not participating in the formal labor force. Second, observers have pointed out the need for free tax preparation services, inasmuch as many families file for the EITC through rapid anticipatory lenders (RALs), who charge exorbitant interest rates for cash advances.

Child Tax Credit (CTC)

Description

At a federal cost of \$28 billion in 2002, the Child Tax Credit (CTC) provides a \$1,000 per child credit to families with children under 18 years old and with AGIs of up to \$75,000 for single

¹U.S. Department of the Treasury, Internal Revenue Service (2002a).

²National Governors Association (2003); Meyer and Rosenbaum (2001).

³Scholz (1994, 1997); U.S. Department of the Treasury, Internal Revenue Service (2002a).

parents and up to \$110,000 for couples. Although the credit is not indexed for inflation, scheduled increases in 2009 and again in 2010 will increase its value by approximately 54 percent.⁴

Opportunities and Challenges

Unlike the EITC, which is fully refundable, the CTC is refundable only for families earning at least \$11,000⁵ and owing less than the alternative minimum tax (AMT). As a result, in 2002, 51 percent of the total CTC dollars were claimed by families with AGIs of between \$30,000 and \$75,000. Only 29 percent of total CTC dollars were claimed by families with AGIs of less than \$30,000.⁶

Child and Dependent Care Credit (CDCC)

Description

At a federal cost of \$2.7 billion in 2002, the Child and Dependent Care Credit (CDCC) provides a nonrefundable tax credit to help families defray the cost of child or dependent care. Families earning \$10,000 can deduct 35 percent of child or dependent care costs, up to \$3,000 for one child or \$6,000 for two children. The amount of the credit phases down 1 percentage point for each additional \$2,000 in income above \$10,000, to a minimum of 30 percent.

Opportunities and Challenges

The CDCC is not refundable, and, because it has not been indexed for inflation, much of the benefit has eroded over time. To claim the credit, filers must provide information on the care provider's tax identification number, which alerts the IRS to the tax liability of the provider and thus discourages claimants who use informal providers that prefer not to report their earnings. In 2002, 55 percent of total CDCC dollars were claimed by families with AGIs of between \$30,000 and \$75,000. Only 19 percent of total CDCC dollars were claimed by families with AGIs of less than \$30,000.

⁴Burman, Maag, and Rohaly (2002).

⁵This threshold is indexed at the amount of full-time, minimum wage earnings. The CTC offers a reduction for families earning less than full-time minimum wage, but such families generally have low tax liabilities.

⁶U.S. Department of the Treasury, Internal Revenue Service (2002b).

Subsidy Programs

Food Stamps

Description

At a federal cost of \$27.2 billion, the Food Stamp Program provided subsidies for food expenses to 23.9 million persons in 2004.⁷ Of all the federal means-tested programs, this one is the most responsive to changes in unemployment and poverty, and it is the only one that covers all types of low-income households — young and old, single adults as well as parents.⁸ In 2005, a family of three was eligible for \$408 per month in food stamps, a benefit that phases out at about 30 cents for every dollar of income, up to a maximum income of \$1,799 per month. Public economists estimate that food stamp recipients value the subsidy at about 80 percent of its face value, and experimental evidence suggests that recipients consume more food than they would if the value of the benefit were “cashed out,” although they would not necessarily consume more nutritious food.⁹

Opportunities and Challenges

The federal welfare reforms enacted by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 eliminated food stamp eligibility for noncitizens and made cuts in the program that translated into a loss of about \$241 per month for a family of four earning the minimum wage. During the period of welfare reform, national food stamp participation rates among eligible individuals declined dramatically — from approximately 75 percent in 1994 to 53 percent in 2001 — although they have increased slightly since.¹⁰ Research suggests several reasons for nonparticipation among eligible families, including confusion about the effects of income, earnings, and assets on eligibility; the stigma associated with public assistance; the burdensome, and at times invasive, application and redetermination processes; and constraints imposed on states by federal scrutiny and penalties for high error rates.¹¹ The Farm Security and Rural Investment Act of 2002 (the Farm Bill) addressed some of these challenges, introducing reforms to the quality-control system, restoring food stamp eligibility to noncitizen children and adults who have five years of residency, offering categorical eligibility to TANF recipients, allowing states to offer five months of transitional food stamp benefits to TANF leavers, extending the redetermination period from three months to six, and simplifying the definitions of “income,” “re-

⁷U.S. Department of Agriculture, Food and Nutrition Service (2005).

⁸Greenstein and Guyer (2001).

⁹Whitmore (2002).

¹⁰Cunyngham (2004).

¹¹See Bartlett, Burstein, Hamilton, and Kling (2004).

sources,” and “deductions,” to make them more consistent with TANF and Medicaid. Despite these reforms, the Food Stamp Program “still requires more application information, more verification and follow-up, and more frequent updates than any other comparable assistance program.”¹² States claim that their ability to provide benefits to eligible families would be enhanced if the Department of Agriculture would restore benefits to all legal noncitizens, waive the requirement for a face-to-face interview and signature, extend categorical eligibility to Medicaid recipients (who account for a much larger share of the poor population than TANF recipients do), extend transitional food stamp benefits for six months instead of five and continue to reform the quality-control system to enable states to serve families who have earnings.

Child Care

Description

At a combined federal and state cost of \$6.8 billion, the Child Care and Development Fund (CCDF) provided child care subsidies for 1.8 million children in 2004.¹³ PRWORA combined funding for four preexisting child care programs — Aid to Families with Dependent Children (AFDC) Child Care, Transitional Child Care, the existing Child Care and Development Block Grant (CCDBG), and At-Risk Grants — into the revised Child Care and Development Block Grant (CCDBG), and it increased the funding for the CCDBG above the levels of the preceding four programs combined. Under AFDC, states were required to provide child care to recipients who were required to work. Although PRWORA eliminated the federal guarantee of child care, it allows states to transfer up to 30 percent of TANF resources into the CCDBG.

Child care expenditures increased dramatically as a proportion of all TANF expenditures between 1997 and 2003. Nationally combined federal and state expenditures on child care — both as transfers to the CCDBG and as direct TANF expenditures — soared from \$256.8 million in 1997 to \$4.9 billion in 2003, and from less than 1 percent to 11 percent of all TANF expenditures. In Ohio, combined TANF expenditures on child care peaked at \$348.8 million in 2000, which amounted to 35.0 percent of all TANF expenditures that year. In Pennsylvania, combined TANF expenditures on child care peaked at \$248.0 million in 2000, which amounted to 18.7 percent of all TANF expenditures that year.¹⁴

¹²American Public Human Services Association (2005).

¹³U.S. House of Representatives, Committee on Ways and Means (2004).

¹⁴U.S. Department of Health and Human Services, Administration for Children and Families (2000).

Opportunities and Challenges

All TANF cases include dependent children, many of whom are young enough to need supervision when their parents work, and the strong positive correlation between child care and employment stability among welfare leavers is well documented. Despite these increases in spending, states are struggling to meet the rising demand for affordable child care. Between 2001 and 2004, three-fifths of states, including Ohio and Pennsylvania, lowered the income eligibility for child care as a percentage of the poverty level.¹⁵

Debates about the level of resources needed to ensure good-quality child care for families leaving welfare and for low-income families in general have been among the most hotly contested battles of welfare reform. Proponents of a \$1 billion to \$3 billion increase in child care spending argue that TANF legislation should allocate sufficient resources to help current TANF recipients to leave cash assistance for work and that the TANF surpluses accumulated as caseloads fell should be sufficient to meet those needs, especially with adjustments that allow states to transfer up to 50 percent of TANF resources to the CCDBG and to use unobligated “prior-year” TANF surpluses for child care. Proponents of a \$6 billion to \$9 billion increase, on the other hand, argue that one principle of welfare reform is to provide sufficient child care assistance not only to current TANF recipients but also to all low-income families, in order to support employment retention and to prevent welfare recidivism, and that most states cannot currently meet the child care needs of all low-income families or the increasing need for child care associated with rising TANF caseloads and increasing participation requirements.

Moreover, as states strive to provide working parents with a range of affordable child care options, they are working to set quality-of-care standards across a broad and often uncoordinated range of funding streams, including the nonrefundable CDCC (discussed above), the Child and Adult Care Food Program, Head Start, and portions of the Title XX Social Services Block Grant and TANF block grant. Many states strive to support parental choice by instituting a tiered reimbursement system that includes informal providers (such as friends or relatives) as well as formal providers.¹⁶ States have identified school readiness as an important goal of child care policies and as an organizing principle for coordinating quality-of-care standards across providers.

¹⁵Schulman and Blank (2004).

¹⁶Porter and Kearns (2005).

Medical Insurance

Medicaid

Description

At a combined federal and state cost of \$300 billion in 2004, Medicaid is by far the largest spending program for low-income individuals. In 2002, Medicaid provided health insurance coverage to 40.1 million individuals — more than 11.6 percent of the total U.S. population, 40.5 percent of those with incomes below the federal poverty guideline, and more than two-thirds of children below the guideline.¹⁷ Importantly, between 1993 and 2000, Medicaid has consistently covered the delivery-related costs of approximately 37 percent of all births nationwide.¹⁸ For over 50 distinct population groups, Medicaid provides health insurance coverage for such basic medical needs as physicians' services, pregnancy-related services, pediatric and nursing services, hospitalization, laboratory tests, and home health services. PRWORA delinked Medicaid from TANF, requiring states to continue to provide Medicaid to families with children who meet the pre-reform (1996) AFDC eligibility guidelines. Pregnant women and children under age 6 who have family incomes below 133 percent of the federal poverty guideline and children under age 19 whose family incomes are below 100 percent of the federal poverty level are categorically eligible. In 1998, average real Medicaid payments were \$1,203 for children and \$1,876 for adults.¹⁹ Families with Medicaid coverage make greater use of preventive services and needed medical care, and they are buffered from the risk of out-of-pocket medical expenses.²⁰ Medicaid has been credited with contributing to declines in child mortality and low-birth-weight births.

Opportunities and Challenges

Health care inflation together with increases in the caseload and the range of medical benefits have made Medicaid “the largest and fastest growing component of state spending.”²¹ Although Medicaid has consistently outperformed the private sector in controlling acute care, administrative, and health maintenance organization (HMO) costs, changes in the nature and cost of medical care, the aging of the population, the growth in the number of uninsured workers, and expansions in the range of Medicaid benefits — particularly the outpatient prescription drug benefit included in the Medicare Modernization Act (MMA) of 2003 — are exerting tre-

¹⁷U.S. House of Representatives, Committee on Ways and Means (2004).

¹⁸National Governors Association (2003).

¹⁹Provost and Hughes (2000).

²⁰Greenstein and Guyer (2001).

²¹American Public Human Services Association (2005, p. 13).

mendous pressures on the program to be all things to all people. Thus, as states seek to meet their responsibility to extend health insurance coverage to low-income families, they do so in the face of severe budget deficits and while coping with cumbersome regulatory requirements.

Medicaid spending is increasing faster in Pennsylvania than in the United States, primarily due to increases in long-term care costs associated with an aging population.²² Nevertheless, “Pennsylvania’s rate of uninsurance among the nonelderly, 11.0 percent, is significantly lower than the national rate, 15.5 percent,” and the “state’s rate of uninsured children (6.7 percent, compared with 10.4 percent for the United States) is among the lowest in the nation.”²³ Much of Pennsylvania’s success is attributable to its higher-than-average rates of employer-provided health insurance — 73 percent, compared with 66 percent nationally. Because Pennsylvania has a lower poverty rate than the nation, Medicaid covers a slightly lower percentage of its population than in other states. But to its credit, Pennsylvania enrolls a higher percentage of those eligible for Medicaid than the average state does (85 percent versus 81 percent). Notably, although federal Medicaid coverage does not extend to childless adults, Pennsylvania uses tobacco settlement funds to offer Adult Basic Coverage to low-income adults both with and without children.

State Children’s Health Insurance Program (SCHIP)

Description

At an annual federal cost of \$3.2 billion in 2004, the State Children’s Health Insurance Program (SCHIP) provides health insurance coverage to children who are less than 19 years old and whose family income is from 133 percent to 300 percent of the federal poverty guideline.²⁴ In federal Fiscal Year (FY) 2002, 5.3 million children were enrolled in SCHIP, which covers the full cost of basic health benefits, including inpatient and outpatient hospital services, physicians’ surgical and medical services, laboratory and X-ray services, and well-baby and well-child care and immunizations, as well as partial coverage for such additional services as prescription drug coverage and mental health, vision, and hearing services.

Pennsylvania was one of the first states to implement a Children’s Health Insurance Program (CHIP), in 1992, which served as a model in some respects for the federal program of 1997 and was one of only three state programs “grandfathered in” to the federal program. Pennsylvania is one of 16 states that operate SCHIP through a separate state program — in this case, administered through the Pennsylvania Insurance Department (PID). Ohio is one of 21 states that offer SCHIP through an expansion of the Medicaid program.

²²Birnbaum (1998).

²³Birnbaum (1998, p. 4).

²⁴U.S. House of Representatives, Committee on Ways and Means (2004).

Opportunities and Challenges

Unlike Medicaid, SCHIP is not an entitlement. Although enrollments have expanded dramatically as a result of aggressive state outreach, between 1998 and 2002, states underspent SCHIP resources by 46.9 percent, on average. States must liquidate their entire allotment for a given year before they can access funding for the next, and they have three fiscal years in which to spend a given year's allotment, after which it is subject to redistribution among the states. Like Medicaid, SCHIP is funded by a federal-state matching program, but the state obligation for SCHIP is less than that for Medicaid, making it more affordable for states to enroll children in SCHIP than in Medicaid.

References

- Acs, Gregory, and Pamela Loprest. 2005. *Who Are Low-Income Working Families?* Washington, DC: Urban Institute.
- Allen, Katherine, and Maria Kirby. 2000. *Unfinished Business: Why Cities Matter to Welfare Reform*. Washington, DC: Brookings Institution, Center on Urban and Metropolitan Policy.
- American Public Human Services Association. 2005. *Crossroads II: New Directions in Social Policy*. Washington, DC: American Public Human Services Association.
- Barents Group KPMG Consulting. 2002. "State of Pennsylvania's Inter-Agency Outcomes Evaluation of the Healthy BABY/Healthy KIDS Helplines." Web site: www.chipcoverskids.com.
- Bartlett, Susan, Nancy Burstein, William Hamilton, and Ryan Kling. 2004. *Food Stamp Program Access Study: Final Report* (November). Cambridge, MA: Abt Associates.
- Berlin, Gordon. 2000. *Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs*. New York: MDRC.
- Bernard, Stanley. 1998. *Responsible Fatherhood and Welfare: How States Can Use the New Law to Help Children*. Children and Welfare Reform Issue Brief No. 4. New York: Columbia University, Mailman School of Public Health, National Center for Children in Poverty.
- Berube, Alan, and William H. Frey. 2002. "A Decade of Mixed Blessings: Urban and Suburban Poverty in Census 2000." Washington, DC: Brookings Institution.
- Birnbbaum, Michael. 1998. "Health Policy for Low-Income People in Pennsylvania." Washington, DC: Urban Institute.
- Blank, Rebecca M., and Lucie Schmidt. 2001. "Work, Wages, and Welfare." In Rebecca M. Blank and Ron Haskins (eds.), *The New World of Welfare*. Washington, DC: Brookings Institution.
- Bloom, Dan, and Charles Michalopoulos. 2001. *How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research*. New York: MDRC.
- Bloom, Dan, and Don Winstead. 2002. "Sanctions and Welfare Reform." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Bloom, Howard S., Carolyn J. Hill, and James Riccio. 2001. *Modeling the Performance of Welfare-to-Work Programs: The Effects of Program Management and Services, Economic Environment, and Client Characteristics*. New York: MDRC.
- Booza, Jason C., Jackie Cutsinger, and George Galster. 2006. *Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America*. Washington, DC: Brookings Institution.

- Brock, Thomas, Claudia Coulton, Andrew London, Denise Polit, Lashawn Richburg-Hayes, Ellen Scott, and Nandita Verma with Isaac Kwakye, Vanessa Martin, Judy C. Polyné, and David Seith. 2002. *Welfare Reform in Cleveland: Implementation, Effects, and Experiences of Poor Families and Neighborhoods*. New York: MDRC.
- Brock, Thomas, Isaac Kwakye, Judy C. Polyné, Lashawn Richburg-Hayes, David Seith, Alex Stepick, and Carol Dutton Stepick with Tara Cullen and Sarah Rich. 2004. *Welfare Reform in Miami: Implementation, Effects, and Experiences, of Poor Families and Neighborhoods*. New York: MDRC.
- Brock, Thomas, Laura Nelson, and Megan Reiter. 2002. *Readying Welfare Recipients for Work: Lessons from Four Big Cities as They Implement Welfare Reform*. New York: MDRC.
- Burman, Len, Elaine Maag, and Jeff Rohaly. 2002. *The Effect of the 2001 Tax Cut on Low- and Middle-Income Families and Children*. Washington, DC: Urban-Brookings Tax Policy Center.
- Cadena, Brian C., and James M. Sallee. 2005. "Why Did Poverty Rise in 2004? A Preliminary Analysis of the U.S. Census Bureau's Poverty Report." Ann Arbor: University of Michigan, Gerald R. Ford School of Public Policy, National Poverty Center.
- Candisky, Catherine. 2001. "Suit Says State Illegally Diverted Welfare Money." Columbus, OH: *Columbus Dispatch*, September 20.
- Candisky, Catherine. 2004. "Judge Says State Improperly Transferred Federal Welfare Funds." Columbus, OH: *Columbus Dispatch*, February 12.
- Castner, Laura A., and Allen L. Schirm. 2006. *Empirical Bayes Shrinkage Estimates of State Food Stamp Participation Rates in 2002 and 2003 for All Eligible People and the Working Poor*. Princeton, NJ: Mathematica Policy Research.
- Community Legal Services and Pennsylvania Health Law Project. 1998. "Memorandum from the Community Legal Services and Pennsylvania Health Law Project to the Department of Public Welfare" (December).
- Community Legal Services, Philadelphia Citizens, Children, and Youth, the Pennsylvania Health Law Project. 1999. "Memorandum from involved staff at the Community Legal Services, Philadelphia Citizens, Children, and Youth, the Pennsylvania Health Law Project to intake staff at Community Legal Services" (July).
- Corlett, John. 2006. "The Allocation of TANF and Child Care Funding in Ohio." Washington, DC: Brookings Institution.
- Corlett, John, and Lori McClung. 2004. "Ohio's Early Care and Education System Falls Short: What's Wrong and How We Can Fix It." Cleveland: Center for Community Solutions.
- Coulton, Claudia, Julian Chow, Edward C. Wang, and Marilyn Su. 1996. "Geographic Concentration of Affluence and Poverty in 100 Metropolitan Areas, 1990." *Urban Affairs Review* 32 (2): 186-216.

- Coulton, Claudia J., Sarah Lickfelt, Nina Lulich, and Thomas Cook. 2004. "How Are They Managing? A Retrospective of Cuyahoga Families Leaving Welfare." Working Paper. Cleveland: Case Western Reserve University, Mandel School of Applied Sciences, Center on Urban Poverty and Social Change.
- Cunningham, Karen. 2004. *Trends in Food Stamp Program Participation Rates: 1999 to 2002*. Princeton, NJ: Mathematica Policy Research.
- Cuyahoga County Division of Employment and Family Services. 2002a. "Service Delivery Protocol: Transitional Assistance." Internal Memorandum. Cleveland: Cuyahoga County Division of Employment and Family Services (Effective date: September 1).
- Cuyahoga County Division of Employment and Family Services. 2002b. "Service Delivery Protocol: Short-Term Transitional Assistance." Internal Memorandum. Cleveland: Cuyahoga County Division of Employment and Family Services (Effective date: December 5).
- Danzinger, Sheldon, and Henry J. Meyer. 2005. *Poverty and Low-Wage Work 40 Years After the Declaration of the War on Poverty*. Ann Arbor: University of Michigan, Gerald R. Ford School of Public Policy, National Poverty Center.
- Deloitte & Touche USA. 2004. "PCAO Improvement Project: Final Deliverable" (October 19). New York: Deloitte & Touche USA.
- Fazlollah, Mark, Michael Matza, and Craig R. McCoy. 1998. "How to Cut the City's Crime Rate: Don't Report It." Philadelphia: *Philadelphia Inquirer* (November 1).
- Fischer, Rob, David Beimers, Engel Polousky, and Claudia Coulton. 2005. "Pathways to Employment: Experiences of TANF Recipients with Contracted Employment Services Agencies in Cuyahoga County." Cleveland: Case Western Reserve University, Mandel School of Applied Social Sciences, Center on Urban Poverty and Social Change.
- Fox, Christine. 2004. "Safety Net Services Database: Assessment Summary Highlights, August 1, 2000 - July 31, 2004." Unpublished document prepared for Cuyahoga County Division of Employment and Family Services.
- Galster, George. 2002. "Implications of Residential Mobility for Design and Evaluation of a Neighborhood Jobs Demonstration." Memorandum prepared for MDRC. New York: MDRC.
- Galster, George, Chris Hayes, and Jennifer Johnson. 2004. "Identifying Robust, Parsimonious Neighborhood Indicators." CNR Paper 23. Bristol, UK: University of Bristol, ESRC Centre for Neighbourhood Research.
- Gardiner, Karen N., and Michael E. Fishman. 2001. *Employing Welfare Recipients with Significant Barriers to Work: Lessons from the Disability Field*. Baltimore, MD: Lewin Group for Annie E. Casey Foundation.
- Gladden, Tricia, and Christopher Taber. 1999. "Wage Progression Among Less-Skilled Workers." JCPR Working Paper 72. Chicago: Joint Center for Poverty Research.

- Greenstein, Robert, and Jocelyn Guyer. 2001. "Supporting Work Through Medicaid and Food Stamps." In Rebecca M. Blank and Ron Haskins (eds.), *The New World of Welfare*. Washington, DC: Brookings Institution.
- Greenwald, Richard C. 2002. "Transitional Jobs: The Philadelphia Story." Washington, DC: Brookings Institution.
- Grogger, Jeffrey. 2004. "Welfare Transitions in the 1990s: The Economy, Welfare Policy, and the EITC." *Journal of Policy Analysis and Management* 23 (4).
- Hamilton, Gayle. 1999. "Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities." New York: MDRC.
- Hamilton, Gayle. 2002. *Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies*. Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families, Office of the Assistant Secretary for Planning and Evaluation; and U.S. Department of Education, Office of the Under Secretary, Office of Vocational and Adult Education.
- Hamilton, Gayle, Stephen Freedman, Lisa A. Gennetian, Charles Michalopoulos, Johanna Walter, Diana Adams-Ciardullo, Anna Gassman-Pines, Sharon McGroder, Martha Zaslów, Jennifer Brooks, and Surjeet Ahluwalia. 2001. *How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs*. Washington, DC: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation and Administration for Children and Families; and U.S. Department of Education.
- Hanauer, Amy. 2004. "Taking Credit: Boosting Participation in the Earned Income Tax Credit in Greater Cleveland." Cleveland: Policy Matters Ohio.
- Haskins, Ron. 2001. "Effects of Welfare Reform on Family Income and Poverty." In Rebecca M. Blank and Ron Haskins (eds.), *The New World of Welfare*. Washington, DC: Brookings Institution.
- Haskins, Ron, and Wendell Primus. 2002. "Welfare Reform and Poverty." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Hirsh, Amy E. 1999. "Some Days Are Harder Than Hard: Welfare Reform and Women with Drug Convictions in Pennsylvania." Washington, DC: Center for Law and Social Policy.
- Houstoun, Feather. 2004. "Philadelphia's Campaign for Working Families." Washington, DC: Brookings Institution.
- Huan, Susan, and Sarah Douglas. 2004. *Potential Employment Liabilities Among TANF Recipients: A Synthesis of Data from Six State TANF Caseload Studies*. Washington, DC: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.
- Hughes, Mark Alan. 1997. "Philadelphia, State Should Strike Deal to Make Welfare Reform Work." Philadelphia: *Philadelphia Inquirer* (May 14).

- Jargowsky, Paul. 1997. *Poverty and Place: Ghettos, Barrios, and the American City*. New York: Russell Sage Foundation.
- Jargowsky, Paul, and Rebecca Yang. 2006. "The 'Underclass' Revisited: A Social Problem in Decline." *Journal of Urban Affairs* 28, 1: 55-70.
- Kauff, Jacqueline, Michelle Derr, and LaDonna Pavetti. 2004. *A Study of Work Participation and Full Engagement Strategies*. Princeton, NJ: Mathematica Policy Research.
- Kirby, Gretchen, Heather Hill, LaDonna Pavetti, Jon Jacobson, Michelle Derr, and Pamela Winston. 2002. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. Princeton, NJ: Mathematica Policy Research.
- Klerman, Jacob Alan, and Steven Haider. 2001. "A Stock-Flow Analysis of the Welfare Caseload: Insights from California Economic Conditions." Labor and Population Program Working Paper DRU-2463-DHHS. Santa Monica, CA: RAND.
- Kromer, John. 1999. *Neighborhood Recovery: Reinvestment Policy for the New Hometown*. New Brunswick, NJ: Rutgers University Press.
- Larner, Mary. 1993. "Local Residential Mobility and Its Effects on Social Networks: A Cross-Cultural Comparison." Pages 205-229 in Moncrieff Cochran, Mary Larner, David Riley, Lars Gunnarsson, and Charles R. Henderson Jr. (eds.), *Extending Families: The Social Networks of Parents and Their Children*. New York: Cambridge University Press.
- Lurie, Irene. 2002. "Changing Welfare Offices." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Maynard, R. A. (ed). 1997. *Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy*. Washington, DC: Urban Institute. Cited by Child Trends online databank. Web site: www.childtrendsdatabank.org.
- Meyer, Bruce D., and Dan T. Rosenbaum. 2001. "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers." *Quarterly Journal of Economics* CXVI: 1063-1114.
- Michalopoulos, Charles, Kathryn Edin, Barbara Fink, Mirella Landriscina, Denise Polit, Judy Polyné, Lashawn Richburg-Hayes, David Seith, and Nandita Verma. 2003. *Welfare Reform in Philadelphia: Implementation, Effects, and Experiences of Poor Families and Neighborhoods*. New York: MDRC.
- Michalopoulos, Charles, Johannes Bos, Robert Lalonde, and Nandita Verma. 2000. *Assessing the Impact of Welfare Reform on Urban Communities: The Urban Change Project and Methodological Considerations*. New York: MDRC.
- Michalopoulos, Charles, and Christine Schwartz with Diana Adams-Ciardullo. 2000. *What Works Best for Whom: Impacts of 20 Welfare-to-Work Programs by Subgroup*. New York and Washington, DC: MDRC for U.S. Department of Health and Human Services, Administration for Children and Families, Office of the Assistant Secretary for Planning and Evaluation; and U.S. Department of Education, Office of the Under Secretary, Office of Vocational and Adult Education.

- Mincy, Ronald B. (ed.). 2006. *Black Males Left Behind*. Washington, DC: Urban Institute.
- Mintz, J., L. I. Mintz, M. J. Arruda, and S. S. Hwang. 1992. "Treatments of Depression and the Functional Capacity to Work." *Archives of General Psychiatry* 49 (10): 761-768.
- Moffitt, Robert A. 2002. "From Welfare to Work: What the Evidence Shows." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- National Bureau of Economic Research, Business Cycle Dating Committee. 2003. Web site: <http://www.nber.org/cycles/july2003.html>.
- National Governors Association. 2003. "Fact Sheet: Earned Income Tax Credit." Washington, DC: National Governors Association. Web site: www.nga.org. Orr, Larry, Judith D. Feins, Robin Jacob, Erik Beecroft, Lisa Sanbonmatsu, Lawrence F. Katz, Jeffrey B. Liebman, and Jeffrey R. Kling. 2003. *Moving to Opportunity: Interim Impacts Evaluation*. Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
- Pavetti, Ladonna, and Dan Bloom. 2001. "State Sanctions and Time Limits." In Rebecca Blank and Ron Haskins (eds.), *The New World of Welfare*. Washington, DC: Brookings Institution.
- Pennsylvania Department of Public Welfare. 2004a. *Community Connections: Working Together to Help Others on the Road to Self-Sufficiency. Guidelines for Program Year 2004-2005* (April). Web site: www.dpw.state.pa.us.
- Pennsylvania Department of Public Welfare. 2004b. Operations Memorandum 040506 (May). Web site: www.dpw.state.pa.us.
- Pennsylvania Department of Public Welfare. 2005a. Operations Memorandum OPS050603 (June). Web site: www.dpw.state.pa.us.
- Pennsylvania Department of Public Welfare. 2005b. Operations Memorandum OPS051003 (October). Web site: www.dpw.state.pa.us.
- Pennsylvania Department of Public Welfare. 2006. *Temporary Assistance for Needy Families (TANF): Meeting the New Federal Regulations*. Presentation for the Pew Fund for Health and Human Services, in Philadelphia (April).
- Pennsylvania Welfare Coalition. 2002. "Fall Briefing Papers." Harrisburg: Pennsylvania Welfare Coalition.
- Polit, Denise F., Laura Nelson, Lashawn Richburg-Hayes, and David C. Seith with Sarah Rich. 2005. *Welfare Reform in Los Angeles: Implementation, Effects, and Experiences of Poor Families and Neighborhoods*. New York: MDRC.
- Popkin, Susan J., Bruce Katz, Mary K. Cunningham, Karen D. Brown, Jeremy Gustafson, and Margery Turner. 2004. *A Decade of Hope VI: Research Findings and Policy Challenges*. Washington, DC: Brookings Institution.

- Porter, Toni, and Sharon M. Kearns. 2005. *Supporting Family, Friend, and Neighbor Caregivers: Findings from a Survey of State Policies*. New York: Bank Street College of Education, Division of Continuing Education, Institute for a Child Care Continuum. Produced in Association with Child Trends and the National Association of State Child Care Administrators. Web site: www.bankstreet.com.
- Provost, Christie, and Paul Hughes. 2000. "Medicaid: 35 Years of Service." *Health Care Financing Review* 22, 1.
- Puentes, Robert, and David Warren. 2006. "One-Fifth of America: A Comprehensive Guide to America's First Suburbs." Washington, DC: Brookings Institution.
- Quint, Janet, Kathryn Edin, Maria L. Buck, Barbara Fink, Yolanda C. Padilla, Olis Simmons-Hewitt, and Mary Eustace Valmont. 1999. *Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change*. New York: MDRC.
- Richer, Elise, and Steve Savner. 2001. "Survey of Transitional Employment Programs, Preliminary Findings." Unpublished report of the Center for Law and Social Policy. Cited in Margy Walter, *Transitional Jobs: A Next Step in Welfare to Work Policy*. 2002. Washington, DC: Brookings Institution.
- Rosenbaum, Sara. 1996. "Children and the Health Care System: An Overview." In Sheila B. Kameran and Alfred J. Kahn (eds.), *Confronting the New Politics of Child and Family Policies in the United States, Report III: Child Health, Medicaid, and Welfare "Reform."* New York: Columbia University School of Social Work, Cross-National Studies Research Program.
- Rubinowitz, Leonard S., and James E. Rosenbaum. 2000. *Crossing the Class and Color Lines: From Public Housing to White Suburbia*. Chicago: University of Chicago Press.
- Sawhill, Isabel. 2001. "What Can Be Done to Reduce Teen Pregnancy and Out-of-Wedlock Birth?" Welfare Reform and Beyond Policy Brief No. 8. Washington, DC: Brookings Institution.
- Sawhill, Isabel, and Ron Haskins. 2002. "Welfare Reform and the Work Support System." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Sawhill, Isabel V., R. Kent Weaver, and Andrea Kane. 2002. "Results to Date." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Sholz, John Karl. 1994. "The Earned Income Tax Credit: Participation, Compliance, and Anti-Poverty Effectiveness." *National Tax Journal* (March): 59-81.
- Sholz, John Karl. 1997. Testimony Before the House Ways and Means Committee (May 8).
- Schulman, Karen, and Helen Blank. 2004. "Child Care Assistance Policies 2001-2004: Families Struggling to Move Forward, States Going Backward." National Women's Law Center Issue Brief. Washington, DC: National Women's Law Center.

- State of Ohio. 1995. Ohio House Bill 167, 121st General Assembly.
- State of Ohio, Ohio Department of Human Services. 1997. "Temporary Assistance for Needy Families (TANF) Program. State Title IV-A Plan." Submitted pursuant to 42 U.S.C. 602.
- State of Ohio, Ohio Department of Job and Family Services. 2002. "Temporary Assistance to Needy Families (TANF) Program: State Title IV-A Plan" (October 1 plan).
Web site: http://jfs.ohio.gov/owf/plan_new.stm.
- State Policy Documentation Project. 2000. Web site: <http://www.spdp.org/index.htm>.
- Thompson, Terri S., and Kelly S. Mikelson. 2001. "Screening and Assessment in TANF/Welfare-to-Work: Ten Important Questions TANF Agencies and Their Partners Should Consider." Washington, DC: Urban Institute. Web site:
http://www.urban.org/UploadedPDF/410049_screening_and_assessment_TANF-WtW.pdf.
- Tierney, Joseph P., Wendy S. McClanahan, and Bill Hangle Jr. 2001. *Murder Is No Mystery: An Analysis of Philadelphia Homicide, 1996-1999*. Philadelphia: Public/Private Ventures.
- Transitional Work Corporation. 2003. "Making Work Pay." Digital video disc (DVD). Philadelphia: Transitional Work Corporation.
- Transitional Work Corporation. 2004. "Assessment of Cuyahoga County's Transitional Jobs Program — Phase 1 Final Report." Unpublished document. Philadelphia: Transitional Work Corporation.
- U.S. Department of Agriculture, Food and Nutrition Service. 2005. *Food Stamp Program Participation and Costs*. Washington, DC: Department of Agriculture, Food and Nutrition Service.
- U.S. Department of Health and Human Services, Administration for Children and Families. 1998. "Temporary Assistance for Needy Families Program Information Memorandum." TANF-ACF-IM-98-2. Web site: www.acf.dhhs.gov/programs/ofa/im9802.htm.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2000. "State by State Welfare Caseloads Since 1993 (Families)."
Web site: <http://www.acf.dhhs.gov/news/stats/caseload.htm>.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2002. *Fourth Annual Report to Congress*. Washington, DC: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2004a. *Sixth Annual Report to Congress*. Washington, DC: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2004b. Web site: <http://www.acf.hhs.gov/news/facts/tanf.html>.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2004c. "Temporary Assistance for Needy Families Program Information Memorandum." Memorandum No. TANF-ACF-IM-2004-03.
Web site: www.acf.dhhs.gov/programs/ofa/particip/2003/table01a.htm.

- U.S. Department of Health and Human Services, Administration for Children and Families. 2005. Web site: http://www.acf.hhs.gov/programs/ofa/data/tanf_2004.html.
- U.S. Department of Health and Human Services, Administration for Children and Families. 2006. Web site: <http://www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm>.
- U.S. Department of Housing and Urban Development and U.S. Department of Agriculture. 1999. *What Works in Empowerment Zones and Enterprise Communities, Vol. III*. Washington, DC: U.S. Department of Housing and Urban Development and U.S. Department of Agriculture.
- U.S. Department of Justice, Bureau of Justice Statistics. 2006. Web site: www.ojp.gov/bjs.
- U.S. Department of Labor, Bureau of Labor Statistics. Web site: www.bls.gov.
- U.S. Department of the Treasury, Internal Revenue Service. 2002a. "Participation in the Earned Income Tax Credit Program for Tax Year 1996" (January 31). Washington, DC: U.S. Department of the Treasury, Internal Revenue Service.
- U.S. Department of the Treasury, Internal Revenue Service. 2002b. *SOI Tax Stats – Individual Income Tax Returns Publication 1304 (Complete Report)*. See Table 3.3. Web site: http://www.irs.gov/taxstats/indtaxstats/article/0,,id=134951,00.html#_pt1.
- U.S. General Accounting Office (GAO). 2000. "State Sanction Policies and Number of Families Affected." HEHS-00-44. Washington, DC: U.S. Government Printing Office.
- U.S. House of Representatives, Committee on Ways and Means. 1993, 1994, 1998, 2000, 2004. [The year] *Green Book: Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*. Washington, DC: U.S. Government Printing Office.
- Weaver, Kent R. 2002. "The Structure of the TANF Block Grant." In Isabel V. Sawhill, R. Kent Weaver, Ron Haskins, and Andrea Kane (eds.), *Welfare Reform and Beyond: The Future of the Safety Net*. Washington, DC: Brookings Institution.
- Whitmore, Diane. 2002. "What Are Food Stamps Worth?" Working Paper 468. Princeton, NJ: Princeton University, Industrial Relations Section.
- Wilson, William Julius. 1987. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. University of Chicago Press: Chicago.
- Wilson, William Julius. 1996. *When Work Disappears: The World of the New Urban Poor*. New York: Knopf.
- Wiseman, Michael. 2005. "The TANF High Performance Bonus." Paper presented at the 26th Annual Research Conference of the Association for Public Policy Analysis and Management (APPAM), Atlanta, GA.

Earlier MDRC Publications on the Project on Devolution and Urban Change

**Food Stamp Caseload Dynamics
A Study of Four Big Cities: A Technical Report**
2005. Lashawn Richburg-Hayes, Isaac Kwakye

**Welfare Reform in Los Angeles
Implementation, Effects, and Experiences of Poor Families and Neighborhoods**
2005. Denise F. Polit, Laura Nelson, Lashawn Richburg-Hayes, David C. Seith, with Sarah Rich

**Welfare Reform in Miami
Implementation, Effects, and Experiences of Poor Families and Neighborhoods**
2004. Thomas Brock, Isaac Kwakye, Judy C. Polyné, Lashawn Richburg-Hayes, David Seith, Alex Stepick, Carol Dutton Stepick

**Welfare Reform in Philadelphia
Implementation, Effects, and Experiences of Poor Families and Neighborhoods**
2003. Charles Michalopoulos, Kathryn Edin, Barbara Fink, Mirella Landriscina, Denise F. Polit, Judy C. Polyné, Lashawn Richburg-Hayes, David Seith, Nandita Verma

**Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers
How Are They Faring?**
2003. Nandita Verma, Richard Hendra

**Comparing Outcomes for Los Angeles County's HUD-Assisted and Unassisted
CalWORKs Leavers**
2003. Nandita Verma, Richard Hendra

**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

**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

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

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

About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Child Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.