MOVING FROM WELFARE TO WORK
RESULTS, BARRIERS, AND TRANSITIONAL BENEFITS

Federal requirements under welfare reform have emphasized work-focused activities, sanctions, and time-limited assistance. While there has been considerable movement from welfare to work, there are substantial barriers for some recipients. This BRIEF, the second of three, provides a status report, a summary of barriers, and some of the accommodations that have been used to facilitate movement to work. BRIEF No. 28 will cover potential asset-building approaches to providing welfare to work services.

STATUS OF THE WELFARE CASELOAD

The welfare caseload of parents and children is composed of three distinct groups. The results of welfare to work and the current downturn in the economy have changed the proportions (see Table 1) [1].

Because new entrants and cyclers move off welfare more easily, their proportion of the total families served over the period of a year is substantially larger than that indicated by the percentages above which represent a point-in-time count. Moving from welfare to work poses different issues for each of the three groups.

The results of the welfare-to-work process under TANF can be described in terms of those who are no longer receiving assistance and those who remain on welfare. While there is substantial documentation for the extent to which families are or are not better off financially, there has been little information gathered on the fallout impact on community agencies and other service systems.

Table 1
Welfare Caseload Groups

<table>
<thead>
<tr>
<th>Group</th>
<th>1999</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Entrants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not previously on welfare. Often short-term use of welfare for persons experiencing a life crisis such as job termination, loss of wage earner</td>
<td>26%</td>
<td>34%</td>
</tr>
<tr>
<td>Cyclers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Episodic use of welfare: persons who move in and out of welfare from time limited, short-duration jobs</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Stayers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term use of welfare—more than 2 years</td>
<td>47%</td>
<td>38%</td>
</tr>
</tbody>
</table>
OFF WELFARE

While welfare rolls shrank by more than 50 percent across the nation between 1996 and 2000, not all welfare leavers are working and not all of the reduction in caseloads represents welfare to work. The percent of welfare leavers working was just under 50 percent in 1999 and 42 percent in 2002. A very small proportion moved to federal disability benefits or were living with a working partner or spouse [2]. As shown below, a substantial part of the reduction in the welfare caseload reflects the diversion of new applicants who might previously been accepted and the operation of sanctions. The impact of the 5 year limitation on receipt of federally funded cash assistance has not yet been documented. Six states—Michigan, California, Indiana, Massachusetts, Minnesota, and Vermont—have provisions to continue some type of assistance beyond 5 years, with state funds.

Diverting Applicants

Over twenty states use diversionary strategies such as short term assistance to avoid enrollment in TANF [3]. Families applying as a result of an immediate crisis are most likely to benefit from short-term assistance.

Forced Off by Sanctions

Sanctions are imposed for not meeting state and federal requirements, e.g., not attending orientation meetings, training, or job interviews; refusing employment; reducing hours of work; or quitting a job. Significant reasons for non-compliance include mental illness and the demands of caring for a disabled child, as well as confusion about what is required. Sanctioned families are generally less educated and less likely to find employment. Around 33 percent of families sanctioned are eventually returned to the welfare rolls [7].

ON WELFARE

Exemptions and Deferrals

A substantial number of welfare recipients are excused, at least temporarily, from work requirements. Up to 28 percent can be exempted under federal regulations (2002) because of health, disability, age, domestic violence, unsuitable child care, or having a young child up to 12 months of age. Some 19 percent of welfare recipients in 2002 had a young child under the age of 1 year [10].

Michigan’s exemption and deferral criteria are considered rather limited when compared to other states. Michigan

- Exempts from work-related activities persons who are disabled, or who are caring for a disabled child (if the caseworker determines that no work is possible) [11]
- Defers for 90 days: Mothers of newborn infants Victims of domestic violence Persons with temporary mental or physical illnesses or injuries, and Persons experiencing a temporary crisis [12]

Colorado uses a lump sum grant directly to families or vendor payment to avoid enrollment in TANF and to tide families over the period of unemployment [4].

Ohio uses short-term loans to enable families to meet immediate needs [5].

An additional ten states defer assistance until after an initial job search [6].

Both Tennessee and Maine review the family’s circumstances prior to imposing a sanction to ascertain the reasons for noncompliance. Some families are given a second chance [8].

Because of concern for children, California has used home visits to explore the reasons for noncompliance and to identify remedial strategies [9].
Returns to Welfare

Of those who have been placed in work, 35 to 45 percent are not working at one year, according to an analysis of follow-up studies in 12 states [13]. Job loss is most characteristic of women in low-paid episodic employment and occurs most frequently in the first six months. Short job durations most frequently result from firing, work-site conflict, or breakdowns in child care [14]. Only a portion of this group—from 21 to 35 percent—return to the welfare rolls [15].

Colorado found that durations of employment and percent returning to welfare were related (Table 2) [16].

<table>
<thead>
<tr>
<th>Employed For</th>
<th>Percent</th>
<th>Returning to Welfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-6 months</td>
<td>55%</td>
<td>21.0%</td>
</tr>
<tr>
<td>12-15 months</td>
<td>45%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>29.6%</td>
</tr>
</tbody>
</table>

BARRIERS TO EMPLOYMENT

Women on welfare—particularly those in the long-term category—often have characteristics and issues that act as barriers to obtaining work and to sustained employment.

A study of 2,500 low-income families in Boston, Chicago and San Antonio found that the women remaining on welfare were:
- Less likely to have graduated from high school
- More likely to report a health condition that keeps them from working
- More likely to report problems with depression and domestic violence
- Less likely to have strong social networks of support [17].

The Urban Institute’s analysis of the National Survey of America’s Families in 1999 and 2002 documented the number of barriers (Table 3).

<table>
<thead>
<tr>
<th>Number of Barriers</th>
<th>Percent of Caseload</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>20%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>40%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>2+</td>
<td>41%</td>
<td>44%  [18]</td>
<td></td>
</tr>
</tbody>
</table>

A Michigan study documented that the number of barriers substantially affects the likelihood that women will move from welfare to work (Table 4).

<table>
<thead>
<tr>
<th>Number of Barriers</th>
<th>Percent Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>82%</td>
</tr>
<tr>
<td>1</td>
<td>71%</td>
</tr>
<tr>
<td>2</td>
<td>62%</td>
</tr>
<tr>
<td>3+</td>
<td>40% [19]</td>
</tr>
</tbody>
</table>

LIFE ISSUES AND CIRCUMSTANCES THAT IMPACT EMPLOYABILITY

Capabilities

Lack of Education. Nationally, as many as 55 percent of women receiving welfare have less than a high school education and 33 percent read at a third- to fourth-grade level [20].

Low Work Experience and Few Work Skills. One study found that as many as 40 percent of women receiving welfare have had no work experience prior to their first enrollment in welfare [21].
**Limited Capacity.** National estimates for learning disabilities range from 24 to 40 percent [22].

<table>
<thead>
<tr>
<th>Table 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical Health Problems and Welfare Status in Three Cities</strong></td>
</tr>
<tr>
<td><strong>Welfare Status</strong></td>
</tr>
<tr>
<td>Remaining on welfare</td>
</tr>
<tr>
<td>Left welfare for work</td>
</tr>
<tr>
<td>Never received welfare</td>
</tr>
</tbody>
</table>

Kansas and Washington have documented that about 20 percent of all welfare recipients had IQ’s below 80. Of those not exempt from work requirements, Kansas found an additional 30% with learning disabilities [23].

**Health**

A study of TANF recipients nationally found that 44 percent had at least one physical or mental health impairment. [24].

**Physical Health Problems.** National estimates for physical disabilities range from 10 to 20 percent [25].

Parents remaining on welfare were twice as likely to have physical health problems as those who left welfare for work, according to a study of 2,500 low-income families in Boston, Chicago and San Antonio (Table 5).

**Mental Health Problems.** Studies in various states have found that between 4 and 28 percent of welfare recipients have a serious mental health problem [27].

**Substance Abuse.** Between 11 and 27 percent of welfare recipients are estimated to be substance users/abusers, depending on the measure used. Approximately 5 percent of welfare recipients are dependent on alcohol or drugs [29].

In an urban county in Michigan, one quarter of welfare recipients had symptoms of major depression within the past year and overall a third met the criteria for clinical depression, post traumatic stress syndrome, or generalized anxiety [28].

**Life Circumstances**

**Domestic Violence.** Rates of recent or current domestic violence in various studies range from 8 to 33 percent. Some 34 to 65 percent of women on welfare have experienced domestic violence during their lifetime. Abuse is greater among younger women [30].

**Special Needs Child.** Of mothers on welfare, fifteen percent in national studies and 20 percent in an urban county in Michigan reported having a child with a health, learning, or emotional problem [31].

**SUPPORT FOR WORK: TRANSITIONAL BENEFITS**

Characteristically, states are providing transitional benefits—primarily Medicaid and child care subsidy—for a specified period, or until earnings reach a specified percentage of poverty. Some states have gone beyond these benefits to include other supports that facilitate continued employment. These arrangements provide the broad range of supports that those leaving welfare still require if they are to remain employed. In addition, they represent income supplementation that reduces disincentives for moving off of welfare.
**CHILD CARE**

Problems in child care arrangements are the most frequent barrier to keeping a job reported by 34 percent of welfare recipients in one study [32]. Maintaining income eligibility for child care subsidy also acts as a deterrent to women moving to jobs with more income.

Although states have used TANF funds to expand subsidies for child care for women leaving welfare for work and for employed low-income families, many eligible children are not receiving this assistance.

This reflects not only the funds available for subsidy but also implementation problems. Parents may be unaware of the program or those at income levels requiring a co-payment may consider the application and payment process too burdensome for a relatively small benefit.

Difficulties with child care include availability, particularly of full-time and off-hours care. Parents of children with disabilities face the greatest barriers. In a survey of parents of disabled children receiving welfare in Michigan, the most significant barrier to work mentioned by parents was the cost and scarcity of the specialized child care required for children with disabilities [33].

**RELIABLE TRANSPORTATION**

Welfare recipients, administrators, and employers have consistently identified transportation as a basic need in enabling families on welfare to move to employment.

- An Illinois study found more than 25 percent of former welfare recipients had difficulties in getting or paying for transportation to work [34].
- More than 75 percent of county welfare administrators in Indiana and California identified transportation as a significant barrier [35].
- A national survey of employers hiring a greater than average number of entry-level workers found overall, 36 percent reported jobs inaccessible by public transportation [36].
- In Iowa, 61 percent of long-term welfare recipients reported difficulties with transportation [37].

Personal cars are particularly important in rural areas where there are no transportation systems and on-demand service is too expensive and complicated to develop.

States and communities have used a variety of creative approaches tailored to local circumstances:

- Volunteer driver programs
- Employer van pools
- Local campaigns to encourage donation of cars
- Loans, grants or no-interest loans for auto purchase
- Grants to help participants maintain their vehicles.
- Transportation subsidy for purchase of gas
- Free bus passes
- State subsidies for bus routes or other transportation linking workers in cities to jobs in suburbs

**HOUSING**

Housing needs keep parents from focusing on work, according to a study in 13 states [38]. Ten states, including Minnesota and Connecticut, and some counties in two additional states provide a transitional subsidy for housing or to enable a family to move to safer housing or to a location closer to employment or child care.

Five communities in New Jersey provide rent subsidies to families for three years after leaving welfare. In the first year, 55% of rent is subsidized; 45% in the second year, and 35% in the third year. The amount of money by which the rent subsidy is decreased is placed in an interest-bearing account for the family [39].
OTHER ASSISTANCE

Kansas provides grants for employment support including purchase of uniform, tools, eyeglasses, cosmetic dental work, work clothing.

SUMMARY

The reduction in the welfare caseload reflects diversion strategies and the operation of sanctions as well as the movement to work. Of persons exiting TANF, a substantial proportion are not working at one year, but the majority of this group do not return to the welfare rolls. Life issues and circumstances that impact employability affect the proportion of the caseload that is exempted or deferred from work, the extent to which women can move from welfare to work, and job retention.

Transitional benefits for child care, transportation, and housing assistance are strategies that states have used to remove impediments to employment and serve as income supplements that make work more attractive than remaining on welfare.

NOTES


10. Zedlewski.

11. Until recently parents of children with disabilities in Michigan were exempt from work requirements.


13. Anderson & Gryzlak.


15. Anderson & Gryzlak.


18. Zedlewski.


23. J.M. Johnson & K. Lindamen, (2002), Kansas Carves Out a Middle Ground, In C.S. Weissert (Ed.). All subsequent references to Kansas are from this source.


27. Johnson & Meckstroth.

28. S. Danziger et. al.

29. Goldberg quoting a Mathematica study.


38. Satyanathan.


ACKNOWLEDGEMENTS

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