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North Carolina Department of
Health and Human Services*

Evaluation of the North Carolina Work First Program

Statewide Study of Families Leaving Work First

Final Report

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EXECUTIVE SUMMARY

This report presents the findings of a study of 1,467 families who left welfare in North Carolina. The study was conducted as part of the evaluation of the North Carolina Work First (TANF) program.¹ The families in the study consisted of two samples of welfare leavers:

- families who were surveyed about six months after they left welfare (the “6-month welfare leavers”); and
- families who were surveyed about 18 months after they left welfare (the “18-month welfare leavers”).

The surveys were conducted between May and September 2002. The sample of families was selected randomly from welfare leavers in North Carolina. A total of 758 surveys were completed for the study of the 6-month leavers, and 709 surveys were completed for the study of the 18-month leavers. The surveys were conducted by telephone from the MAXIMUS Survey Research Center in Reston, Virginia.

A. OBJECTIVES OF THE STUDY

The study was designed to provide North Carolina policymakers with information on the employment situation, earnings, and well-being of families who have left Work First. The study was designed to answer the following major questions:

- What percentage of the families were still off welfare and how many were working?
- What was the employment situation of persons who had left welfare in terms of earnings, wage rates, work hours, occupations, employer health coverage, job satisfaction, advancement potential, work schedules, and use of the Earned Income Tax Credit?
- What was the situation of the families who were still off welfare in terms of hardships, access to food, access to health care, adequacy of income and benefits, and school performance of children?
- What were the employment barriers among families who were still off welfare but not working?
- Of the families who were still off welfare, how many were receiving child support and how many were still on various types of public assistance? How many were having problems with child care and transportation?

¹ The Temporary Assistance to Needy Families (TANF) program was implemented by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and replaced the Aid to Families with Dependent Children (AFDC) program.

- What types of families had returned to welfare and why had they returned?
- Among those who had returned to welfare, what were the barriers to leaving welfare permanently?

B. SUMMARY OF THE MAJOR FINDINGS

This section presents a summary of the major results from the follow-up surveys. Section C provides a discussion of the policy implications of the findings.

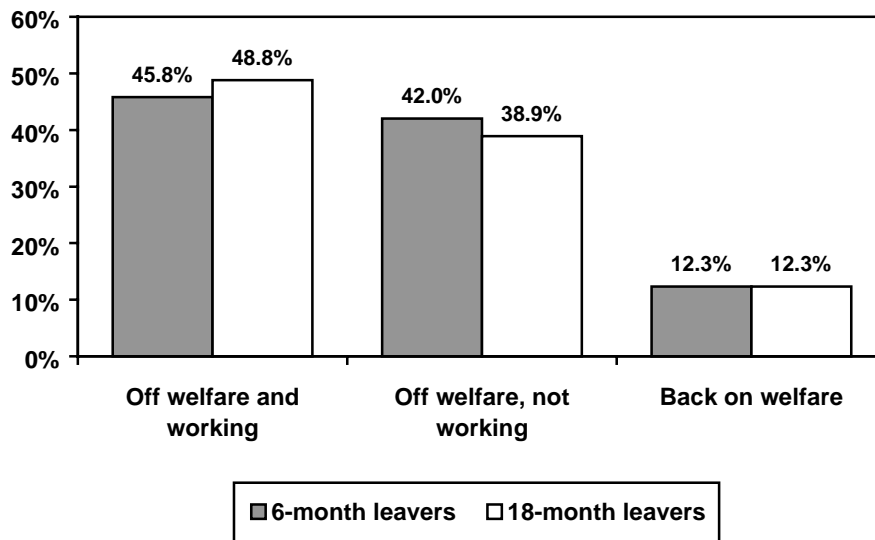
1. OVERALL WELFARE AND EMPLOYMENT STATUS

This section presents findings on the overall welfare and employment status of all families who were surveyed, including findings on welfare recidivism (return to welfare).

Slightly Less Than Half of the Respondents Were Still Off Welfare and Working at the Time of the Surveys - The Percentage Was About the Same for the Two Samples of Welfare Leavers

Exhibit 1 provides an overview of welfare and employment status of the respondents at the time of the surveys. Among the 6-month leaver sample, almost 46 percent of the respondents were still off welfare and working. Another 42 percent were still off welfare but not working, while 12 percent were back on welfare. The exhibit shows roughly similar numbers for the 18-month leaver sample -- almost 49 percent of these respondents were still off welfare and working at the time of the surveys, 39 percent were still off welfare but not working, and 12 percent were back on welfare.

Exhibit 1 - Welfare and Employment Status of Families



Of the Respondents Who Were Back on Welfare, Most Were Not Working

Among the 6-month leaver sample, only 16 percent of those who were now back on welfare were working at the time of the surveys. For the 18-month leaver sample, the figure was 24 percent. Combining the families who were still off welfare and those who had returned, almost 48 percent of the 6-month leaver sample and 52 percent of the 18-month leaver sample were working.

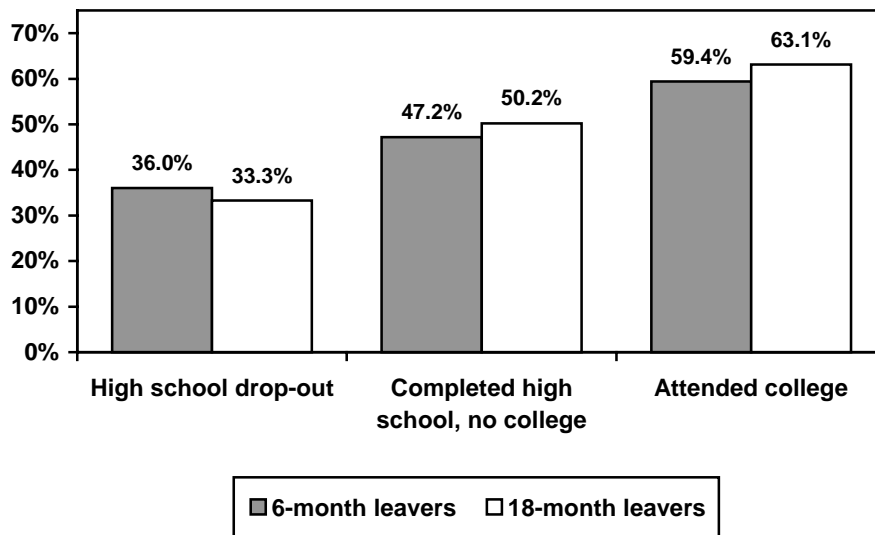
Persons With More Education Were More Likely to Be off Welfare and Working at the Time of the Surveys. Ethnicity Did Not Have a Major Impact

Exhibit 2 shows that the percentage of respondents who were still off welfare and employed at the time of the surveys varied considerably by education. In both samples, less than 40 percent of high school drop-outs were off welfare and employed, compared to about 60 percent of persons who had attended college.

High school drop-outs were much more likely than other respondents to be still off welfare but not working. Specifically, 47 percent of the high school drop-outs among the 6-month leaver sample were off welfare but not working. The figure for high school drop-outs among the 18-month leaver sample was even higher at 51 percent. In contrast, only 31 percent of persons who had attended college in the 6-month leaver sample were off welfare and not working. The figure for the 18-month sample was only 29 percent.

With regard to ethnicity, the percentage of respondents who were off welfare and working did not vary much between blacks and whites. In both samples, a slightly higher percentage of blacks were still off welfare and working at the time of the surveys.

Exhibit 2 -Percent of Respondents off Welfare and Working, by Education



The Percentage of Families Who Were Back on Welfare Varied Considerably by Education and by the Number of Adults in the Household, But Not By Ethnicity

The recidivism rate (return to welfare) was higher among high school drop-outs than other respondents. Among the 6-month leaver sample, almost 17 percent of high school drop-outs were back on welfare, compared to 8 percent of persons who had completed high school with no college, and almost 10 percent of those who had attended college. Among the 18-month leaver sample, 16.5 percent of high school drop-outs were back on welfare, compared to almost 13 percent of persons who had completed high school with no college, and only 8 percent of those who had attended college. In terms of ethnicity, recidivism rates were about the same for blacks and whites.

Recidivism also varied by the number of adults in the household. Of the respondents in the 6-month leaver sample who were not living with other adults, almost 16 percent were back on welfare, compared to only 7 percent of respondents who were living with one or more other adults. Of the respondents in the 18-month leaver sample who were not living with other adults, 14 percent were back on welfare. This compares to almost 10 percent of respondents who were living with other adults.

High school drop-outs accounted for 54.5 percent of the persons who were back on welfare in the 6-month leaver sample, but only 36 percent of those who were still off welfare. High school drop-outs accounted for 39.5 percent of the persons who were back on welfare in the 18-month leaver sample, but for only 30 percent of those who were still off welfare. Among the 6-month leaver sample, persons living with no other adults accounted for 74 percent of those back on welfare, but for only 55 percent of those still off welfare. Among the 18-month leaver sample, persons living with no other adults accounted for 68 percent of those back on welfare, but only 58 percent of those still off welfare.

The Most Common Reason Given for Going Back on Welfare Was Problems Finding a Suitable Job, Followed by Having a New Child, and Health Problems

Of the 6-month leavers who were back on welfare at the time of the surveys, 48 percent said that the loss of a job or the inability to find a job was the most important reason why they had returned to welfare. The figure for the 18-month leavers was 46 percent. About 14 percent of the 6-month leavers said that pregnancy or a newborn child was the most important reason they had gone back to welfare. The figure for the 18-month leavers was only 7 percent. About 13 percent of the 6-month leavers who had gone back on welfare said that health or disability was the most important reason. The figure for the 18-month leavers was 15 percent. Very few of the recidivists mentioned child care problems as the main reason for going back on welfare.

Overall, about 60 percent of the recidivists in both samples mentioned job loss or the inability to find a job as a factor in their decision to go back to welfare, but not necessarily the most important factor. About one quarter of the recidivists in both samples mentioned pregnancy or a newborn child as a factor, but not necessarily the most important factor.

2. EMPLOYMENT SITUATION OF FAMILIES STILL OFF WELFARE

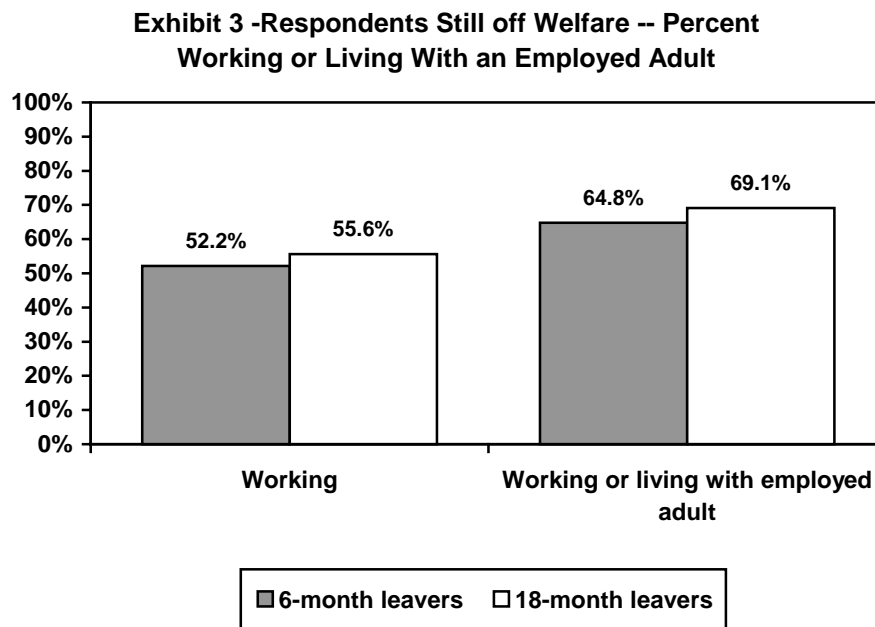
This section presents findings on the employment situation of respondents who were still off welfare at the time of the surveys.

Of the Respondents Who Were Still off Welfare, Slightly More Than Half Were Working. About Two-Thirds Were Either Working or Living With an Employed Adult

Exhibit 3 shows that, among the 6-month leaver sample, 52 percent of the persons who were still off welfare were employed. The figure for the 18-month leaver sample was slightly higher at 56 percent.

The exhibit shows that, among the 6-month leaver sample, 65 percent of the respondents who were still off welfare were either working themselves or living with an employed adult. The figure for the 18-month leaver sample was somewhat higher at 69 percent. This means that about 30 to 35 percent of the families who were still off welfare had no income from earnings at the time of the surveys.

Among respondents still off welfare, 45 percent of the 6-month leaver sample and 42 percent of the 18-month leaver sample were living with one or more other adults.



Among Respondents Who Were Still off Welfare, the Employment Rate Was Much Higher Among More Educated Respondents, and Was Slightly Higher for Blacks

Among the 6-month leavers who were still off welfare, only 43 percent of high school drop-outs were working at the time of the surveys, compared to 51 percent of those who had completed high school with no college, and 66 percent of those who had attended college. Among the 18-month leavers who remained off welfare, only 39 percent of high school drop-outs were working, compared to 57 percent of those who had completed high school with no college, and 69 percent of those who had attended college.

Among both samples, blacks who remained off welfare were somewhat more likely to be working than whites who remained off welfare. Among the 6-month leavers who were still off welfare, the employment rate was 55 percent for blacks and 50 percent for whites. Among the 18-month leavers who were still off welfare, the employment rate was 59 percent for blacks and 54 percent for whites.

Of the Respondents Who Were Still off Welfare But Not Working, 57 Percent of the 6-Month Leavers and 66 Percent of the 18-Month Leavers Had Held At Least One Job Since Leaving Welfare

In the 6-month leaver sample, 57 percent of the respondents who were still off welfare but not working had worked at some time since leaving Work First. In the 18-month leaver sample, almost 66 percent of the respondents who were still off welfare but unemployed had worked at some time since leaving Work First, and 41 percent had worked in the past six months. In the 6-month leaver sample, 40 percent of the respondents who had worked since leaving welfare had quit their last job. Among the 18-month leavers, the figure was 50 percent

Among Unemployed Respondents Still off Welfare, the Main Reasons Given for Not Working Were Inability to Find a Suitable Job and Physical Health Problems

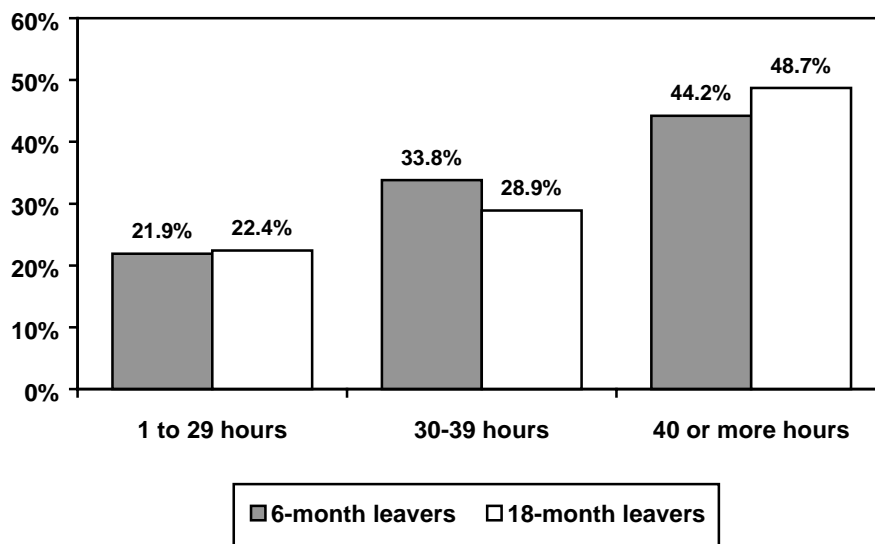
Among unemployed respondents who were still off welfare, almost 36 percent of the 6-month leavers and 26 percent of the 18-month leavers said that the main reason for not working was that they could not find any job, or could not find a job that paid enough, or could not find a job with health benefits or convenient work hours. Almost 24 percent of the 6-month leavers and 23 percent of the 18-month leavers said that the main reason why they were not working was their own physical health problems. About 15 percent of the 6-month leavers and 13 percent of the 18-month leavers cited transportation problems as the most important reason for not working. About 8 percent of both samples mentioned child care problems as the most important reason for not working.

Of the unemployed respondents who mentioned health problems, about 75 percent of both samples of leavers considered the condition to be permanent. Of those who cited health problems, 30 percent of the 6-month leavers and 33 percent of the 18-month leavers were receiving SSI or other disability payments.

Among Persons Still off Welfare and Working, 44 Percent of the 6-Month Leavers and 49 Percent of the 18-Month Leavers Were Working Full-Time. Work Hours Varied Considerably by Education

As indicated in Exhibit 4, about 44 percent of the 6-month leavers who were still off welfare and employed were working 40 or more hours per week, compared to 49 percent for the 18-month leavers. The percentage of employed respondents who were working 40 hours per week varied by education in both samples. Among the 6-month leavers, slightly less than 38 percent of employed high school drop-outs who were still off welfare were working 40 or more hours per week, compared to 43 percent of persons who had completed high school without college, and 51 percent of persons who had attended college. Among the 18-month leavers, the figures were 33 percent for high school drop-outs, 49 percent for high school graduates who had not attended college, and 56 percent for those who attended college.

Exhibit 4 -Hours Worked per Week by Employed Respondents Still off Welfare



Among Employed Respondents Still off Welfare, 29 Percent Worked Evenings or Nights, and Almost Half Often or Always Worked Weekends

Among employed respondents still off welfare, 29 percent in both samples worked evenings or nights. Of the employed 6-month leavers, almost 38 percent worked all or most weekends and another 12 percent often worked weekends. Of the employed 18-month leavers, almost 33 percent worked all or most weekends and another 14 percent often worked weekends.

Among Employed Respondents Still off Welfare, Median Monthly Earnings Were \$1,083 for the 6-Month Leavers and \$1,164 for the 18-Month Leavers, But There Was a Wide Range of Earnings

Median monthly earnings among employed respondents still off welfare were \$1,083 for the 6-month leavers and \$1,164 for the 18-month leavers – a difference of 7.5 percent. Almost 26 percent of employed respondents in the 6-month leavers sample had monthly earnings of \$800 or less, as did 25 percent of employed respondents in the 18-month leavers sample. At the other end of the wage spectrum, 42 percent of employed respondents in the 6-month sample had monthly earnings of \$1,200 or higher, as did 49 percent of the employed persons in the 18-month sample.

In terms of hourly wage rates among employed persons still off welfare, 21 percent of the 6-month leavers and 17 percent of the 18-month leavers had hourly wages of less than \$6 per hour. At the other end of the spectrum, 17 percent of the 6-month leavers and 21 percent of the 18-month leavers had wages of \$10 per hour or higher. Median hourly wages were \$7.25 for the 6-month leavers and \$7.50 for the 18-month leavers.

Earnings Varied Considerably by Education and Occupation

Exhibit 5 shows the relationship between education and median monthly earnings among employed respondents who were still off welfare. In both samples, median monthly earnings among persons who had attended college were more than \$1,300. In contrast, median monthly earnings among high school drop-outs were only \$947 for the 6-month leavers and \$882 for the 18-month leavers. The differences between drop-outs and college attendees were 39 percent for the 6-month leavers and 51 percent for the 18-month leavers.

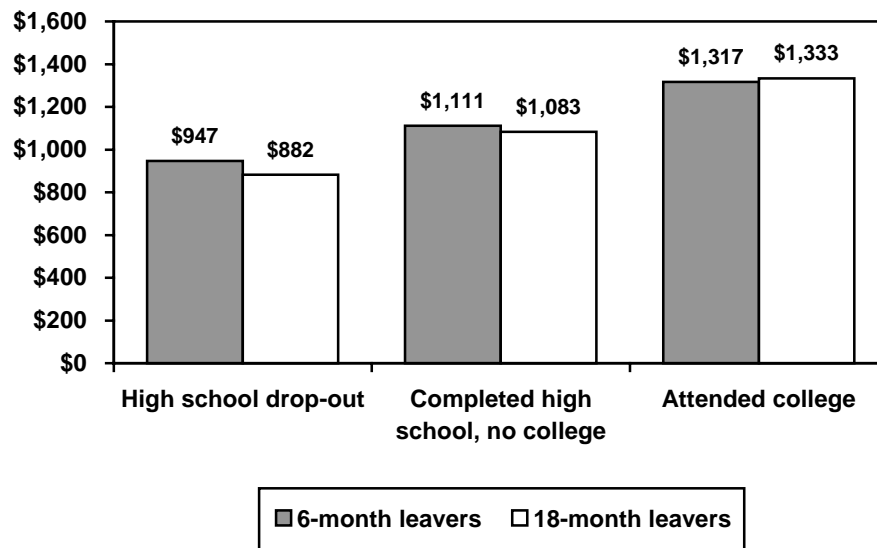
Earnings also varied considerably by occupation. Among respondents employed in office/clerical jobs, median monthly earnings were \$1,472 for the 6-month leavers and \$1,559 for the 18-month leavers. By comparison, median monthly earnings were relatively low among restaurant workers (\$818 for the 6-month leavers and \$866 for the 18-month leavers), among retail/store workers (\$985 for the 6-month leavers and \$895 for the 18-month leavers), and among housekeepers and janitors (\$1,126 for the 6-month leavers and \$985 for the 18-month leavers).

Of the Respondents Who Were Still off Welfare and Working, Most Were Not Enrolled in an Employer Health Plan

Among persons who were still off welfare and working, only 18 percent of the 6-month leavers and 25 percent of the 18-month leavers were covered by employer health insurance. Part of the reason for this is that many of the leavers were working for employers who did not have health plans. As shown in Exhibit 6, the percentage working for employers with health plans was only 56 percent for the 6-month leavers and 63 percent for the 18-month leavers. The second major reason for low rates of employer health coverage was that many of the persons whose employer had a health plan were not enrolled in the plan. In the 6-month leavers sample,

only 33 percent of the respondents whose employer had a health plan were actually enrolled in the plan. The percentage for the 18-month leavers was a little higher at 39 percent.

Exhibit 5 -Median Monthly Earnings of Employed Respondents Still off Welfare, by Education



Employer Health Coverage Was Highly Correlated with Education and Work Hours

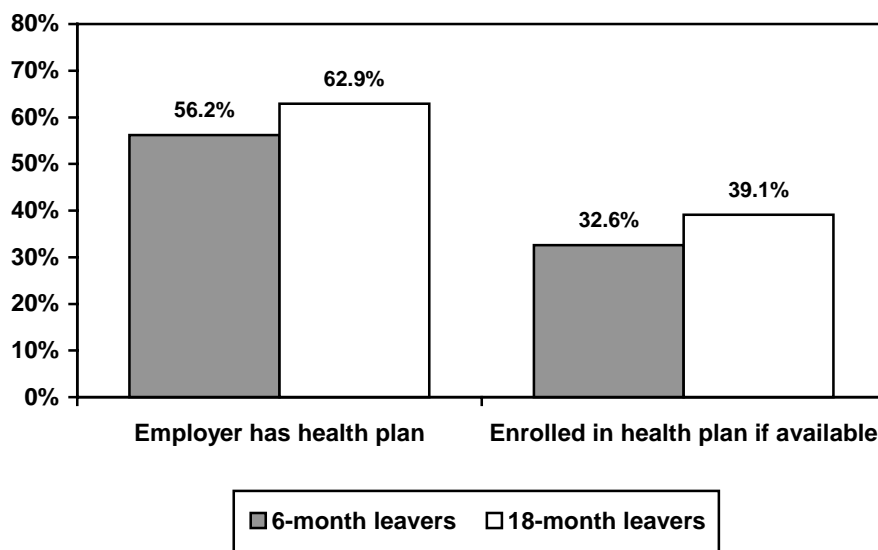
In the 6-month leavers sample, only 10 percent of employed high school drop-outs were covered by employer health plans, compared to 27 percent of employed persons who had attended college. In the 18-month leavers sample, the figures were 16 percent and 29 percent, respectively.

Employer health coverage was also correlated with work hours. In the 6-month leavers sample, only 14 percent of persons working 30-39 hours per week were covered by employer health insurance, compared to 30 percent of persons working 40 or more hours per week. In the 18-month leavers sample, the figures were 18 percent and 36 percent, respectively.

The Percentage of Employers Offering Health Plans Varied Considerably by Occupation

The percentage of employers offering health plans was relatively high for persons working in assembly or production jobs (89 percent for 6-month leavers and 74 percent for 18-month leavers). The percentage of employers offering health plans was also high for persons working in office/clerical positions (80 percent for 6-month leavers and 72 percent for 18-month leavers). In contrast, the figures for persons working in restaurants were only 38 percent and 53 percent, respectively. The figures were also low for persons working in housekeeper or janitor positions (41 percent and 42 percent, respectively).

Exhibit 6 - Employer Health Coverage Among Employed Respondents Still off Welfare



Job Satisfaction Varied by Work Hours and Wages

Among employed persons who were still off welfare, the percentage who were very satisfied with their jobs was 32 percent for the 6-month leavers and 37 percent for the 18-month leavers. In both samples, only 13 percent of respondents said that they were dissatisfied with their jobs. However, job satisfaction varied by work hours and earnings. Among the 6-month leavers, the percentage who were very satisfied with their jobs was 37 percent for persons working 40 or more hours per week, compared to only 31 percent for persons working less than 40 hours per week. The figures for the 18-month leaver sample were 45 percent and 39 percent.

In both samples, only 23 percent of the persons making \$800 per month or less were very satisfied with their jobs, compared to about half of persons making \$1,600 or higher.

Slightly More Than a Quarter of the Employed Leavers Saw Definite Opportunities for Advancement in their Current Jobs, but This Varied by Occupation

Among persons still off welfare, the percentage of employed respondents who saw definite opportunities for advancement in their current job was 26 percent for the 6-month leavers and 28 percent for the 18-month leavers. Persons employed in office jobs and in health jobs were the most likely to see definite opportunities for advancement, while persons employed as housekeepers and janitors were the least likely. The percentage of employed respondents who thought they would probably stay in their current job was slightly higher among the 18-month leavers (77 percent) than among the 6-month leavers (73 percent).

Most of the Respondents Who Were Still off Welfare Had Heard of the Earned Income Tax Credit (EITC) But High School Drop-Outs Were Much Less Likely to Have Heard of the Credit

Of the respondents who were still off welfare, 74 percent of the 6-month leavers and 81 percent of the 18-month leavers had heard of the EITC. The percentage of leavers who had heard of the tax credit did not vary much by ethnicity, but did vary by education. Among the 6-month leavers, 86 percent of persons who had attended college had heard of the credit, compared to only 59 percent of high school drop-outs. Among the 18-month leavers, 92 percent of those who had attended college had heard of the tax credit, compared to only 69 percent of high school drop-outs.

In the 6-month leaver sample, 70 percent of unemployed respondents who were still off welfare had heard of the tax credit, compared to 78 percent of working respondents. Among the 18-month leaver sample, the percentages were 74 percent for unemployed respondents and 78 percent for employed respondents.

Many of the Employed Respondents Were Not Claiming the EITC

Among employed persons who were still off welfare, only 51 percent of the 6-month leavers and 60 percent of the 18-month leavers were claiming the EITC. The percentage of employed persons who were claiming the tax credit was higher for persons who had attended college and for full-time workers. Of the respondents who were claiming the tax credit, only 4 percent of the persons in both samples were claiming the credit in each paycheck.

3. OTHER INCOME AND BENEFITS AMONG FAMILIES STILL OFF WELFARE

This section presents findings on the other sources of income among families who were still off welfare at the time of the surveys.

The Majority of Non-Married Respondents Who Were Still off Welfare Were Not Receiving Child Support Either Regularly or Occasionally

In the 6-month leaver sample, 26 percent of non-married respondents who were still off welfare were receiving child support either regularly or occasionally. The figure was slightly higher (31 percent) for the non-married respondents in the 18-month leaver sample. Only 17 percent of the 6-month leavers 23 percent of the 18-month leavers were receiving child support every month or almost every month.

Of the non-married respondents in the 6-month leaver sample who had asked the local child support agency for help, 23 percent thought the agency had been very helpful, 23 percent thought the agency had been fairly helpful, and 54 percent felt the agency had not been helpful. Of the non-married respondents in the 18-month leaver sample who had asked the local child support agency for help, 21 percent thought the agency had been very helpful, 26 percent thought the agency had been fairly helpful, and 52 percent felt the agency had not been helpful.

In Combination, More Than 80 Percent of the Families Who Were Still off Welfare Had Income from Earnings, Child Support, or SSI Payments

Among families still off welfare, 81 percent of the 6-month leavers were working **or** living with an employed adult, **or** receiving SSI disability payments, **or** receiving child support. The figure for the 18-month leaver sample was 84 percent.

Many of the Families Continued to Use Food Stamps After Leaving Welfare, Especially if the Respondent Was Unemployed

Among respondents still off welfare, Food Stamp participation was 60 percent for the 6-month leaver sample and 57 percent for 18-month leavers. Among the 6-month leaver sample, 71 percent of the persons who were unemployed and still off welfare were on Food Stamps at the time of the surveys, compared to 51 percent of employed persons. Among the 18-month leaver sample, 67 percent of persons unemployed and still off welfare were on Food Stamps, compared to 49 percent of employed persons.

Food Stamp use among persons still off welfare was higher among blacks, especially among the 18-month leaver sample. In this sample, 63 percent of blacks were still on Food Stamps compared to only 43 percent of whites.

Medicaid Participation Remained High Among the Welfare Leavers

Among the 6-month leaver sample, almost 89 percent of the families who were still off welfare were receiving Medicaid benefits. The figure for the 18-month sample was 82 percent.

4. FOOD SECURITY AND HARDSHIPS AMONG FAMILIES STILL OFF WELFARE

This section presents findings on hardships among families who were still off welfare at the time of the surveys, including food security, housing affordability problems, and overall adequacy of income and benefits.

In Both Samples of Welfare Leavers, About 30 Percent of the Families Who Were Still off Welfare Reported that They Had Experienced Problems Buying Food

Among the 6-month leaver sample, 31 percent of the respondents who were still off welfare reported that there had been times in the past six months when their family had eaten less than they felt they should because of problems affording food. Among the 18-month leaver sample, 32 percent of those who were still off welfare reported that there had been times in the past 12 months when they had problems affording food.

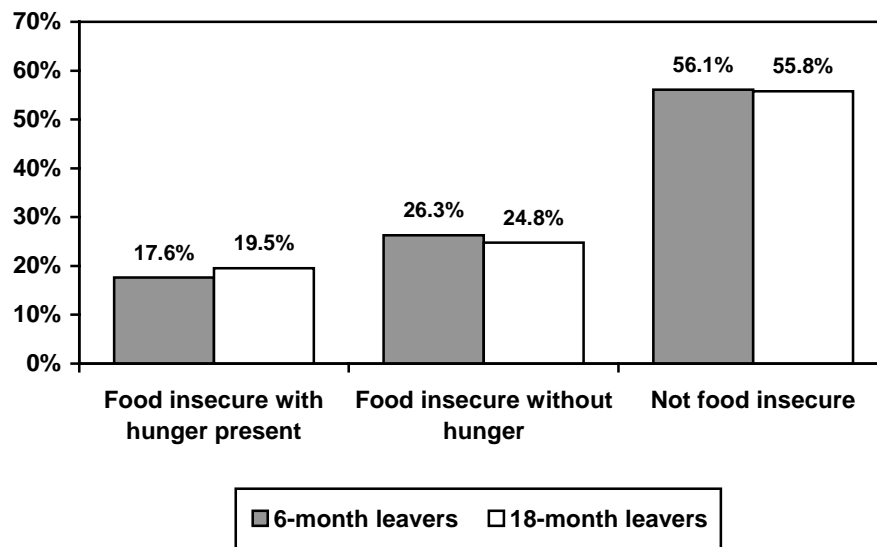
Almost One-in-Five of the Families Who Were Still off Welfare Had Been “Food Insecure with Hunger Present” at Some Time Since Leaving Welfare

Using the USDA Food Security Index, Exhibit 7 shows that 18 percent of the 6-month leavers who were still off welfare had been food insecure with hunger present in the past 6

months. Another 26 percent had been food insecure with no hunger present. Among the 18-month leavers who were still off welfare, 19 percent had been food insecure with hunger present in the past 12 months, and another 25 percent had been food insecure without hunger.

Food insecurity since leaving welfare did not vary greatly by the current employment status of the respondents. Among the 18-month leaver sample, the percentage who had experienced food insecurity with hunger at some time since leaving welfare was slightly higher (23 percent) among families not currently on Food Stamps than among families currently on Food Stamps (17 percent). In the 6-month leavers sample, however, current Food Stamp enrollment had no impact upon the prevalence of food insecurity since leaving welfare.

Exhibit 7 - Food Security Since Leaving Welfare Among Families Who Were Still off Welfare*

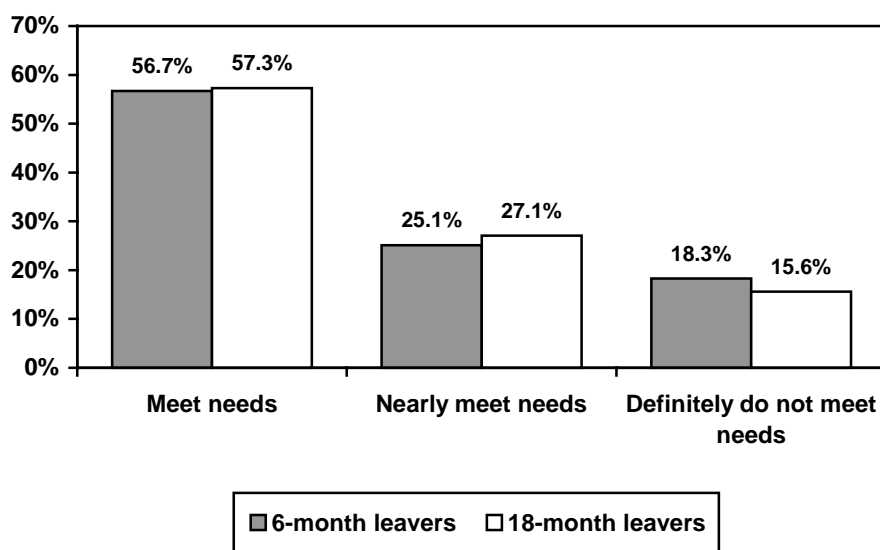


* In last 6 months for the 6-month leavers. In the last 12 months for the 18-month leavers

Among Respondents Who Were Still off Welfare, Slightly More Than Half Felt that Their Income and Benefits Met their Family's Needs

As indicated in Exhibit 8, about 57 percent of the leavers in both samples felt that their combined income and benefits met their families needs. The percentage who felt that their income and benefits definitely did not meet their family's needs was 18 percent for the 6-month leavers and 16 percent for the 18-month leavers.

Exhibit 8 - Respondents Still off Welfare -- How Well Do Your Income and Benefits Meet Your Family's Needs?



Many of the Respondents Who Were Still off Welfare Had Experienced Problems with Housing Costs and Utilities Since Leaving Welfare But Almost None Had Experienced Homelessness

Among the respondents in the 6-month leaver sample who were still off welfare, 36 percent said that they had fallen behind in rent payments in the last 6 months. The figure for the 18-month leavers was 39 percent during the last 12 months. About 11 percent of the 6-month leavers said that they had to move in the last 6 months because they could not afford housing. The figure for 18-month leavers was 15 percent during the past 12 months. About 14 percent of the 6-month leavers said that there had been times in the past 6 months when they went without heat, water, or electricity. Of the 18-month leavers, 16 percent had gone without heat, water, or electricity at some time in the past year.

Only one percent of the respondents in both samples said that they had to stay in a homeless shelter since leaving welfare, and only one percent had placed their children in foster care.

Among Persons Still off Welfare, Slightly More Than Half Thought They Were Better Off Than When on Welfare, But This Varied by Employment Status

About 53 percent of the 6-month leavers and 56 percent of the 18-month leavers stated that they were better off now than when they were on welfare. About 16 percent of the 6-month leavers and 12 percent of the 18-month leavers stated that they were worse off than when they were on welfare.

Of the respondents who were working, 65 percent of the 6-month leavers and 71 percent of the 18-month leavers stated that they were better off now than when they were on welfare. In contrast, only 38 percent of unemployed persons in the 6-month leaver sample and 39 percent of unemployed persons in the 18-month leaver sample stated that they were better off now than when they were on welfare.

5. HEALTH CARE COVERAGE AND ACCESS AMONG FAMILIES STILL OFF WELFARE

This section presents findings on health care coverage and problems getting health care among families who were still off welfare at the time of the surveys.

Among Respondents Still off Welfare, Almost One-in Five Said That There Had Been Times Since Leaving Welfare When They Needed Medical Care for Themselves or a Family Member But Could Not Afford It

Of the 6-month leavers who were still off welfare, 17 percent indicated that there had been times in the past six months when they could not afford needed medical care for a family member. Of the 18-month leavers, 20 percent said that there had been times in the past year when they could not afford needed medical care for a family member.

The percentage who reported problems affording health care was significantly higher for persons not living in Medicaid households (40 percent for 6-month leavers and 39 percent for 18-month leavers). However, the percentage did not vary greatly by current employment status, education, ethnicity, or by earnings among employed respondents. Of the 6-month leavers who said that they had experienced problems paying for needed medical care, 39 percent said that the situation involved children. The figure for the 18-month leavers was 48 percent.

About 5-6 Percent of the Leavers Who Were Still off Welfare Said that a Medical Condition Had Gone Untreated

In the 6-month leavers sample, 6 percent of the respondents who were still off welfare reported that in the past 6 months, a family member's medical condition had gone untreated because of problems paying for medical care. The figure for the 18-month leavers was 6 percent during the past 12 months.

About 6-7 Percent of the Respondents Who Were Still off Welfare Reported that They Had a Child Without Health Coverage

Of the 6-month leavers who were still off welfare, 6 percent reported that they had at least one child who had no health coverage. The figure for the 18-month leavers was 7 percent. In both samples, 41 percent of the respondents who had an uninsured child reported that they took the child to a free- or low-cost clinic for health care.

About One-Fifth of All Respondents Who Were Still off Welfare Did not Have Health Insurance for Themselves

Among respondents still off welfare, almost 17 percent of the 6-month leavers and 22 percent of the 18-month leavers did not have health coverage for themselves. About 70 percent of the 6-month leavers had health coverage for themselves through Medicaid, compared to 63 percent of 18-month leavers. Another 9 percent of the 6-month leavers and 13 percent of the 18-month leavers had health coverage through their employer.

Slightly More Than Half of the Respondents Who Were Still off Welfare Had Heard of North Carolina's Health Choice for Children Program

About 55 percent of both samples of leavers had heard of the Health Choice for Children program – North Carolina's SCHIP program.

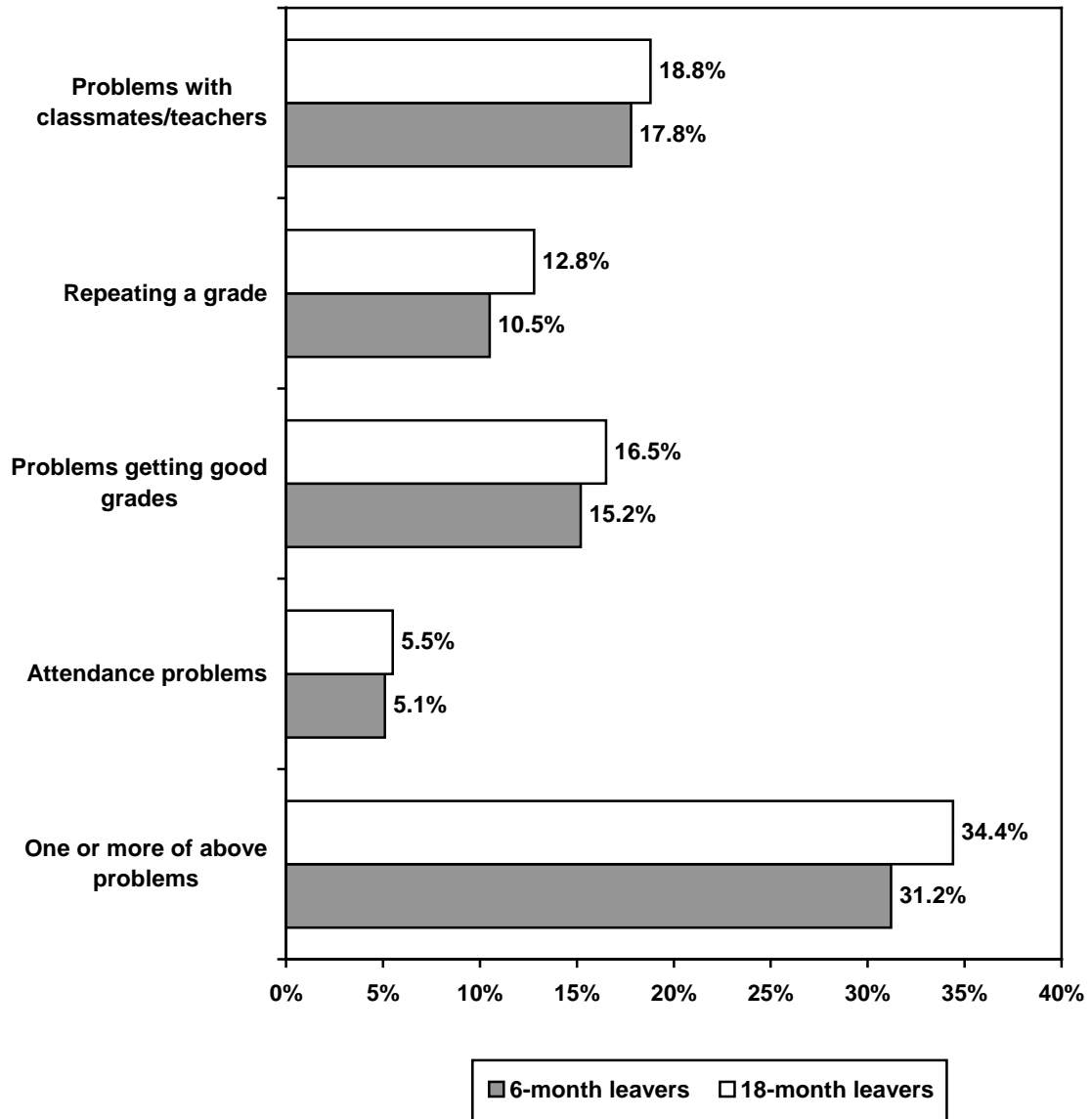
6. SCHOOL ATTENDANCE AND PERFORMANCE PROBLEMS AMONG CHILDREN IN FAMILIES STILL OFF WELFARE

This section presents findings on school attendance and performance problems experienced by children in families who were still off welfare at the time of the surveys.

About One-Third of the Respondents Reported That Their Children Had Experienced Problems With School Attendance or Performance Since the Family Left Welfare

As shown in Exhibit 9, about a third of the respondents in both samples reported recent problems with school attendance or performance on the part of one or more of their children since leaving welfare. About 18 percent of the 6-month leavers and 19 percent of the 18-month leavers reported that one or more of their children had experienced problems getting along with classmates or teachers. About 15 percent of the 6-month leavers and 16 percent of the 18-month leavers reported that their children had experienced problems getting good grades. About 5 percent of both samples said that a child had experienced attendance problems. Slightly more 18-month leavers reported that their child had repeated a grade than 6-month leavers.

Exhibit 9 - Respondents Still off Welfare -- Percent Reporting School Performance and Attendance Problems with their Children*



* In last 6 months for the 6-month leavers. In the last 12 months for the 18-month leavers

7. CHILD CARE AND TRANSPORTATION ISSUES AMONG FAMILIES STILL OFF WELFARE

This section presents findings on child care arrangements and transportation among families who were still off welfare at the time of the surveys.

About 79 Percent of Employed Persons in Both Samples Were Using Child Care When They Went to Work, Including Slightly More Than Half Who Were Using Paid Child Care

Of the employed respondents who were still off welfare, about 79 percent were using paid or unpaid child care when they went to work. In the 6-month leaver sample, 51 percent of all employed respondents were using paid child care. The figure for the 18-month sample was 54 percent.

Of those who were **not** using child care, 37 percent of the 6-month leavers and 51 percent of the 18-month leavers said that their children were old enough to look after themselves. In addition, of those not using child care, 45 percent of the 6-month leavers and 35 percent of the 18-month leavers said that their children were in school while the respondents were at work.

Many of the Families Who Were Using Child Care Were Using Informal Child Care

Child care centers accounted for almost 40 percent of the child care being used by leavers in both samples. The next most common providers were paid or unpaid relatives or other persons not living in the respondent's home.

Of the Families Who Were Using Paid Child Care, About Half Were Receiving Help with the Payments

Of the respondents who were paying for child care, about 46 percent of the 6-month leavers and 51 percent of the 18-month leavers were getting help from the county. Of the leavers who were paying for child care but not getting help, about 21-24 percent said that they did not know they could get help.

About Half of the Respondents Still off Welfare Owned a Vehicle, but Many of the Vehicles Were More Than 10 years Old. About 30 Percent of Unemployed Leavers Thought That Transportation Would Be a Barrier to Getting to a New Job

About 49 percent of the 6-month leavers and 53 percent of the 18-month leavers owned a vehicle. However, among vehicle owners, 41 percent of the 6-month leavers and 35 percent of the 18-month leavers owned vehicles that were more than 10 years old.

Of the respondents who were employed and still off welfare, 56 percent of the 6-month leavers and 58 percent of the 18-month leavers got to work using their own vehicle. About 24 percent of the 6-month leavers and 22 percent of the 18-month leavers got a ride to work. Of the

respondents who were still off welfare but unemployed, 30 percent in both samples thought that transportation would be a problem if they were to start a new job.

C. DISCUSSION OF THE FINDINGS

This section provides a brief discussion of the policy implications of the study of families who have left Work First in North Carolina.

1. POSSIBLE EFFECTS OF THE RECESSION

Many policymakers have expressed concern that the early successes achieved under welfare reform might not continue if a recession were to occur. Most of the studies of welfare leavers around the country – including the earlier study by MAXIMUS of Work First leavers in North Carolina – found largely positive findings for welfare leavers in terms of employment rates and earnings growth.²

The surveys for the current study were conducted between May and September 2002. This is important because the time frame for the surveys provides an opportunity to examine the possible impact of the economic downturn on outcomes among welfare leavers.

The findings from the current study seem to indicate that rates of employment among the more recent welfare leavers may have been affected by recessionary conditions. In our earlier study, about 55 percent of the respondents were still off welfare and working 6 months after leaving. In addition, 57 percent were still off welfare and working 18 months after leaving. In the current study, the percentages were only 46 percent for the 6-month leavers and 49 percent for the 18-month leavers. It should be noted that the earlier study focused primarily on welfare leavers in six largely urban counties, while the current study is based on a statewide sample. However, it is unlikely that this factor would account for the large differences in the outcomes from the two studies.

The current study also found that, among respondents who were still off welfare, the employment rate was only 52 percent for the 6-month leavers and 56 percent for the 18-month leavers. In the earlier study, 69 percent of the persons still off welfare at 6 months were working, as were 67 percent of the leavers still off welfare at 18 months. It should be noted, however, the employment rates in the current study are somewhat more consistent with the experiences of other states. For example, in recent surveys of welfare leavers in South Carolina, it was found that 59 percent of the leavers who were still off welfare were employed at the time of the surveys.³

The current study shows that, among families still off welfare, 65 percent of the 6-month leavers and 69 percent of the 18-month leavers were either working or living with an employed adult. The comparable figures from the earlier study were 79 percent and 78 percent,

² *Evaluation of the North Carolina Work First Program: 18-Month Follow-Up of Welfare Leavers*, MAXIMUS, May 2001

³ *Three-Year Follow-Up of Welfare Leavers in South Carolina, Final Report*, MAXIMUS, September 2002

respectively. These findings seem to confirm that the recession may be causing problems for new welfare leavers, especially during the first six months after they leave welfare.

In addition to the economic downturn, another factor that may partly explain the findings is that many of the more recent welfare leavers may have used up their two years of Work First benefits. These leavers may not have had the option of going back to welfare if they could not find adequate employment or other income. In the earlier study, the recidivism rate among the leavers was 21 percent at 6 months and 16 percent at 18 months. In contrast, the recidivism rates in the current study were only 12 percent among the 6-month leavers and 12 percent again among the 18-month leavers.

The impact of the recession may also be evident in the employment experiences of persons who were still off welfare but unemployed at the time of the surveys. In the current study, only 57 percent of the unemployed 6-month leavers and 66 percent of the unemployed 18-month leavers had worked at some time since leaving welfare. In the previous study, 68 percent of the leavers who were unemployed at the 6-month follow-up had worked at some time since leaving welfare, and 81 percent of the leavers who were unemployed at the 18-month follow-up had worked at some time since leaving welfare.

Another possible impact of the recession is that work hours among the leavers who were still off welfare were lower in the current study than in the earlier study. In the current study, only 44 percent of the 6-month leavers who were employed and still off welfare were working 40+ hours per week. The percentage for the 18-month leavers was 49 percent. In the earlier study, 58 percent of the persons who were employed and still off welfare at 6 months were working 40+ hours per week. The percentage increased to 67 percent for persons still off welfare at 18 months.

A final indicator of the possible impact of the recession is the percentage of leavers who were continuing to use Food Stamps and Medicaid. The current study showed that, among families who were still off welfare, 60 percent of the 6-month leavers and 57 percent of the 18-month leavers were enrolled in Food Stamps. In the earlier study, only 45 percent of the persons who were still off welfare at 6 months were using food stamps. The percentage declined to 42 percent for persons still off welfare at 18 months.

With regard to Medicaid, the current study shows that, among families still off welfare, 89 percent of the 6-month leavers and 82 percent of the 18-month leavers continued to use Medicaid. In the earlier study, only 67 percent of the persons still off welfare at 6 months were using Medicaid. The percentage declined to 65 percent at 18 months.

2. POSITIVE FINDINGS FROM THE STUDY

Despite the possible impacts of the recession, the new study shows a number of positive findings for welfare leavers. In terms of hardships, the large majority – 80 percent – of the families who were still off welfare did not report experiencing food insecurity with hunger present since leaving welfare. Almost 60 percent of the leavers who were still off welfare felt that their family's combined income and benefits met their family's needs. Although 40 percent

of the leavers who were still off welfare had fallen behind in rent payments since leaving welfare, only 14-16 percent had had their heat, water, or electricity cut off at any time since leaving welfare. In addition, only one percent of the respondents had experienced homelessness or had to place their children outside the home since leaving welfare. Slightly more than half of the persons who were still off welfare thought that they were better off than when they were on welfare, and only about one-in-seven said that they were worse off.

In addition, while employment rates were lower than in the earlier study, slightly more than half of the persons who were still off welfare were working at the time of the surveys. About two-thirds were either working or living with an employed adult. Also, the percentage who were employed was higher for the 18-month leavers (56 percent) than for the 6-month leavers (52 percent), suggesting that leavers were making some employment gains over time. Another positive finding is that more than 80 percent of the persons still off welfare were either working themselves, living with an employed adult, or receiving child support or SSI benefits.

The findings also show evidence of earnings gains among employed welfare leavers. Median monthly earnings among the 18-month leavers were 7.5 percent higher than earnings among the 6-month leavers. Despite concerns that most welfare leavers will end up in very low-paying jobs with sporadic work hours, more than 40 percent of the employed leavers had jobs that paid \$1,200 per month or higher – the equivalent of \$14,400 per year. Slightly more than a quarter of the employed leavers saw definite opportunities for advancement in their current jobs. About one-third were very satisfied with their current jobs, and only 13 percent were dissatisfied.

In terms of other positive findings, the study provides evidence that welfare leavers are making some progress in getting health insurance coverage through their employers. Of the employed persons still off welfare, the percentage participating in an employer health plan was 25 percent for the 18-month leavers, compared to only 18 percent for the 6-month leavers. There was also evidence of improvement in the percentage of employed leavers who were working full-time – 44 percent for the 6-month leavers and 49 percent for the 18-month leavers.

The study also suggests that welfare leavers are very gradually moving into office/clerical jobs and other occupations that are more likely to have better wages, employer health plans, and more regular work hours. The percentage of employed leavers working in office/clerical jobs was 20 percent for the 18-month leaver sample, compared to only 13 percent for the 6-month leaver sample. The percentage employed in restaurants was 15 percent in the 18-month leaver sample, compared to 19 percent in the 6-month leaver sample.

Although some of the respondents reported problems with health care access since leaving welfare, 94 percent had not experienced any problems getting treatment for a medical condition since leaving welfare. The same percentage had health coverage for their children. Finally, almost 70 percent of the leavers who were still off welfare did not report any problems with their children's school attendance or school performance since leaving welfare.

3. AREAS FOR CONCERN

The results of the new study raise a number of concerns about the status of families who have left Work First, in addition to the impact of the recession. These areas for concern are reviewed briefly below.

First, in terms of overall hardship, the study shows that there is a small but significant percentage of leavers who are experiencing problems meeting their basic needs. Almost 20 percent of the leavers who were still off welfare had experienced food insecurity with hunger since leaving welfare. About 15 percent of the leavers had had their heat, water, or electricity cut off at some time since leaving welfare, and almost the same percentage had found it necessary to move because they could not pay for their current housing. A similar percentage reported that their combined income and benefits definitely did not meet their family's needs.

A key factor in this situation is that between 15 and 20 percent of the leavers who were still off welfare did not seem to have a stable source of income from earnings, child support, or disability benefits. Part of the problem is that relatively few of the non-married leavers received child support on a regular basis.

A second area of concern is that high school drop-outs are doing worse than other persons in a number of key areas after leaving welfare, including employment rates, earnings, work hours, employer health coverage, recidivism to welfare, and knowledge of the EITC. These findings suggest that drop-outs need to be given special attention while they are still on welfare to ensure that they are ready to meet the demands of the job market after they leave assistance.

This does not necessarily mean that more emphasis should be given to education programs. The problems experienced by many high school drop-outs may be the result of other factors – such as learning problems or motivational problems - that may account for their failure in school as well as in the job market. The study would suggest, however, that more emphasis should be placed upon assessing high school drop-outs to examine the full range of barriers that they may face.

A third area of concern is that some of the leavers do not seem to be prepared to cope with the job market or to move into jobs that will provide self-sufficiency. Many of the leavers who return to welfare cite employment problems as the reason for returning, such as inability to find a job, difficulty finding jobs that pay enough, or problems finding jobs with convenient work hours or employer health coverage. In addition, many of the leavers who stay off welfare are working in low-skill retail and service occupations, with few benefits, little advancement potential, and inconvenient work hours.

These findings suggest a need for more emphasis on preparing welfare recipients for jobs that have better pay, more regular work hours, better benefits, and more advancement potential. These jobs will typically involve office/clerical positions, jobs in health care, or similar occupations. Many of the welfare leavers, especially high school drop-outs, may be unprepared

for these types of jobs because of problems with reading ability and math skills, lack of work experience in an office environment, or lack of computer skills such as word processing.

A fourth area of concern is health care coverage. The study shows that most of the welfare leavers continue to rely heavily on Medicaid and that many of the adults do not have any health insurance for themselves. Even the employed leavers had relatively low rates of participation in employer health plans – either because their employer did not have a health plan or because they had chosen not to enroll. The major reasons for not enrolling are that premiums are too high or that the leavers are not yet eligible to participate in the employer’s plan. Again, these findings lend support to a policy of assisting welfare recipients to find jobs that have employer health plans. A related cause for concern is that many of the welfare leavers had not heard of the Health Choice for Children program, suggesting a need for continued education and outreach in this area.

Finally, the study shows that, of the families who were using paid child care, only about half were getting help from the county in paying for childcare. In addition, a majority of the families who are using child care are relying upon informal child care. In some cases, this type of child care may not be reliable enough or provide sufficient hours of coverage to allow persons to work more hours or to move into better jobs.

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