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CHAPTER 12

WELFARE REFORM AND THE CALIFORNIA LABOR MARKET

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Introduction

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally transformed the provision of social assistance in the United States. The legislation eliminated Aid to Families with Dependent Children (AFDC), a program that entitled needy families with children to an array of benefits and public services. In its place, is now Temporary Assistance to Needy Families (TANF), a program that awards flexible block grants to the states, mandates tough new work requirements, and imposes a five-year lifetime limit on the receipt of public assistance. With this change in law, low-income families can no longer depend on receiving welfare benefits as part of a federal entitlement initially established to allow single mothers to remain at home and raise their children. Current welfare programs mandate employment for most participants and offer temporary financial aid and short-term employment assistance to help participants transition into the labor market. In compliance with federal legislation, in 1997 California adopted its own version of welfare reform, a program entitled the California Work Opportunity and Responsibility to Kids program (CalWORKs).

Prior to the passage of welfare reform legislation, many experts predicted that the labor market would not be able to absorb the influx of new low-wage workers who would flood the labor market as a consequence of the new work-first orientation of welfare programs (Burtless 1998; California Budget Project 1997; Ellis and Ellingwood 1998; Lerman et al. 1999). However, these predictions were unwarranted. Welfare rolls in California and elsewhere have plummeted with many welfare participants successfully finding unsubsidized, paid employment. A booming economy coupled with strict work requirements contributed to a 32.5 percent drop in the caseload from 932,345 in March of 1995 to 629,027 in February of 1999. In recognition of this decline former Governor Pete Wilson, an early proponent of welfare-to-work programs, stated, "My friends, CalWorks works. So let's keep it that way. Together, you are ending the cycle of welfare."

However, the evidence from California suggests that it is too early to proclaim welfare reform's success. There is still good reason for caution in interpreting recent caseload dynamics since many welfare participants maintain a tenuous connection to the labor market. Even in the midst of a booming economy, most welfare participants find employment in low-wage jobs that offer few, if any, benefits, limited job security, and little opportunity for economic advancement. As a result, many welfare participants must remain on aid even if they work. Moreover, if current robust economic conditions turn sour, it is likely that many participants will lose their jobs and return to welfare or, if their time limits have expired, turn to other less reliable sources of financial support.

The success of welfare reform in California and elsewhere lies not only in moving welfare participants from aid into the labor market but in creating the employment support systems that allow participants to achieve economic self-sufficiency. Job training and other employment services will aid welfare participants in finding jobs, remaining in the labor market, and, ultimately, in earning incomes high enough to adequately support their families. In many respects, the challenges facing welfare participants in their efforts to move from "welfare to work" are identical to those facing California's low-wage work force. While there are opportunities, particularly funding opportunities, that are targeted to welfare participants, when possible, proposed policies for welfare participants must be advanced in the context of a broader policy agenda aimed at all low-wage workers.

CalWORKs: Welfare Reform in California

California's Work Opportunity and Responsibility to Kids program (CalWORKs) is intended to reduce child poverty and welfare dependence, promote employment and economic self-sufficiency, remove barriers to employment, and minimize adverse outcomes. To accomplish these objectives, the CalWORKs program provides temporary financial support, establishes mandatory work requirements, and gives the counties wide flexibility in designing employment-related programs to rapidly move participants into the labor market. The principal objective of the program is to reduce the caseload and achieve a work participation rate of 50 percent by the year 2002 (California Department of Social Services 1997).¹

The central component of CalWORKs is employment. The program requirements mandate that nearly all benefit participants participate in a welfare-to-work program unless they are exempt from this requirement.² While federal and state legislation emphasizes work and work-related activities, counties have wide latitude in designing programs and services to meet the employment needs of participants. Typically, the menu of programs includes orientation and appraisal, job search, employment assessment, welfare-to-work activities, job-retention services, and community-service employment. Welfare-to-work activities may include education related to employment, adult basic education, job training (on-the-job training, grant-based OJT, vocational education and training), work experience, and employment (unsubsidized, subsidized private- or public-sector employment). Most counties also offer an array of employment services including child care, transportation programs and subsidies, mental health and substance abuse treatment, and domestic violence counseling.

Next to New York, California has the largest welfare caseload in the nation. As of June of 1999, one-quarter (1.7 million) of the country's program participants lived in California where welfare usage rates were 5.2 percent, more than twice the national rate (U.S. Health and Human Services 1999a). Approximately 500,000 families are required to participate in welfare-to-work activities; in 1998, 36.4 percent (179,953) of families met their work requirements by either working or participating in some work-related activity (U.S. Census Bureau 1999; U.S. Health

and Human Services 1999b). As table 1 shows, almost 87 percent of participants fulfilled the requirement through unsubsidized employment and the remaining participated in an array of other work-related activities. The distribution of welfare participants across these activities may reflect participants' preferences for employment as well as the current availability of jobs. It may also be the result of program requirements that emphasize moving participants into unsubsidized jobs. Finally, few participants are enrolled in education and training programs perhaps due to the limited number of eligible programs and the difficulty agencies have had restructuring services to comply with new welfare regulations (Klerman 2000).

Table 1: Work Activities of Participating CalWORKs Families -- 1998

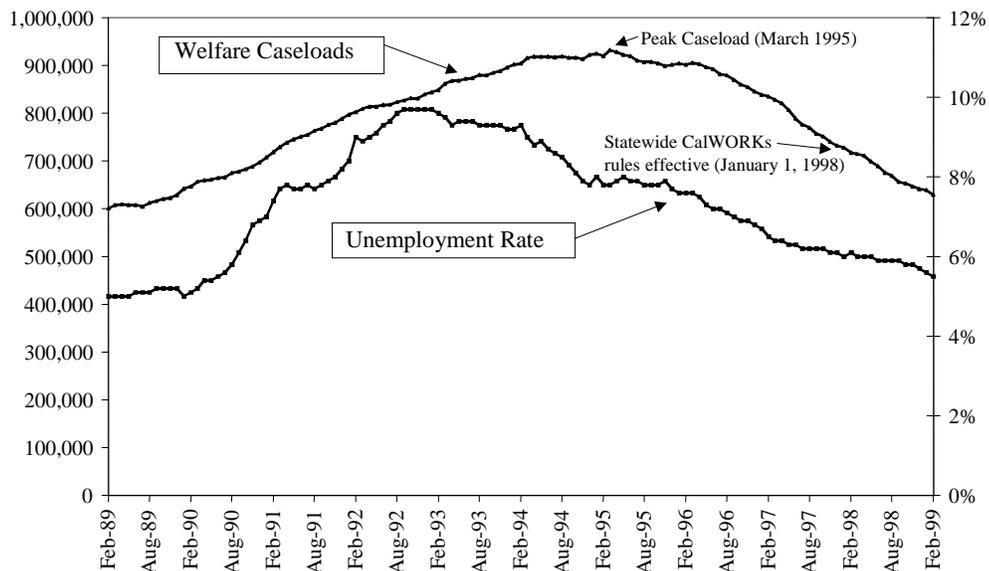
Unsubsidized Employment	86.9%
Subsidized Private Employment	0.7%
Subsidized Public Employment	0.5%
Work Experience	0.9%
On-the-job Training	0.2%
Job Search	5.5%
Community Service	2.8%
Vocational Education	2.5%
Job Skills Training	0.2%
Education Related to Employment	0.9%
Satisfactory School Attendance	0.9%
Providing Child Care	0.5%

Source: U.S. Health and Human Services (1999b)

The Rise and Fall of California Caseloads

The size of California's welfare population has varied both over time and across counties. As figure 1 shows, caseloads in California began to decline prior to the passage of federal welfare reform legislation in 1997 and the implementation of the new law in 1998. California

Figure 1: Welfare Caseloads and Unemployment Rates in California

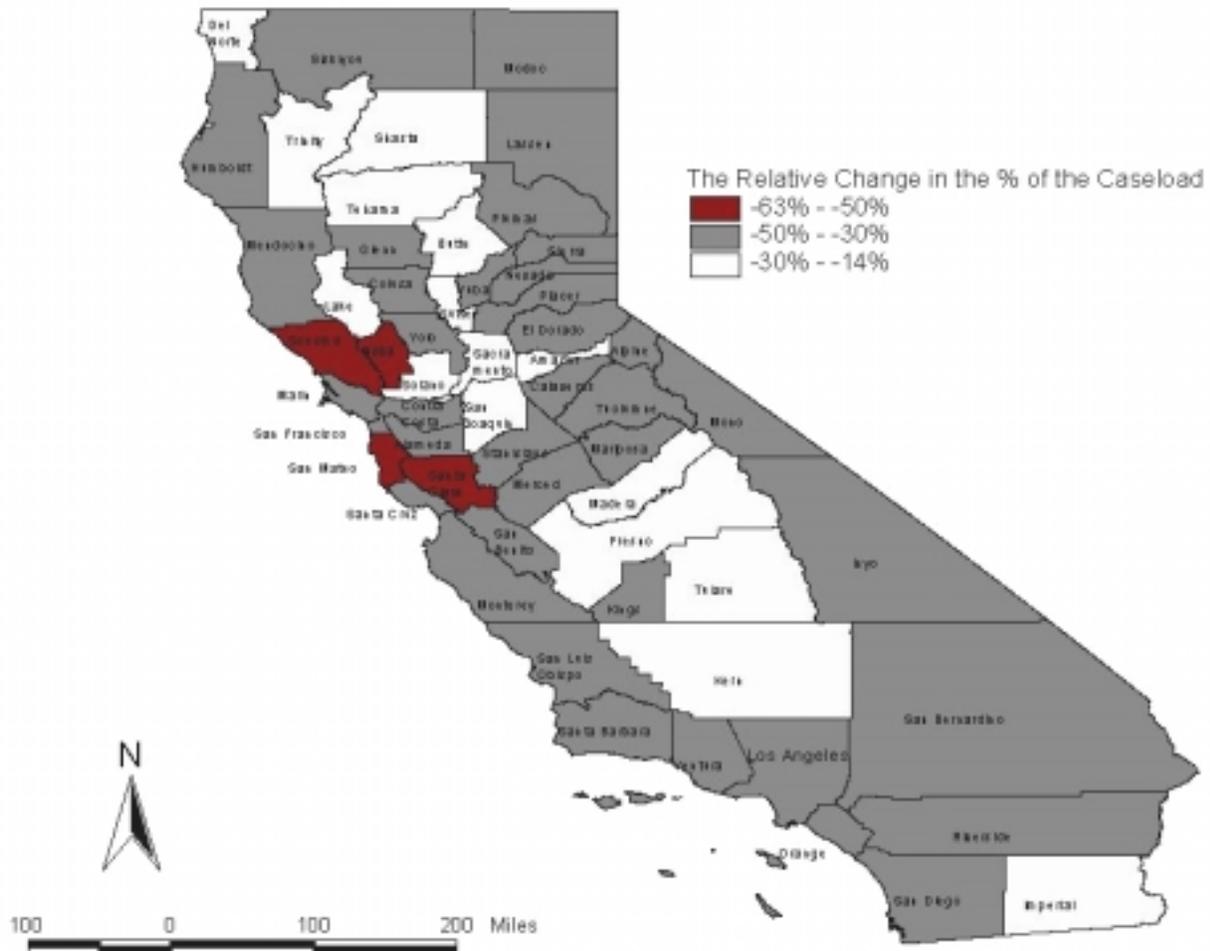


Source: California Department of Social Services (1989-1999); California Employment Development Department (1999).

caseloads peaked in March of 1995 and then continued to decline, falling by 32.5 percent between the peak year and February of 1999. However, these aggregate figures hide substantial variation in caseload reduction among California counties. Figure 2 shows that some counties have reduced their caseloads up to 63 percent (San Mateo County) and others as little as 15 percent (Madera County). Caseload reductions have been greatest in some of the state's most affluent counties, many of them coastal communities such as San Mateo, Santa Clara, Napa, Sonoma, and Orange Counties.

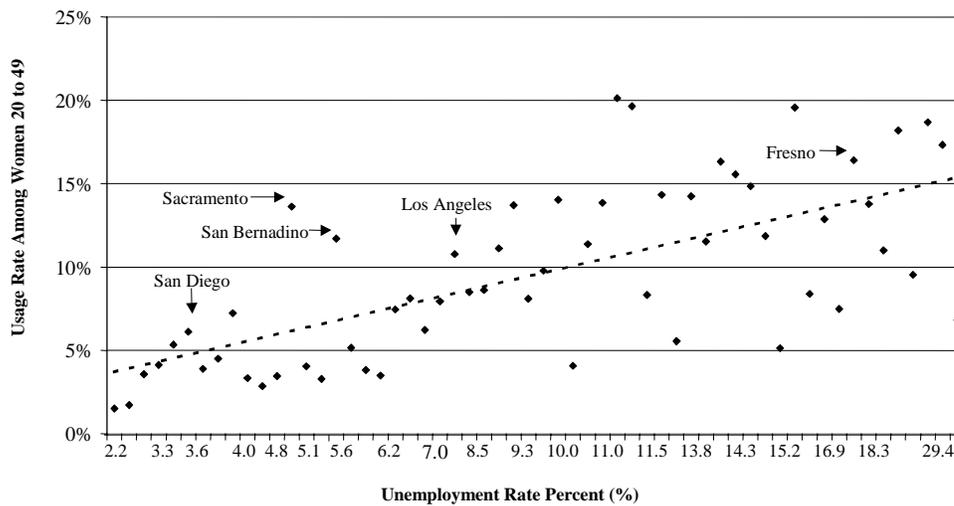
Figure 1 also shows the relationship between fluctuations in the caseload and the unemployment rate over a 10-year period from 1989 to 1999. Welfare caseloads and the unemployment rate increased in tandem into the early 1990s when California began to emerge from economic recession. From 1992 to 1995, the welfare rolls continued to expand even as the unemployment rate declined from its peak of 9.7 percent in 1992. Since March of 1995, both the welfare caseloads and the unemployment rate have fallen to their current levels.

Figure 2: The Relative Change in the Percentage of the Caseload from March 1995 to February 1999



Economic conditions vary across the state as well as over time. For example, county unemployment rates for February of 1999 ranged from a high of 29.4 percent in Colusa County to a low of 2.2 percent in San Mateo County. Figure 3 shows a scatterplot of the unemployment rate versus the welfare participation rate (among women ages 20 to 49) for all 58 California counties. Identified on this graph are the five counties with the greatest number of program participants; these five counties contain approximately 60 percent of the state caseload. The scatterplot shows a positive relationship between county unemployment rates and welfare usage. The actual statistical correlation between these two variables is .574, and the regression line (represented in the graph with a dotted line) represents the best linear fit of the data.

Figure 3: Welfare Participation Rate Versus Unemployment Rate for California Counties, 1999

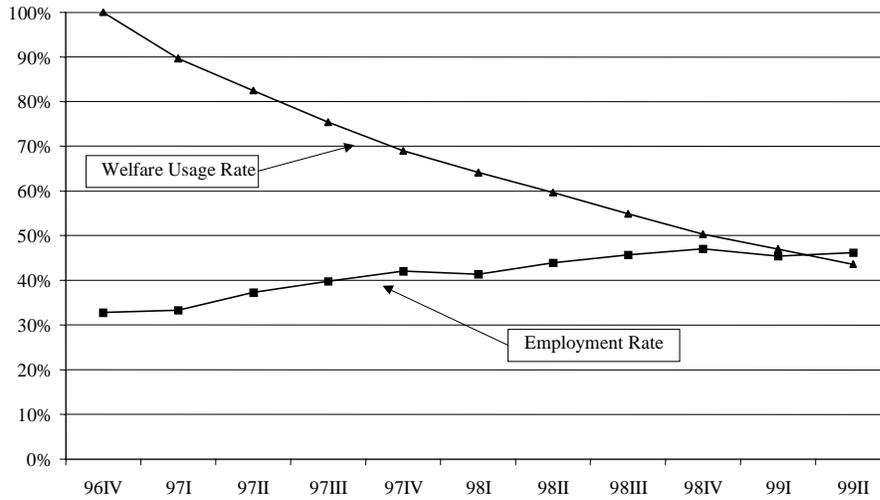


Labor Market Outcomes for Welfare Participants³

Fluctuations in the welfare caseload are due to changes in the rate of entry into the welfare program as well as the rate at which program participants leave the welfare system. Data on a cohort of welfare participants who were on welfare in the fourth quarter of 1996 show that welfare participants exit the welfare rolls at a fairly rapid rate; however, only a percentage of these participants enter the labor market. However, the economic prospects for working welfare participants remain grim. Many welfare participants do not earn enough income to survive without receiving supplemental welfare benefits; and, on average, the earnings of former welfare participants who are employed remain just above the federally-designated poverty line. Figure 4 shows changes in the welfare usage rate for a cohort of welfare participants who were on welfare in the fourth quarter of 1996. Usage rates among this cohort declined to 37 percent over a two-year period; the average quarterly rate of decline was 7.9 percent. The overall decline in welfare usage among this cohort of participants shows that many participants leave welfare, at least temporarily, but not all of these participants enter the labor market. In figure 4, the line with the square markers shows the employment rate of welfare participants who were on welfare during the fourth quarter of 1996. These employment figures represent welfare participants who exited off of welfare into the labor market and those welfare participants who both receive welfare and work. The graph shows an increase in the employment rate of this cohort over the two-year

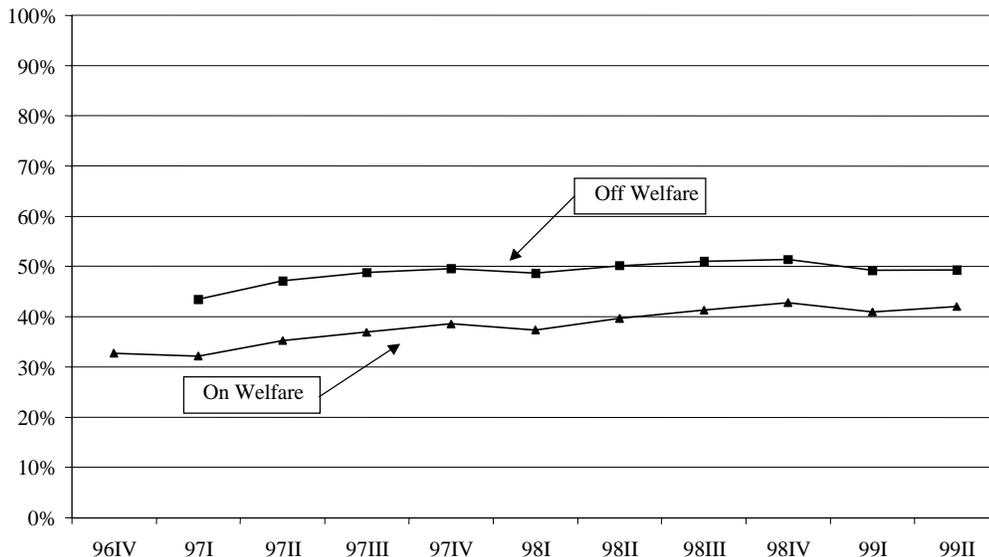
period; but still, less than one-half of all participants in the cohort are employed two years later. As the graph shows, 33 percent of all participants are employed the first quarter; the employment rate increases to 46 percent by the second quarter of 1999.

Figure 4: Welfare Usage and Employment Rates 1996 -- 1999



Oftentimes, welfare participants cannot earn high enough wages to support their families and, therefore, cannot survive without supplementing their earned income with public assistance. In these cases, welfare participants' income package combine welfare benefits with earned income and perhaps other sources of income (Edin 1997). Figure 5 shows a consistently higher employment rate among non-participants compared to participants; however, these differences decline over time since, as the graph shows, the employment rate of non-participants increases more rapidly than that of non-participants. Over this period the employment rate among participants increased by 28 percent compared to 13 percent among non-participants.

Figure 5: Employment Rate by Participant Status 1996 -- 1999



Employment is much more prevalent among some members of the cohort than among others. Table 2 shows that welfare participants who are female or Asian are less likely to work than participants who are male or from another ethnic or racial group. For example, over 40 percent of male and Hispanic welfare participants have worked five or more quarters. Moreover, the table shows that employment behavior among program participants declines with age, with participants ages 20 to 29 showing the highest levels of reported employment over the study period.

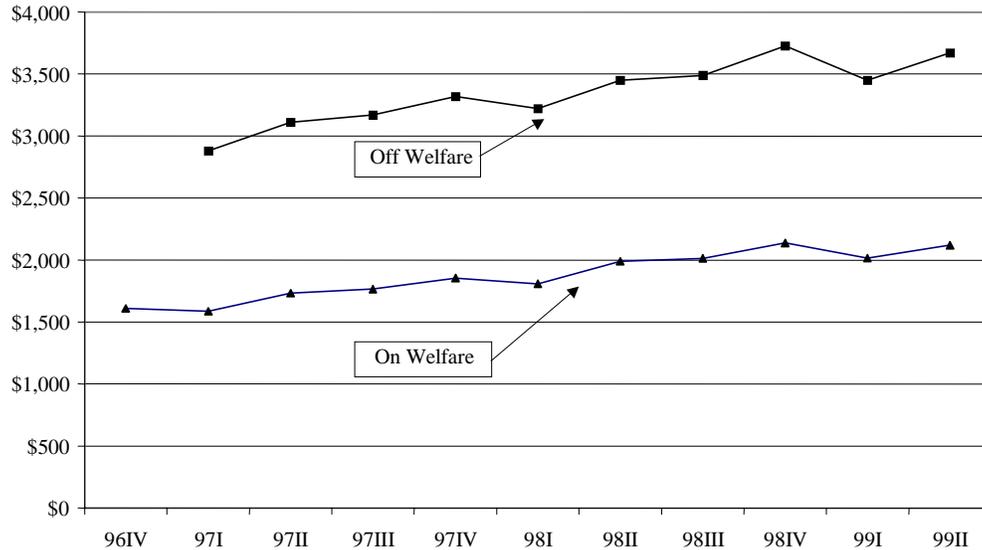
Welfare participants have difficulty supporting their families since most of them earn incomes at or below the poverty line. Figure 6 follows the quarterly earnings of participants from the 1996 cohort who had earnings. The median quarterly earnings of working former participants for the second quarter of 1999 were approximately \$3,700 or the equivalent of \$14,700 per year. This figure is only slightly over the poverty line for a family of three; the poverty rate for a single-parent family with two children is \$13,400 (U.S. Census Bureau 1999).

Table 2: Profile of Cohort by Quarters Worked

	Number of Quarters Worked		
	0 quarters	1-4 quarters	5-8 quarters
Sex			
Female	37%	29%	34%
Male	29%	26%	44%
Age			
20-29	30%	33%	37%
30-39	37%	27%	36%
40-50	44%	23%	33%
Case Type			
FG	35%	30%	35%
U	36%	26%	38%
Language			
English	34%	30%	36%
Spanish	33%	26%	42%
SE Asian	50%	20%	31%
Race/Ethnicity			
NH White	39%	30%	32%
Hispanic	31%	29%	41%
Black	32%	31%	38%
Asian	47%	21%	32%

On average, participants earn approximately 57 percent of the earnings of working non-participants in the cohort. The annual earnings of working participants climb to approximately \$8,500, a figure that is substantially below the poverty line for a family of three. However, the

Figure 6: Median Quarterly Earnings of Employed Participants 1996-1999



earnings of participants increased at a slightly faster rate than for non-participants - 32 percent compared to 27 percent. One of the key issues, therefore, is whether welfare participants can ultimately work their way off of welfare and into jobs making high enough earnings to support their families.

Barriers to Successful Labor Market Transitions

It is difficult to determine the effects of welfare reform on the wages and employment of low-wage workers in California, particularly during a period of sustained economic growth. The State's Employment Development Department (EDD 1999) projects that economic growth in the state will produce more than enough jobs to accommodate the influx of 348,000 new welfare participants who will enter the labor market over the next couple of years. During this same period, they estimate that 310,000 new jobs will be produced annually and a similar number of jobs will become available due to separations, jobs openings that occur due to retirement or when workers change occupations (EDD 1999). In another study, investigators with the Urban Institute examined the employment effect of welfare reform in 20 U.S. metropolitan areas (Lerman et al. 1999). They, too, find that given current levels of job growth and new recipient entrants into the labor market, unemployment among low-skilled workers would decline from 7.1 percent to 6.2 percent and that unemployment in Los Angeles would also decline (Lerman et al. 1999). However, the specific impact of welfare reform on the wages and unemployment is not certain; while the economic recovery produces jobs, the wages may be lower and the unemployment rate higher than they would have been without welfare reform.

Even in a relatively tight labor market, welfare participants will have to compete with other low-wage job seekers for available jobs. The Urban Institute study shows that the post-welfare reform unemployment rates among low-skilled workers in Los Angeles will remain high,

9.6 percent (Lerman et al. 1999). Welfare participants may face multiple employment barriers that make it difficult for them to find employment. Studies show that welfare participants may not have access to available jobs since many live in job-poor neighborhoods distant from employment opportunities and without reliable forms of transportation on which to depend (Bania et al. 1999; Blumenberg et al. 1999; Holzer 1999; Pugh 1998; Rich 1999). Not only do many welfare participants live distant from available jobs, they also face an array of individual barriers to employment (Barusch et al. 1999; Johnson and Meckstroth 1998; Olson and Pavetti 1996; Danziger et al. 1999).

Data from a job readiness survey administered by the California Department of Social Services in 1996 shows that this finding holds true for welfare participants in California.⁴ Program participants in California are plagued by many employment barriers and the presence of these barriers, individually and in combination greatly reduces the likelihood that participants will be employed. For this analysis, participants are identified as having an employment barrier if they have (a) less than a high school education, (b) limited English language skills, (c) a health condition or disability that limits the amount or type of work they can do, (d) a disabled child, (e) two or more children requiring childcare or (f) if they typically travel by public transit. Column 2 in table 3 shows the percentage of the sample with the identified employment barrier. The two most prevalent barriers are having less than a high school education and two or more children in need of child care; almost one-half of all participants face each of these barriers.

Table 3: Types of Employment Barriers

Barrier	% of sample with barrier	Recent Work Experience	
		Without Barrier	With Barrier
Less than a H.S. degree	49%	58%	42%
Limited English language skills	31%	54%	43%
Travel using public transit	27%	55%	43%
Health problem	19%	54%	38%
Disabled child	5%	51%	33%
2+ young children	48%	56%	45%

These characteristics are associated with difficulties in finding and keeping jobs. For this analysis, employment is defined as participants with recent work experience, these are participants who were working at the time of the survey or participants who had been employed during the previous year (1995). Column's 3 and 4 in table 3 show the mean employment of participants with and without the employment barrier.⁵ The data show higher employment rates among participants without each of the barriers, and the differences are statistically significant. These barriers also affect the likelihood that participants have had recent employment, controlling for the presence of other barriers. A logistic equation is used to estimate employment as a function of sex and the above six employment barriers.⁶ The results of this analysis appear in Appendix 2 and show that being female is negatively associated with employment and so too are all of the identified employment barriers.

The above analysis does not account for the effects of multiple barriers on the likelihood of employment. Table 4 shows the distribution of welfare participants in the sample by the number of identified employment barriers that they face. While only 12 percent of the sample had no identifiable employment barrier, almost 30 percent of the sample had three or more barriers. Table 4 also shows the percentage of welfare participants with employment by the number of identified barriers that they face. As the number of barriers increase, the percentage of participants who work declines precipitously from employment rates of 62 percent among

participants who have no identified employment barrier to 21 percent among participants with four or more barriers

Table 4: Multiple Employment Barriers

Number of Barriers	% of Welfare Participants	Employment Rate
0	12%	62%
1	30%	54%
2	30%	47%
3	21%	36%
4+	7%	21%
All Participants	100%	47%

A second logistic regression was used to examine the relationship between the presence of multiple barriers and employment outcomes.⁷ The analysis shows that the probability of employment declines with the increase in the number of potential work-related barriers. The coefficients are negative and increase substantially with each additional barrier.

The analysis of employment barriers facing welfare participants confirms the perceptions of welfare participants of the types of barriers they face. In the same job readiness survey described earlier, respondents were asked whether they have experienced problems finding or keeping jobs and if they have, to describe the type(s) of problems that deterred them from finding or keeping jobs. Among two-parent households (AFDC-U cases), only 34 percent indicated that they faced barriers to employment; among single-parent households (AFDC-FG cases), the percentage of participants experiencing barriers to employment almost doubles to 66 percent.

Table 5 shows the percentage of respondents by case type (AFDC-FG or AFDC-U) who identified a problem as something that deterred them from finding and keeping employment.⁸ Overall, the top five barriers for all participants (column 4) include the job-skill level of available jobs, having limited English language abilities, the lack of employment opportunities, child care problems, and educational deficiencies. The table also shows some significant differences by case type, with a very high percentage of two-parent families facing language problems (65 percent) as well as labor market-related impediments. For single-parent households who are largely women headed, childcare and transportation issues are also significant deterrents to employment.

The data suggest, therefore, that while job vacancies may occur, welfare participants are not well positioned to compete for these jobs. They often face multiple human capital and labor market-related barriers that put them at a disadvantage. Additionally, as welfare participants are creamed from the rolls and those with the fewest barriers find employment, the remaining participants are those most likely to face multiple and often intractable obstacles to succeeding in the labor market. New strategies must be developed to address the complex set of barriers facing welfare participants.

Table 5: Recipients' Perceptions of the Problems that Have Deterred Them From Finding and Keeping Employment

Employment Barrier	Two-Parent Household	Single-Parent Household	Total
Job skill level	47%	39%	42%
Limited or no English	65%	23%	37%
No job available	40%	30%	33%
Problems related to child care arrangements	19%	37%	31%
Education level	24%	29%	27%
Transportation problem	15%	28%	24%
Wage level too low	20%	19%	20%
Health problems	17%	14%	15%
Seasonal/temporary employment	12%	7%	8%
Chronically ill child	3%	4%	3%
Problem with alcohol/drugs	1%	2%	2%
Felony conviction	1%	3%	2%
Domestic violence	.1%	1%	1%

Welfare Participants and the Labor Market

In California, welfare caseloads have declined substantially. Some welfare participants are able to find jobs that pay enough for them to exit the welfare system. However, many of these former participants do not have the skills and work experience to compete for skilled, high-waged employment, instead finding jobs in which they get paid only slightly above the poverty line. Other participants remain on welfare, juggling work requirements but ultimately unable to find adequate employment; many of these participants face numerous and, perhaps, interrelated employment barriers.

The policy strategies to address the work-related problems facing welfare participants are numerous. With respect to California's welfare program, policy-makers should establish programs to:

- increase the percentage of welfare participants who are job ready;
- improve welfare participants' initial job placement; and
- increase the likelihood that current and former program participants, once working, remain in the labor market and ultimately achieve economic mobility.

To accomplish these objectives, welfare programs must strengthen the mix of services available to welfare participants. For some participants, services to address physical and mental health, disability, and domestic violence-related issues can remove potentially detrimental obstacles to employment. High quality and targeted job training and education will position welfare participants to compete for better quality jobs, while other employment services such as childcare and transportation will ease participants' transition into the labor market.

Finally, the success of welfare reform rests not only on moving program participants off of the welfare rolls but also on keeping former participants gainfully employed. Post-employment services are intended to support those participants who are newly working. In Los Angeles, for example, post-employment services are available to participants for up to 12 months following their termination from aid. These services include continued case management, job retention services, earned income tax credit (EITC) counseling, career assessment, opportunities for continued educational development, on and off the job skills training, work experience, life

skills instruction, one-to-one mentoring, continued supportive services, rapid re-employment services and substance abuse/mental health/domestic violence services.

The employment issues facing welfare participants cannot be separated from those facing all low-wage workers. While supply-side programs targeted to welfare participants can be effective, they can create inequities between those receiving public benefits and services and other low-income, non-participants, many of whom share similar financial circumstances. Therefore, policies must be introduced to improve conditions and opportunities for low-wage workers in general. In recent years, the earned income tax credit (a refundable tax credit available primarily to working families with children and incomes of less than \$30,000 a year) and increases in the minimum wage were intended to raise incomes among low-wage workers. For example, studies find that the earned income tax credit reduces poverty and increases work behavior among welfare participants (Dickertt et al. 1995; Eissa and Liebman 1996; Greenstein and Shapiro 1998). Therefore, expanding the earned income tax credit as increasing the percentage of low-wage workers who apply for this tax credit will benefit all low-income workers including welfare participants. Employment benefits will also come from creating or expanding health care and child care programs targeted to low-income families. Finally, welfare participants will benefit from efforts to expand sectors in the labor market that pay living wages; these efforts might include industrial development strategies to protect and attract industries that pay a living wage as well as union organizing efforts to improve conditions in existing low-wage sectors.

Welfare participants *will* benefit from short-term programs targeted to the welfare population. If effective, these specialized services and subsidies will enable welfare participants to enter the labor market quickly, prior to reaching time limits on their receipt of public benefits. However, in the long run, policies aimed at improving the labor market opportunities for low-wage workers will be essential to reducing the numbers of low-wage families who enter the welfare system and increasing the likelihood that once off of welfare, former participants remain benefit free and, ultimately, achieve economic self-sufficiency.

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Appendix 1: California Work Opportunity and Responsibility to Kids Welfare to Work Act of 1997, AB 1542	
Time Limits	<ul style="list-style-type: none"> • Aid time limit: Five-year cumulative lifetime limit on aid; • Work time limit: Adult applicants cannot receive aid for more than 18 consecutive months.
Work Requirements	<ul style="list-style-type: none"> • Participants must participate in an initial 4-week period of job search; following job search, adults are required to work or be in work activities • Work activities include: on-the-job training, job search and job readiness assistance, community service, vocational training, job skills training or education directly related to employment, • Those who need it will receive subsidized child care
Earn Your Check	Grants to participants who do not meet their work participation requirements are reduced by the adult's portion of the grant
Diversion Assistance	Lump-sum services or one-time cash payments can be issued if they are likely to make TANF assistance unnecessary
County Fiscal Incentives	<ul style="list-style-type: none"> • Counties are given wide flexibility to design their own programs and set their own goals for getting participants work; • Counties keep 100% of the saving achieved for successful results; • Federal penalties for failure to meet work requirements
Immunization	Applicants must provide documentation that children not enrolled in school have received appropriate immunizations
School Attendance	All school-age children must attend school to receive aid
Child Support	Child support payments are subject of a \$50 income disregard; refusal by the recipient to cooperate with child support collection efforts results in a grant reduction

Appendix 2: Effects of Employment Barriers on Recent Employment						
	Model I			Model II		
	Coefficient	Std. Error	Odds Ratio	Coefficient	Std. Error	Odds Ratio
Constant	1.3095***	.0162		1.2193***	.0178	
Sex	-.7826***	.0148	.457	-.7859***	.0141	.456
Individual Barriers						
Less than a H.S. degree	-.2647***	.00864	.767			
Limited English language skills	-.4227***	.0105	.655			
Travel by transit	-.5225***	.00907	.593			
Health problem	-.7688***	.0118	.464			
Disabled child	-.4546***	.0201	.635			
2+ young children	-.3597***	.00834	.698			
Multiple Barriers						
1 barrier				-.3187***	.0136	.727
2 barriers				-.6304***	.0137	.532
3 barriers				-1.1238***	.0148	.325
4 or more barriers				-1.9562***	.0225	.141
-2 log likelihood		955.9			955.6	
Chi-square (df)		46.2 (7)			46.5 (5)	
Number of Observations		723			723	
*p<.10, **p<.05, ***p<.01						

Endnotes

¹ Appendix 1 lists the CalWORKs program requirements.

² Only 20 percent of a county's caseload can be exempted. Exemptions are often made for teen parents in school, the disabled, the elderly, caretakers or relatives of the disabled, and parents of children under 6 months (Zellman et al., 1999).

³ Access to data for the cohort analysis was granted in order to compare the welfare and employment dynamics of welfare participants in California to those of participants in Los Angeles County.

⁴ For a complete analysis of welfare participants and employment barriers in California, see Blumenberg, 2000.

³ With one exception ("disabled child"), the difference in the means is significant at below the .01 level.

⁶ $EMP = \alpha_0 + \sum_{k=1}^6 \beta_k Bar_k + \gamma S + \mu_1$ where Emp = working at the time of the survey or in the previous year;

Bar_k = a set of 6 dummy variables representing each of the employment barriers; S = sex; and μ = the random error term.

⁷ $EMP = \beta_0 + \sum_{k=1}^4 \beta_k N_k + \gamma S + \mu_2$ where Emp = working at the time of the survey or in the previous year; N_k =

1 if the number of barriers = i and 0 otherwise (from 1 to 3 barriers); N₄ = 1 if the number of barriers is greater than 3 and 0 otherwise; S = sex; and μ = the random error term.

⁸ These are likely influenced by the relative robustness of the economy as well as participants' ability to self-identify as individuals who face particular barriers.