The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center

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Contents

Tables and Figures

Table

Figure

Preface

As welfare rolls have gone down in recent years, welfare recipients have become increasingly concentrated in large urban areas. There, the challenges of reform are great: Unemployment rates typically exceed the national average; welfare recipients (many of them people of color and recent immigrants) often live far from available jobs and face other barriers to employment, including discrimination in the labor market; and welfare systems are operated by large bureaucracies that can be difficult to change. To meet these challenges, program administrators and policymakers need reliable information on effective approaches to helping people find employment and reducing welfare dependency.

Over the past decade, studies of welfare programs in Los Angeles County, the most populous in the nation, have helped meet this need. Since the late 1980s, administrators of the county's Department of Public Social Services (DPSS) have implemented several different strategies for boosting employment and reducing welfare and have, to an unusual extent, sought to have the effectiveness of their efforts rigorously evaluated. This commitment to knowledge development has created an important legacy for the county and for the nation.

This report concludes MDRC's study of an important stage in the evolution of welfare reform in Los Angeles County. In the mid-1990s, DPSS transformed its Greater Avenues for Independence (GAIN) program, which sent most welfare recipients to school to learn basic skills, into Jobs-First GAIN, a Work First program that assigned most welfare recipients to job search and attempted to move welfare recipients as quickly as possible into employment. Jobs-First GAIN's main features included: (1) an unusually intensive program orientation; (2) high-quality job clubs, which combined instruction in job-finding skills with activities aimed at boosting participants' self-esteem and motivation to work; (3) job development activities; (4) strong encouragement to take entry-level jobs and combine work and welfare in the short term; and (5) relatively tough, enforcement-oriented case management.

DPSS administrators contracted with MDRC to evaluate the program using a particularly reliable random assignment design. The evaluation began in 1996 and included nearly 21,000 single parents and members of two-parent households. This unusual study was made possible by funding from DPSS, the Administration for Children and Families at the U.S. Department of Health and Human Services, and the Ford Foundation.

This is the third and final report from the evaluation. The first described how DPSS restructured its GAIN program and concluded that it is possible to change a large, urban, basic-education-focused welfare-to-work program into a work-focused one. The second showed the substantial gains in employment and reductions in welfare receipt during the first year after people entered Jobs-First GAIN. The current report finds that Jobs-First GAIN sustained these results into a second year, producing employment gains for many types of welfare recipients. It also shows that the increase in single mothers' working did not seem to result in clear gains or losses for their children. Finally, the report concludes that the program increased welfare recipients' employment and earnings to a greater extent and was more cost-effective from the standpoint of government budgets than the GAIN program that had preceded it. These are notable achievements for a large urban welfare-to-work program.

However, at the end of the two-year follow-up period, many people were still jobless or employed in jobs that paid relatively little and offered few benefits, and there was little change in participants' total income. These findings demonstrate not only that a well-designed and innovative Work First strategy can achieve positive results in a large urban area but also that there are no easy answers.

In April 1998, DPSS replaced Jobs-First GAIN with CalWORKs, California's welfare-to-work program under the TANF provisions of the 1996 federal welfare reform law. The new program retained Jobs-First GAIN's Work First services and messages but added time limits on welfare eligibility (although only for adult recipients), somewhat stronger financial incentives to work, post-employment services aimed at increasing job retention and advancement, extended child care assistance and medical coverage for people who leave welfare for employment, and special services for victims of domestic violence and recipients with mental health or substance abuse problems. It remains for future studies to determine whether CalWORKs' more comprehensive approach to promoting self-sufficiency does better than programs like Jobs-First GAIN, which focused on helping welfare recipients find a job.

Judith M. Gueron
President

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MDRC has received strong support from many additional DPSS administrators and staff over the course of the evaluation. John Martinelli, the former GAIN Program Division Chief, merits special recognition for helping to frame the research questions and design. His dedication and enthusiasm fostered a sense of partnership that permeated the agency, ensuring the county's interest in and support of the evaluation. Eddy Tanaka, the former Director of DPSS, was also instrumental in developing the research design. In addition, MDRC was fortunate to work with GAIN Program Managers Pat Knauss and Jackie Mizell-Burt and with Human Services Administrators Brenda Rosenfeld and Carlos Hernandez, who ably served as liaisons to MDRC. These administrators worked with MDRC staff to implement random assignment, collect and interpret data, and review drafts of earlier reports and papers.

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At MDRC, Judith Gueron, Gordon Berlin, Judith Greissman, John Wallace, and Barbara Goldman reviewed earlier drafts of this report and improved the quality of the analysis and presentation. John Wallace also worked with DPSS administrators to launch the evaluation and performed important liaison work with county, state, and federal administrators. Evan Weissman conducted most of the initial fieldwork and helped implement the random assignment design. Daniel Friedlander designed and supervised the impact analysis for the evaluation.

Joel Gordon designed and monitored the automated random assignment process; oversaw the collection of data on sample members' characteristics, program tracking, and supportive service payments; prepared analysis files; and served as a key liaison with DPSS management information administrators, staff, and subcontractors. Margarita Agudelo managed the acquisition of welfare and Food Stamp payment records. Debra Romm supervised the design and ongoing processing of the databases for these records and for Unemployment Insurance earnings records. Natasha Piatnitskaia prepared and processed these data and performed data quality checks. Ngan Yee Lee assisted in several data processing tasks and maintained the data library. Greg Hoerz managed the survey effort. Adria Gallup-Black led the work of preparing the survey instrument and monitored the interviews.

Anna Gassman-Pines programmed the survey and administrative records analysis files and ably coordinated the production and editing of report tables, figures, and text. Electra Small prepared the program tracking and supportive services analysis files and programmed the outcome measures. Marisa Mitchell performed many key programming and technical tasks for the impact analysis. Diane Singer created tables and figures and assisted in report coordination. Diana Adams-Ciardullo, Diane Singer, and Tracey Hoy fact-checked the tables and text. Valerie Chase edited the report with the assistance of Robert Weber, and Stephanie Cowell did the word processing.

The Authors

Executive Summary

This document summarizes the two-year findings from a large-scale, rigorous evaluation of Jobs-First GAIN, a strongly employment-focused mandatory welfare-to-work program. The Los Angeles County Department of Public Social Services (DPSS) operated Jobs-First GAIN from January 1995 through March 1998. The evaluation, conducted by the Manpower Demonstration Research Corporation (MDRC), has been jointly funded by DPSS, the U.S. Department of Health and Human Services, and the Ford Foundation. Los Angeles operates the largest county welfare program in the nation, serving more recipients than all states except New York and California. The size and diversity of Los Angeles County's population mean that any success achieved by Jobs-First GAIN will have broad significance.

In a report on the Jobs-First GAIN Evaluation after one year of follow-up (year 1), it was concluded that Jobs-First GAIN produced substantial increases in employment and earnings and reductions in welfare expenditures relative to what welfare recipients would have achieved had they not entered the program. Furthermore, the program produced positive results for many different types of welfare recipients. The report summarized here examines whether Jobs-First GAIN sustained these effects through a second year of follow-up (year 2). It then assesses the program's two-year effects on a wide range of additional outcomes, including (1) employment stability and wage growth, (2) income and self-sufficiency, (3) medical coverage, (4) child care use, (5) household structure, (6) food insecurity, and (7) children's academic and behavioral adjustment and safety. The report also examines Jobs-First GAIN's cost-effectiveness.

Jobs-First GAIN anticipated the philosophy and goals of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which replaced Aid to Families with Dependent Children (AFDC), the nation's largest cash welfare program, with block grants to the states called Temporary Assistance for Needy Families (TANF). (This type of cash assistance is referred to here as *AFDC/TANF* or *welfare*.) Jobs-First GAIN emphasized job search assistance and imparted a strong pro-work message in an effort to move thousands of welfare recipients quickly into jobs. Its message and emphasis place Jobs-First GAIN in the category of Work First programs, the approach strongly encouraged by PRWORA and followed by most current state and local welfare-to-work programs. Most features of Jobs-First GAIN continued under Los Angeles County's TANF program, California Work Opportunity and Responsibility to Kids (CalWORKs), which replaced Jobs-First GAIN in April 1998.

The similarities between Jobs-First GAIN and its successor, CalWORKs, make the findings of this evaluation especially useful to practitioners and researchers who need reliable information on the effects of TANF-era welfare-to-work initiatives in large urban settings. The differences between Jobs-First GAIN and CalWORKs are also important. Like many other TANF-era programs, CalWORKs modified the Jobs-First GAIN program model by adding time limits on welfare eligibility (although only for adult recipients), somewhat stronger financial incentives to work, extended transitional benefits, post-employment services aimed at increasing job retention and advancement, and special services for victims of domestic violence and people with mental health or substance abuse problems. The Jobs-

First GAIN Evaluation therefore tests the effects of CalWORKs' primary pre-employment strategy (and that of many other TANF-era programs), but without time limits and post-employment and special services and with smaller financial incentives to keep working. Jobs-First GAIN's effects on employment, earnings, welfare dependency, and income will serve as a benchmark for gauging the effects of CalWORKs' (and other TANF programs') more comprehensive approach to promoting self-sufficiency.

Jobs-First GAIN, which encouraged welfare recipients to start working as soon as possible, replaced Los Angeles GAIN, the county's previous GAIN (Greater Avenues for Independence) program, which encouraged welfare recipients to return to school to improve their basic skills. Launched in 1988, Los Angeles GAIN assigned most of its enrollees, all of whom were long-term welfare recipients, to adult basic education (remedial English and math), General Educational Development (GED) test preparation, or English as a Second Language classes. Relatively few enrollees were assigned to job search activities. Evidence from several sources, including an evaluation of the program by MDRC, convinced DPSS's top administrators that Los Angeles GAIN's basic education approach, despite being costly, helped relatively few people find employment. The administrators resolved that adopting a Work First approach would benefit welfare recipients financially and save taxpayer dollars. The Jobs-First GAIN Evaluation tests this premise by comparing Jobs-First GAIN's effects with those of the county's earlier GAIN program. The findings from this comparison are important because administrators in many other localities made similar changes to their welfare-to-work programs during the 1990s.

Central to the evaluation is an experimental design based on random assignment. From April 1 through September 11, 1996, nearly 21,000 single parents (AFDC-FGs, or Family Group cases) and members of two-parent households (AFDC-Us, or Unemployed Parent cases) who showed up at a Jobs-First GAIN office for their scheduled orientation were randomly assigned either to the *experimental group* or to the *control group*. Experimental group members had access to Jobs-First GAIN's program services and exposure to its Work First message. They were also subject to the program's mandatory participation requirements and could incur a sanction — a reduction in their welfare grant — for noncompliance. Control group members were precluded from receiving Jobs-First GAIN services until October 1998, the end of the follow-up period for the evaluation, but remained eligible to receive welfare and Food Stamps. Control group members could also seek out other services in the community and receive child care assistance from DPSS for employment-related programs in which they enrolled on their own initiative. Finally, both experimental and control group members were covered by California's Work Pays rules for calculating welfare grants (described in Section II). Work Pays allowed most welfare recipients who found a job to continue receiving welfare benefits and to retain their eligibility for Medicaid.

I. Overview of the Findings

- **Los Angeles County successfully transformed its previous, basic-education-focused welfare-to-work program into a Work First program. This change was accomplished without a major reorganization of the county's welfare agency and before passage of federal welfare legislation.** The implementation of Jobs-First GAIN succeeded for several reasons. Most importantly, top adminis-

trators within DPSS were committed to refashioning the welfare-to-work program's services and message into a Work First model and had the administrative authority to carry out these changes. In addition, many of DPSS's supervisors and staff supported and participated in this process. Further, DPSS developed strong partnerships with outside service providers, in particular, with the Los Angeles County Office of Education, which designed and operated Jobs-First GAIN's motivational orientation sessions and job clubs.

A. Impacts for Single Parents (AFDC-FGs)

- **Jobs-First GAIN led to substantial two-year increases in employment (that is, in the proportion of people ever employed in the two years of follow-up) and in earnings.** During the two-year follow-up period, Jobs-First GAIN increased employment by 10 percentage points and earnings by an average of $1,627 (26 percent) relative to control group levels. These increases compare favorably with those achieved by several previously evaluated Work First programs and are particularly impressive for a welfare-to-work program in a large urban area.

- **The program produced modest reductions in welfare and Food Stamp receipt (that is, the proportion of people receiving each of these benefits) and large reductions in welfare and Food Stamp payments (that is, actual expenditures for each type of assistance).** At the end of year 2, welfare receipt in the experimental group was 62 percent, 5 percentage points below the control group level. Jobs-First GAIN reduced the average two-year welfare outlay by $972 per experimental group member, or 10 percent, relative to the control group average. Jobs-First GAIN produced similar reductions in Food Stamp receipt and payments.

- **Jobs-First GAIN produced a small net increase in total income in year 2; the results appear more positive for the last month of the year.** Although experimental group members earned more and received more in Earned Income Tax Credit (EITC) payments than control group members, these gains in income were almost exactly counterbalanced by reductions in income from lower welfare and Food Stamp payments and by higher payroll taxes. As a result, Jobs-First GAIN produced only a small (2 percent) increase in income from these sources in year 2. An estimate of monthly income at the end of year 2 based on survey data, however, showed a larger increase of about 9 percent.

- **The program did not affect whether people had medical coverage, but did produce a shift from public to private insurers.** About 90 percent of people in the control group reported receiving medical coverage for themselves and their children from Medi-Cal (California's Medicaid program), from their employer, or from another source at the end of year 2. Experimental group members reported similar levels of coverage, but a larger proportion of them relied on medical insurance from employers.

- **There were few statistically significant impacts on indicators of health and well-being.** About the same percentage of experimental and control group members reported having a health, emotional, or family problem that made it difficult for them to work. Similarly, no statistically significant differences were found in reported housing status or neighborhood quality and safety. For reasons that are unclear, 12 percent of experimental group members, compared with only 6 percent of control group members, reported that they had not eaten for a whole day at some point during the follow-up period because they lacked money to feed everyone in their family.

- **Jobs-First GAIN increased the use of child care and the incidence of child care problems that affected employment.** Jobs-First GAIN's large effects on full-time employment resulted in an equally large (13 percentage point) increase in the use of child care. Roughly half of the increase was for structured child care arrangements that required payment for services, and the other half was for less formal, unpaid arrangements. Nearly all sample members who used paid care covered the expenses out of pocket; very few reported submitting records of expenses to DPSS for reimbursement or receiving transitional child care or other government subsidies. Much of the increased use of child care while parents were working was of child care that was considered unreliable — that is, that caused experimental group members to miss or be late for work at least once in a typical month of employment. This problem was most common among families with preschool-aged children.

- **The program had no systematic effects on the child outcomes examined.** Jobs-First GAIN produced little or no change in the selected aspects of children's academic achievement and schooling, behavioral and emotional adjustment, and safety that were studied. Separate analyses for boys and girls under 18 and for school-aged children (boys and girls together) showed similar results. Jobs-First GAIN increased the incidence of some academic and behavioral problems among a small group of preschool-aged children. Only tentative conclusions about child outcomes can be drawn from the evaluation, however, because tests of school readiness and cognitive development commonly used in research on young children were not included.

- **Jobs-First GAIN achieved larger employment and earnings gains than the county's previous, basic-education-focused program.** A comparison of impacts for welfare recipients in Jobs-First GAIN with those for recipients with similar background characteristics in Los Angeles GAIN showed Jobs-First GAIN to have increased two-year earnings by more than $1,700, compared with a two-year impact of $200 for the earlier GAIN program. Jobs-First GAIN and its predecessor reduced average welfare expenditures by a similar amount, however: about $1,000 per experimental group member.

- **Many different types of welfare recipients benefited from Jobs-First GAIN. Such consistency in findings is unusual and impressive.** The program increased earnings and reduced welfare payments for recipients in the central city and outer regions of Los Angeles County, for different racial/ethnic groups (including single parents with a limited command of English), and for recipients with either many or few serious barriers to employment.

- **Jobs-First GAIN's costs were more than offset by savings in welfare payments and other types of assistance.** Like other Work First programs previously evaluated by MDRC, Jobs-First GAIN led to only modest increases in expenditures for employment-related services. Estimated over the five-year period starting at random assignment, and based on both observed effects (in years 1-2) and projected effects (in years 3-5), the cost of the program is expected to be more than compensated for by savings in welfare, Food Stamps, and Medi-Cal and associated administrative costs and by small increases in tax revenues.

B. Impacts for Two-Parent Families (AFDC-Us)

- **The program's two-year impacts on earnings and welfare expenditures were somewhat larger for members of two-parent families than for single parents.** The program boosted employment levels for members of two-parent families by 10 percentage points and increased their two-year earnings by an average of $2,050, or 31 percent, relative to control group levels. Jobs-First GAIN reduced the average two-year welfare outlay by $1,429, or 12 percent, and produced similar reductions in Food Stamp payments.

- **The program positively affected many subgroups of two-parent families, but not as consistently as it did single-parent subgroups.** Jobs-First GAIN increased two-year earnings for both men and women in two-parent families, although the average earnings gain for men ($2,645) was nearly twice as large as that for women ($1,486). Whereas non-Hispanic whites did not experience a two-year earnings increase, Hispanics achieved an unusually large increase of $3,824, and Asians experienced a moderate gain of $1,429. The latter two findings are impressive because half of Hispanics and almost three-fourths of Asians lacked English proficiency at random assignment. Earnings increases were also larger for sample members who entered the program without a high school diploma or GED certificate than for graduates.

II. Key Features of Jobs-First GAIN

In response to the passage of the federal welfare reform legislation (PRWORA) in 1996, most states and localities are implementing some kind of Work First approach, which entails offering job search assistance as a primary service (possibly followed by work-focused education and training) and encouraging welfare recipients to start working as soon as possible. Los Angeles's version — Jobs-First GAIN, which was put in place prior to the federal law — had a number of features that together represent a strong commitment to a Work First philosophy. As noted above, most of these features have continued under CalWORKs (see Table 1).

- **Communicating a strong Work First message.** DPSS administrators stated clearly that the goal of Jobs-First GAIN was to move people into employment as

rapidly as possible. This philosophy was communicated to program enrollees through written handouts and group presentations and in individual meetings with program staff.

- **Warning enrollees that time-limited welfare is coming and urging them to get a job right away to preserve their eligibility for assistance.** Even before the passage of PRWORA in August 1996, Jobs-First GAIN staff were informing new enrollees that the federal and state governments would limit welfare eligibility, possibly to two years, and were encouraging them to find work in order to avoid the expected cuts in welfare. As one agency flier put it:

  > Everyone will be expected to work. These changes could occur as early as 1996. It is critical that you prepare now for these social changes. Work experience is the best training. Remember: "WORK IS IN, WELFARE IS OUT."

  This message was repeated during program activities such as job club and in individual meetings with program staff.

- **Operating an unusually intensive program orientation.** All new enrollees attended a six-hour group orientation session, followed by a one-on-one appraisal meeting with a case manager during their first day in the program. In contrast, most other welfare-to-work programs, including some that share the Work First philosophy, run much shorter orientations. Further, whereas in these other programs staff use most of the orientation to collect background information on new enrollees and assign them to their first employment-related activity, Jobs-First GAIN staff devoted most of the orientation to communicating Jobs-First GAIN's message to new enrollees and increasing their self-esteem — particularly with regard to their ability to find work.

  Providing high-quality job search assistance. Well-trained staff from the Los Angeles County Office of Education ran job search services at 15 Job Centers around the county, and — along with program staff — monitored participants' progress. Jobs-First GAIN's job clubs provided instruction in many of the skills needed to obtain employment, including finding job openings, writing a résumé and filling out a job application, and being interviewed. Job club participants then conducted up to two weeks of supervised job search with the aid of agency phone banks, job listings, and program staff. These characteristics are typical of job clubs in many other welfare-to-work programs. Jobs-First GAIN's job clubs, however, also featured a strong motivational component. Their message and specially developed curriculum were upbeat, stressing how work can lift self-esteem and how a low-paying first job can lead to a better one in the future. In addition, Jobs-First GAIN staff aggressively developed relationships with local employers and matched enrollees to specific job openings. These job development efforts went well beyond what is traditionally offered in job search activities.

Table 1

Key Features of Welfare-to-Work Programs in Los Angeles

Los Angeles GAIN (1988-1993; transition to Jobs-First GAIN, 1993-1995)

- Served long-term welfare recipients. Gave priority to those who had been on assistance the longest.
- Exempted single parents whose youngest child was under 3. In 1989-1990, gave priority to single parents whose youngest child was over 6.
- Assigned basic education as a first activity. By mid-1994, assigned job club as a first activity.
- Strictly enforced the participation requirements but made limited use of financial sanctions.

Jobs-First GAIN (1995-1998)

- Served mostly long-term welfare recipients (with 3-5 years of receipt) and some short-term recipients and newly approved applicants.
- Exempted single parents whose youngest child was under 3.
- Imparted a strong Work First message.
- Stressed the financial benefits of combining work and welfare in the short term.
- Provided an unusually intensive, motivational program orientation.
- Assigned job club as a first activity. Taught job-finding skills and stressed motivation- and self-esteem-building.
- Provided job development services.
- Strictly enforced the participation requirements and frequently used financial sanctions.

CalWORKs (1998-present)

- Serves most welfare recipients and recent applicants; exempts single parents whose youngest child is under 1.
- Continues Jobs-First GAIN pre-employment services, messages, and enforcement policies.
- Puts time limits on welfare eligibility for adults.
- Provides special services for people with substance abuse or mental health problems and for victims of domestic violence.
- Offers the following post-employment services: extended case management; counseling, mentoring, and treatment; and education and training.
- Provides extended transitional child care and Medi-Cal benefits.

Jobs-First GAIN offered short-term basic education and vocational training classes, but assigned few enrollees to these activities. The program also made limited use of unpaid work experience jobs.

- **Using job development activities to support enrollees' job search efforts.** Each Jobs-First GAIN office had job developers who cultivated relationships with local employers and created lists of job openings. Job developers then tried to match enrollees to available job openings, based on enrollees' prior experience and interests. Job developers began working with enrollees during orientation and appraisal and continued assisting their job search efforts during job club and other stages of program participation. Job developers also arranged and hosted job fairs for enrollees — small, weekly fairs with one or two employers and larger, quarterly fairs with numerous employers. One program office even experimented with having its job developers work on a one-on-one basis with program enrollees who had received a financial sanction for not complying with program requirements.

- **Demonstrating that work pays.** As noted above, California's Work Pays rules for calculating welfare grants allowed many recipients to combine work and welfare. Using waivers granted by the U.S. Department of Health and Human Services, Work Pays increased, above national standards, the amount of earnings that the welfare department "disregarded" (did not count) when calculating welfare grants. As a result, most welfare recipients who combined work and welfare could receive hundreds of dollars per month in income above what they would have received in welfare alone. Work Pays became part of Jobs-First GAIN's strategy for convincing people to find employment as quickly as possible even if available jobs paid little. Jobs-First GAIN staff made a concerted effort to explain the financial benefits of Work Pays to new enrollees by walking them through several examples of grant calculations during motivational sessions at program orientation and by repeating this message during job club and other employment-related activities.

  Both experimental and control group members were covered by California's Work Pays rules. Control group members may have been motivated by these rules to look for work on their own initiative or to increase their hours of work. However, it is likely that fewer control than experimental group members knew about Work Pays because they did not attend orientation or job club and did not meet with Jobs-First GAIN case managers.

- **Running a relatively tough, enforcement-oriented program.** Jobs-First GAIN case managers made frequent use of the program's formal enforcement procedures, including threats to reduce welfare grants, to encourage enrollees to participate in program activities or show good cause why they could not. As discussed in the full report, the vast majority of program enrollees received at least one warning that they were out of compliance with program rules. About 30 percent of single parents and a quarter of adults in two-parent families incurred a sanction for noncompliance;

a sanction entailed dropping the recipient (but not the recipient's children) from the grant. Program administrators intended this high-enforcement case management approach and the strong pro-employment message to complement the program's high-quality, motivational job clubs. Together, these components of Jobs-First GAIN encouraged enrollees to find work quickly and discouraged them from spending a long time in the program.

III. The Research Sample and Program Environment

The research sample for the Jobs-First GAIN Evaluation includes 15,683 single parents (AFDC-FGs) and 5,048 members of two-parent families (AFDC-Us). During the evaluation, DPSS followed the eligibility criteria written into the federal Family Support Act (FSA) of 1988, which preceded PRWORA, in determining which recipients had to enroll in Jobs-First GAIN. According to the FSA, any single-parent welfare recipient whose youngest child was 3 or over and who did not meet certain exemption criteria was mandated to participate in a welfare-to-work program. Grounds for exemption included having a disabling illness, being employed full time (30 hours or more per week), living in a remote area that made program activities inaccessible, or being in at least the second trimester of pregnancy. These criteria also pertained to AFDC-U welfare recipients, except that AFDC-U parents of children under 3 were also required to enroll in a welfare-to-work program. Exercising an option given to states and localities under the FSA, DPSS also required both parents on an AFDC-U case to enroll in Jobs-First GAIN.

Because DPSS did not have the resources to serve all welfare recipients mandated to participate, prior to the evaluation it reserved nearly all places in Jobs-First GAIN for people identified by the FSA as being at the greatest risk of remaining on welfare for a long time. DPSS gave highest priority to serving those who had received welfare continuously for at least three years. To enable the evaluation to determine the effect of the Jobs-First GAIN approach on a broad cross section of the welfare caseload and on different types of welfare recipients, DPSS administrators later implemented a complex procedure for selecting new enrollees. The resulting sample, which included nearly everyone who came into the program between April and early September 1996, appears to reflect, in very broad terms, the diversity of the Jobs-First GAIN-mandatory caseload. The sample differed from the full Jobs-First GAIN-mandatory caseload principally in having a substantially smaller percentage of people going through a very long spell — of at least five years — on welfare and in excluding teen parents and a few other groups.

The sample includes welfare recipients who inhabit the inner-city neighborhoods of Los Angeles as well as recipients in the outlying suburbs. The sample is also diverse with respect to race and ethnicity, age, family size, and several indicators of relative disadvantage in the labor market. Among AFDC-FG sample members, Hispanics formed the largest ethnic group (45 percent), followed by African-Americans (about 31 percent), non-Hispanic whites (17 percent), and Asians (6 percent). A little more than half of the AFDC-FGs had at least one preschool-aged child (under the age of 6), for whom child care would be needed. Nearly 20 percent of AFDC-U sample members were Asians (primarily Vietnamese and Cambodian immigrants and refugees), and about half had limited English proficiency. Relative to the AFDC-FG group, the AFDC-U group included a larger percentage of non-Hispanic whites

(many of them recent immigrants from Armenia) and a much smaller percentage of African-Americans. Further, the AFDC-U sample members had, on average, more children than did the AFDC-FG sample members (2.4 versus 2.0).

A large majority of AFDC-FG and AFDC-U sample members faced one or more serious barriers to employment at the time of random assignment: More than half of each group had not graduated from high school or received a GED certificate; about 60 percent had not worked for pay in the prior three years; and about 70 percent had received welfare for at least two years cumulatively. Other members of the research sample faced fewer barriers to employment: About 30 percent of both AFDC-FGs and AFDC-Us were newly approved applicants for assistance or had received assistance for less than two years, and more than a quarter of each group had worked for pay in the year prior to random assignment.

A. Subgroups for Analysis

A key task of the Jobs-First GAIN Evaluation is to analyze whether Los Angeles County's Work First approach benefited many types of recipients or primarily particular subgroups. Key subgroups for analysis include:

- Inhabitants of different geographic areas of the county
- Members of different racial/ethnic groups
- People who entered the program with a high school diploma or a GED certificate and nongraduates
- Short- and long-term welfare recipients
- People with or without a recent work history
- People with multiple barriers to employment: no high school diploma or GED certificate, no recent work history, and long-term welfare receipt
- Among AFDC-Us, men and women (A large majority of AFDC-FGs were women.)

B. Additional Background Information

Labor market conditions in Los Angeles County improved during the evaluation period: Employment levels rose, and unemployment declined. Still, the county's unemployment rate is higher than the national average and varies considerably by region. For example, unemployment rates in South-Central and East Los Angeles — communities where more than 90 percent of the residents are either African-American or Hispanic — still hover around more than 9 percent, 3 percentage points above the county average.

The county's AFDC/TANF caseload numbers followed the trends in employment figures. In July 1996, Los Angeles County had about 306,000 cases; two years later, the number declined to 245,000. California reduced grant levels by nearly 7 percent during these years (for instance, from $607 to $565 for a family of three), although the state's welfare grant levels remained well above the national average.

IV. Program Implementation and Participation

- **Jobs-First GAIN exposed all enrollees to a strong Work First message and increased their use of job search services.**

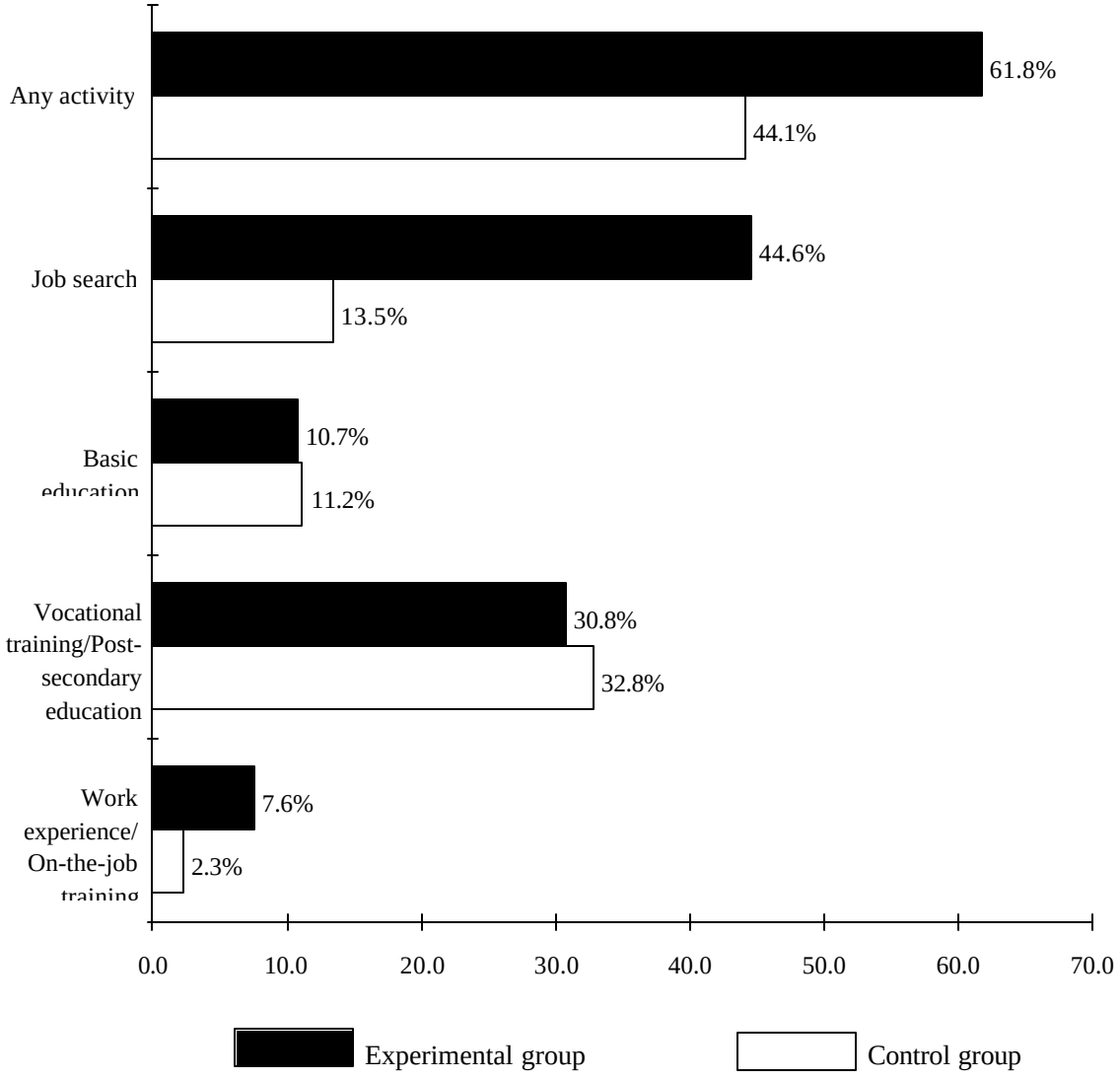
All experimental group members attended a six-hour informational and motivational meeting at orientation during which program staff strongly communicated the program's Work First message. Fewer than half of experimental group members (42 percent of AFDC-FGs and 34 percent of AFDC-Us) subsequently participated in a Jobs-First GAIN activity for at least one day. Nearly all who participated in Jobs-First GAIN activities attended job club only, and most took part in only one three-week job club session. Jobs-First GAIN case managers assigned very few experimental group members to education and training activities and rarely approved requests to continue participation in education and training activities that predated the program. (Approval gave the enrollee credit for participating in a Jobs-First GAIN activity and made her eligible for child care and other assistance.) Nonetheless, about 40 percent of experimental group members who answered the Two-Year Client Survey, which was administered at the end of year 2 to 746 single parents in the research sample, reported that they attended an education or training activity on their own initiative after random assignment. About half of these people, or about 20 percent of experimental group members who responded to the survey, also attended job club or another Jobs-First GAIN activity, and the other half participated in activities only outside Jobs-First GAIN.

In all, about 62 percent of experimental group members participated in some type of employment-related activity in the follow-up period other than the program orientation (see Figure 1; AFDC-Us were not surveyed). About 44 percent of control group members also participated in an employment-related activity outside Jobs-First GAIN, typically vocational training or post-secondary education. The difference in participation rate between the experimental and control groups, 18 percentage points, represents Jobs-First GAIN's impact on participation in activities, which is relatively modest. However, the program also produced a large (31 percentage point) gain in use of job search services, plus a small (5 percentage point) gain in participation in unpaid work experience jobs.

- **Jobs-First GAIN case managers made extensive use of the program's enforcement procedures and imposed financial sanctions for noncompliance relatively frequently.**

Jobs-First GAIN staff initiated formal enforcement proceedings for about 80 percent of both AFDC-FGs and AFDC-Us during the two-year follow-up period. Grounds for commencing

Figure 1
Two-Year Impacts on Participation in Employment-Related Activities for Single Parents



this conciliation process (as DPSS termed it) included nonattendance at an assigned activity or scheduled meeting with Jobs-First GAIN staff or refusal to accept an assignment to job club.

If after repeated reminders that participation was mandatory an enrollee did not provide DPSS staff with an acceptable reason for nonattendance at assigned activities, a sanction (a reduction in welfare benefits) was imposed. About 30 percent of AFDC-FGs and 23 percent of AFDC-Us incurred a sanction during follow-up. These rates exceed those for several other employment-focused welfare-to-work programs evaluated by MDRC and are much higher than those for the Los Angeles GAIN program (5 percent).

V. Program Costs

- **As is typical of Work First programs, the net cost of Jobs-First GAIN was relatively low.**

The full report presents a rough estimate of the gross cost per experimental group member of providing employment-related services, case management, and supportive service payments. (All dollar amounts are expressed in 1998 dollars.) The gross cost includes the cost to DPSS and outside providers of operating Jobs-First GAIN activities, plus the cost of operating activities that experimental group members attended outside Jobs-First GAIN. The gross cost does not include the cost to DPSS of authorizing and processing welfare checks. The two-year gross cost per AFDC-FG experimental group member was about $4,300. This average is relatively high, but reflects experimental group members' extensive use of education and training services outside Jobs-First GAIN. DPSS paid about $1,800, or 40 percent, of the gross cost, primarily to operate the program's motivational orientation session and job clubs and to perform case management. A large percentage of AFDC-FG control group members attended education and training activities on their own initiative. The gross cost per control group member is therefore relatively high as well, averaging nearly $2,900. The average experimental-control difference, or the net cost of the program, was thus around $1,400 (that is, $4,300 – $2,900) per experimental group member. Jobs-First GAIN's net cost is close to those of several other Work First programs evaluated by MDRC, the net costs of which ranged from about $1,200 to $2,500. Estimates of the gross and net costs of Jobs-First GAIN for AFDC-Us are less precise because MDRC did not collect information on experimental and control group members' participation in employment-related activities outside Jobs-First GAIN. On the basis of a comparison between AFDC-FG and AFDC-U experimental group members with respect to participation patterns within Jobs-First GAIN, it was assumed that AFDC-Us in both research groups participated in these self-initiated activities less often than AFDC-FGs. The full report estimates the gross cost of the program per AFDC-U experimental group member to be about $2,500 and its net cost to be around $1,200.

VI. Impacts for Single Mothers (AFDC-FGs)

Experimental designs based on random assignment typically provide the most accurate and reliable findings on the effects of welfare-to-work programs. Because people are assigned at random to the experimental or control group, the two groups do not differ systematically with respect to either measured characteristics (such as length of time on welfare) or unmeasured characteristics (such as strength

of motivation to get a job). Members of the two groups also face the same labor market conditions. The outcomes for control group members represent what would have happened to welfare recipients in the absence of the program. Thus, any subsequent differences found between the two groups can be attributed with confidence to the combination of program services, messages, and participation mandates that only experimental group members experienced. These differences are known as program *impacts*. Unless otherwise noted, all are statistically significant, that is, have a more than 90 percent chance of arising from the program rather than by chance.

- **Jobs-First GAIN increased employment and earnings during the two-year follow-up period.**

About 67 percent of experimental group members worked for pay at some point during the follow-up period, compared with 58 percent of control group members (see Table 2). As is typical of Work First programs, Jobs-First GAIN had a larger impact on employment in year 1. Its impact shrank somewhat in the following year but remained substantial, averaging between 6 and 7 percentage points in each quarter of year 2. Employment gains will almost certainly continue into year 3.

During the two years of follow-up, control group members earned an average of $6,385, whereas experimental group members earned an average of $8,012 — a gain of $1,627, or 26 percent. (Both averages include zeros for those who did not work for pay in year 1 or year 2.) As would be expected of a Work First program, Jobs-First GAIN increased earnings primarily by helping recipients who would not have found jobs on their own find work and by helping recipients who would have eventually found employment start working sooner. An analysis comparing only those people in the experimental and the control groups who found jobs shows that Jobs-First GAIN led to only small increases in the number of quarters of employment and in average earnings per quarter.

- **Earnings gains for AFDC-FGs grew from $759 in year 1 to $869 in year 2. The program increased full-time employment and employment with fringe benefits at the end of year 2.**

Quarterly earnings gains reached their highest level ($237 per experimental group member) at the end of year 2 and will almost surely continue into year 3. Sample members' responses to survey questions about the characteristics of the jobs they held at the end of year 2 underscore these positive trends. Jobs-First GAIN produced a large (11 percentage point) gain in full-time employment (of 30 hours per week or more) at the end of year 2. In addition, a higher percentage of employed experimental than control group members reported receiving paid vacation or medical coverage from their employer at the end of year 2 (see Table 3). Despite their earnings gain, relatively few experimental group members were working at jobs that provided fringe benefits at the end of year 2. For instance, only 14 percent of experimental group members (just under one-third of those who were employed) were working at jobs with full-time hours and medical coverage, an important indicator of successful employment.

Los Angeles Jobs-First GAIN Evaluation

Table 2
Two-Year Impacts on Employment, Earnings, Welfare, and Food Stamps for Single Parents

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Over the two-year follow-up period				
Ever employed (%)	67.2	57.6	9.6 ***	16.6
Average total earnings ($)	8,012	6,385	1,627 ***	25.5
Average total AFDC/TANF payments received ($)	9,092	10,064	-972 ***	-9.7
Average total Food Stamps received ($)	3,525	3,891	-366 ***	-9.4
In the last quarter of follow-up (%)				
Employed	44.9	38.4	6.5 ***	17.0
Received AFDC/TANF	61.5	66.2	-4.6 ***	-7.0
Received Food Stamps	60.3	64.5	-4.2 ***	-6.5
Sample size (total = 15,683)	11,521	4,162		

SOURCE: MDRC calculations from administrative records.

NOTES: "Percentage change" equals 100 times "difference" divided by "control group."
Rounding may cause slight discrepancies in calculating sums and differences.
A two-tailed t-test was applied to differences between outcomes for the experimental and control groups.
Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Los Angeles Jobs-First GAIN Evaluation

Table 3
Impacts on Job Characteristics at the End of Year 2 for Single Parents

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Employed (%)	46.9	37.9	9.0 **	23.8
With full-time hours	37.8	26.9	10.9 ***	40.4
With medical coverage	14.8	9.3	5.6 **	60.4
With paid sick leave	18.0	14.4	3.5	24.3
With paid vacation	23.4	17.1	6.3 **	36.9
For those employed at interview				
Hours worked per week	*35.7*	*32.7*	*3.0*	*9.3*
Hourly pay ($)	*7.90*	*7.73*	*0.17*	*2.3*
Weekly pay ($)	*283*	*248*	*35*	*13.9*

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: "Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

The italicized estimates pertain only to sample members who were employed at the time of interview. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons.

- **Jobs-First GAIN reduced welfare and Food Stamp expenditures and receipt of these benefits in the two-year follow-up period.**

Over two years, experimental group members received an average of $972, or 10 percent, less in welfare payments than control group members (see Table 2). The percentage reductions in welfare payments grew over the course of follow-up, and will almost certainly continue into year 3. Although most of the AFDC/TANF savings resulted from reductions in the number of months during which people received welfare, a substantial proportion of the savings stemmed from lower welfare payments in months when people were still receiving welfare. California's Work Pays financial incentives (which encouraged people to combine work and welfare in the short term) and Jobs-First GAIN's relatively high sanction rate most likely contributed to this outcome. Two years after random assignment, 66 percent of control group members were still on welfare. Jobs-First GAIN reduced this proportion to 62 percent, an impact of 5 percentage points (rounded). The program also produced two-year reductions in Food Stamp receipt and expenditures that were similar in magnitude to the reductions in AFDC/TANF expenditures.

- **Many experimental group members combined work and welfare. At the end of year 2, the increase in the percentage of people working and off welfare was small.**

Figure 2 illustrates how Jobs-First GAIN affected self-sufficiency by breaking down the experimental and control groups into four categories based on their employment and welfare status at the end of years 1 and 2. As shown, Jobs-First GAIN reduced the proportion of sample members in the most dependent group — those who were jobless and on welfare — by 8 percentage points, from 45 percent to 37 percent, at the end of year 2. The figure also indicates that the proportion of experimental group members who were working and off welfare increased over time (20 percent at the end of year 2, compared with 11 percent at the end of year 1). Still, at the end of year 2, most employed experimental group members were combining work and welfare, and Jobs-First GAIN only slightly increased the percentage of recipients employed and off cash assistance. California's relatively high welfare grants and Work Pays earnings disregards helped produce these results. The earnings of employed experimental group members reduced their welfare grant amounts, but usually did not render them ineligible for assistance.

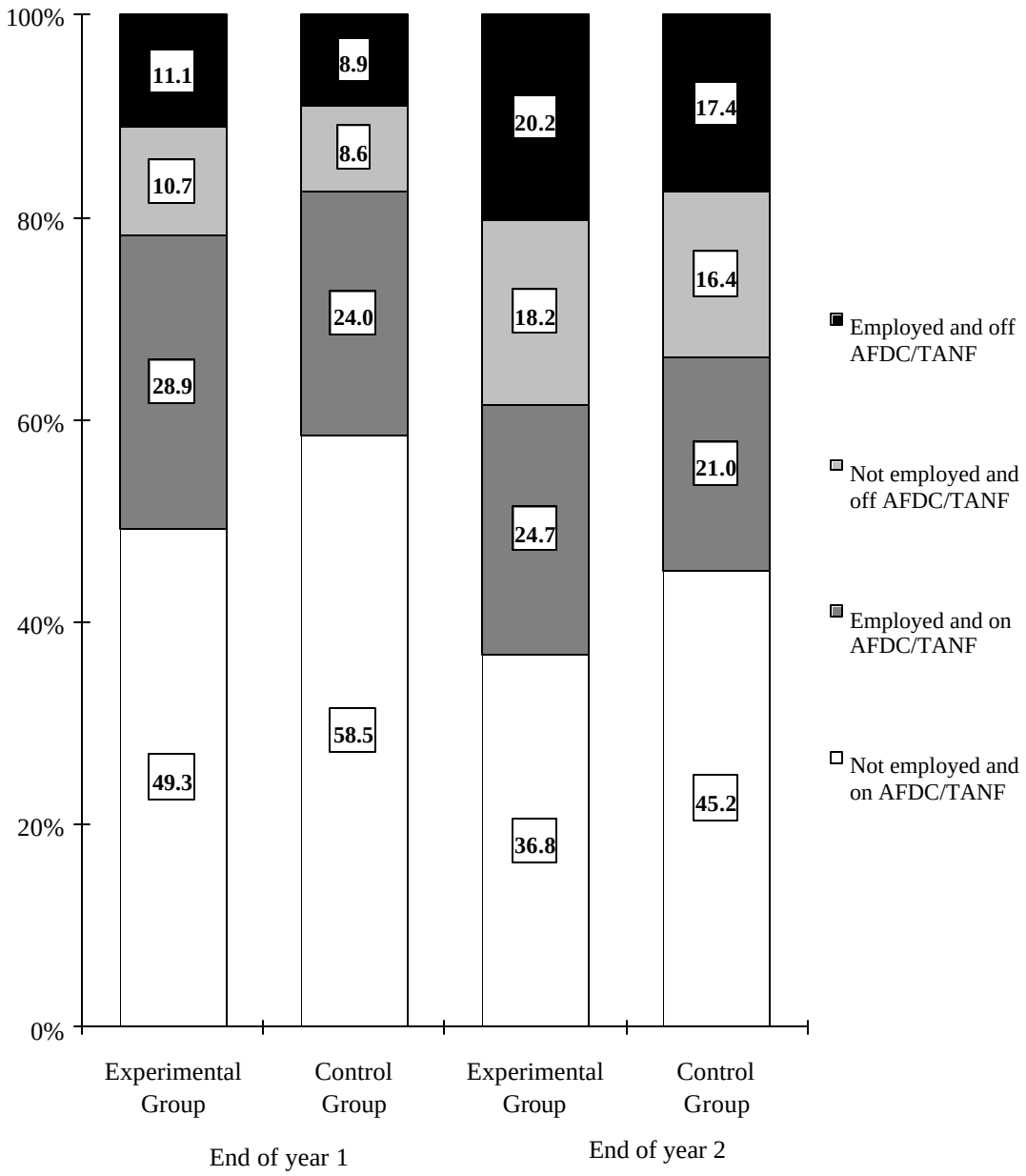
- **Jobs-First GAIN led to a small increase in total income from earnings (minus payroll taxes), estimated EITC payments, AFDC/TANF, and Food Stamps in year 2. The impact on total income appears to have grown over time.**

Jobs-First GAIN led to the replacement of welfare dollars with dollars from earnings. In year 2, the program increased total yearly income from earnings (minus payroll taxes), estimated EITC payments, AFDC/TANF, and Food Stamps by only $206, or 2 percent.

Los Angeles Jobs-First GAIN Evaluation

Figure 2

Employment and Welfare Status at the End of Years 1 and 2 for Single Parents



An alternative way to assess whether Jobs-First GAIN affected income is to compare the proportions of experimental and control group members whose income from these sources exceeded the federal poverty threshold. (This calculation of income differs from that used to define the poverty threshold because it includes Food Stamps and excludes other income sources.) The program produced mixed effects on this measure. About 29 percent of experimental group members received income that put them above the poverty threshold in year 2 compared with 24 percent in the control group. AFDC/TANF and Food Stamps remained important sources of income for many of these more advantaged sample members. Only about 13 percent of experimental group members overall were able to stay above the poverty threshold on earnings alone. Jobs-First GAIN also increased the proportion of people with very low incomes (defined as receiving income below 50 percent of the poverty threshold) by 3 percentage points. (None of the findings with respect to the poverty threshold is shown.)

Another estimate of total income in the last month of year 2, calculated from survey responses and administrative data, shows Jobs-First GAIN's effect to be larger and more positive. This estimate includes child support payments, Supplemental Security Income and disability benefits, Social Security and pension benefits, and any other reported income. By this measure, Jobs-First GAIN led to an average increase in total income of $86, or 9 percent of control group members' average income in the last month of follow-up, which was $1,001. The program also had a large effect on the proportion of people who received income in the final month of follow-up that put them above the poverty threshold, increasing this proportion by 10 percentage points relative to the control group level of 32 percent.

- **Jobs-First GAIN did not affect medical coverage or use of other noncash benefits.**

At random assignment, all sample members received welfare benefits and medical coverage through California's Medi-Cal program. Jobs-First GAIN did not affect the proportion of people with medical coverage at the end of year 2. About 92 percent of experimental group members in the survey reported receiving coverage for themselves from Medi-Cal, from their employer, or from another source — just 1 percentage point below the control group level (the difference was not statistically significant). Coverage levels for both respondents and their children were similar in the two research groups and slightly lower than adult coverage levels (around 90 percent). Despite Jobs-First GAIN's employment effect, the relatively high proportion of respondents who combined work and welfare helped keep Medi-Cal coverage levels relatively high. In addition, a higher proportion of experimental than control group members received medical coverage from their employers. Only about 3 percent of sample members in each research group received Transitional Medi-Cal, which provided one year of extended coverage to former welfare recipients who earned too much to remain on welfare. (CalWORKs provides two years of extended coverage.) Jobs-First GAIN did not affect the levels of receipt of other types of noncash assistance (aside from Food Stamps), such as federally subsidized school lunches for children, public housing, government rent subsidies, and energy assistance.

- **For reasons that are unclear, experimental group members reported a higher incidence of food insecurity than control group members.**

As noted earlier, Jobs-First GAIN increased total income by a small amount in year 2, although income for most experimental group members remained below the poverty threshold. Respondents to

the Two-Year Client Survey provided additional information about their problems in providing for their families on a limited income. A little more than half (53 percent) of experimental group respondents indicated that they had experienced difficulty obtaining adequate and nutritious food owing to lack of money at some point in year 2. This level of food insecurity exceeds the national average for U.S. households with incomes below the poverty threshold. Furthermore, about 19 percent of experimental group members reported experiencing a more severe type of food insecurity that involved skipping meals, compared with 13 percent in the control group. It is not clear why Jobs-First GAIN produced this negative effect. Jobs-First GAIN did not have any other statistically significant effect on indicators of health and well-being.

VII. Impacts on Child Care, Home Environment, and Child Outcomes for Children of Single Mothers

This section estimates Jobs-First GAIN's impacts on certain indicators of children's safety and cognitive, social, and behavioral development. It presents results for all children under 19, for boys and girls separately, and for children in different age groups. Although Jobs-First GAIN provided no special services for children, it may have affected children indirectly through its impacts on mothers' employment, earnings, welfare dependency, or the other outcomes discussed above. This section also presents findings on additional outcomes that could have affected children: (1) the use and reliability of child care to support maternal employment (see the full report for effects on the use of child care for other reasons), (2) the mother's marital status and living arrangements at the end of year 2, and (3) the frequency with which the mother and her children engaged in learning experiences or played together. Other effects of Jobs-First GAIN that may have affected children, such as changes in the mother's self-esteem and stress level, were not measured.

The impact estimates discussed in this section were calculated from single parents' responses to the Two-Year Client Survey. They provide only a broad-brush picture of Jobs-First GAIN's effects on children's well-being. In particular, the survey did not include several measures of school readiness and behavioral adjustment often used in research on children. Furthermore, some of Jobs-First GAIN's effects on children may not have manifested themselves within the relatively short follow-up period. Finally, the analysis does not examine whether the program's effects on children varied by family size or by the mother's age, race/ethnicity, educational attainment, or other background characteristics.

- **Jobs-First GAIN increased the use of child care — both care that recipients paid for out of pocket and care that friends or family members provided free of charge. Very few respondents in either research group reported using subsidized child care or receiving transitional child care benefits.**

Nearly 48 percent of experimental group members reported using child care during their current or most recent job, an increase of 13 percentage points relative to the control group level (Table 4). Nearly all of the increase was in child care used while parents were working at a full-time job. Jobs-First GAIN increased by 7 percentage points the proportion of parents who used paid child care. Most respondents who used this type of care paid for it out of pocket, and Jobs-

Los Angeles Jobs-First GAIN Evaluation

Table 4
Impacts on Child Care Use During Current or Most Recent Job for Single Parents Overall and by Age of Youngest Child at Random Assignment

Outcome (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
For all sample members				
Ever used child care	47.7	34.9	12.8 ***	36.8
Ever used paid child care	32.8	25.9	6.9 **	26.6
Ever used unpaid child care	14.9	9.0	5.9 **	66.3
In average month, missed work or was late one or more days due to child care problems	27.3	16.8	10.5 ***	62.6
Youngest child under 6				
Ever used child care	58.2	44.0	14.2 ***	32.3
Ever used paid child care	40.4	32.2	8.3 *	25.7
Ever used unpaid child care	17.8	11.8	5.9 *	50.2
In average month, missed work or was late one or more days due to child care problems	35.0	19.6	15.4 ***	78.5
Youngest child 6 or over				
Ever used child care	33.3	22.5	10.9 **	48.3
Ever used paid child care	23.1	16.6	6.4	38.7
Ever used unpaid child care	10.2	5.8	4.4	75.9
In average month, missed work or was late one or more days due to child care problems	18.3	11.2	7.1	63.3

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: The full parent sample included 372 experimental and 374 control members. The sample of parents whose youngest child was under 6 included 215 experimental and 218 control group members. The sample of parents whose youngest child was 6 or over included 156 experimental and 156 control group members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

First GAIN did not affect whether payment was made out of pocket. Only 5 percent of experi-mental group members and 6 percent of control group members reported that DPSS or another agency helped them pay for care. (The last three results are not shown.) These findings are generally consistent with anecdotal information on child care use among welfare recipients in Los Angeles. However, given that all welfare recipients were eligible for child care assistance from DPSS, these results may underestimate receipt of such assistance. Before April 1998, recipients could submit records of out-of-pocket child care expenses to DPSS and have their welfare check for the following month adjusted upward to compensate them for those costs. Starting in April 1998 (and during the period when respondents were interviewed), recipients no longer submitted records of expenses but could arrange for DPSS to pay child care providers directly.

The program also increased the use of unpaid child care arrangements. As would be expected, respondents with children under 6 at random assignment were most likely to report having used child care while they were working. The impacts of Jobs-First GAIN on child care use were somewhat larger for this group than for parents of school-aged children.

- **Jobs-First GAIN increased the proportion of single parents who reported experiencing problems with child care that caused them to miss or be late for work. Such problems were most prevalent among families with preschool-aged children.**

About 27 percent of experimental group respondents reported missing or being late for work at their current or most recent job for one or more days in an average month because of child care problems (Table 4). The program led to an 11 percentage point increase in missing or being late for work in the experimental group relative to the control group. The effect was most pronounced for experimental group members whose youngest child was under 6 at random assignment.

- **Jobs-First GAIN had no effect on marriage, family composition, or amount of recreational time spent with children.**

Fifteen percent of control group respondents reported being married and living with a spouse or living with a partner at the end of year 2. In addition, one-fifth reported living with extended family members. Jobs-First GAIN had no effect on these household composition and marital status outcomes for the whole survey sample or for families with children in different age groups. Approximately 40 percent of control group members stated that they played with their children every day of the week. Jobs-First GAIN also had no effect on this outcome, nor on the frequency with which mothers and children engaged in learning experiences such as going to a museum. (These results are not shown.)

- **Jobs-First GAIN had no systematic effect on children's outcomes overall or on outcomes for girls or boys when separately examined. There is some evidence that Jobs-First GAIN unfavorably affected outcomes for preschool-aged children, although it is difficult to assess the extent of these effects without a larger sample and more age-appropriate measures.**

Of the 10 child outcomes examined, Jobs-First GAIN only had one statistically significant impact for children overall, and this impact was positive: The program decreased the proportion of chil-

dren who were expelled or suspended from school (results not shown). When child outcomes were examined separately for girls and boys, no statistically significant impacts were found. However, a larger proportion of preschool-aged children in the experimental than in the control group, particularly of those aged 4 to 5 at the time of random assignment, were reported to have repeated a grade (most likely kindergarten or first grade) once they entered school and or to have had a condition that made their mothers' going to work difficult. Jobs-First GAIN had only one impact (out of 19 comparisons; 15 are shown in Table 5) on school-aged children's or adolescents' academic achievement and schooling, behavioral and emotional adjustment, or safety: a 6 percentage point increase in the proportion of children aged 6 to 9 at random assignment who attended a special class for a physical, emotional, or mental condition.

VIII. Cross-Program Comparisons

- **Jobs-First GAIN's net cost fell well below that of Los Angeles's earlier, education-focused GAIN program.**

As expected, the net cost of Jobs-First GAIN was much lower than — in fact, was less than one-quarter of — the net cost of Los Angeles GAIN. The difference in cost resulted in large part from DPSS's switch from high-cost basic education and training to lower-cost job search services.

- **Jobs-First GAIN produced larger employment and earnings increases than Los Angeles GAIN.**

Table 6 shows how the two-year impacts of Jobs-First GAIN for single parents compare with those of its basic-education-focused predecessor. Members of the Los Angeles GAIN research sample underwent random assignment from July 1989 through March 1990. Unlike Jobs-First GAIN sample members, nearly all of them had received welfare continuously for three or more years at the time of random assignment, were jobless, and had no children under 6. To allow for more meaningful comparisons between the two programs, in this analysis the impacts of Jobs-First GAIN and the county's previous GAIN program were estimated only for people with these characteristics. In addition, all dollar impacts were converted into 1998 dollars.

Table 6 shows that Jobs-First GAIN was more successful overall than Los Angeles GAIN. Jobs-First GAIN's two-year employment impact is 4 percentage points larger than that of the earlier program, and its total earnings impact is $1,516 larger. In contrast, the two programs had similar impacts on welfare payments and receipt. These results indicate that a Work First program can be more effective in boosting employment and earnings than a basic-education-focused program, even in a major metropolitan area with high unemployment and in a welfare population that includes many recipients with low educational attainment, limited work history, and limited proficiency in English.

Los Angeles Jobs-First GAIN Evaluation

Table 5
Impacts on Maternal Reports of Child Outcomes for Children of Single Parents, by Child's Age at Random Assignment

Outcome (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Children aged 3 to 5				
Ever repeated a grade[a]	6.2	0.4	5.9 ***	1569.0
Ever attended a special class for physical, emotional, or mental condition[a]	12.4	10.3	2.2	21.2
Ever had special physical, emotional, or mental condition that made parents' work difficult	10.2	5.8	4.4 *	76.1
Children aged 6 to 9				
Performed well or very well in school	63.6	60.1	3.5	5.8
Performed below average or not at all well in school	8.9	11.8	-3.0	-25.1
Ever on honor roll or received special award	53.6	57.4	-3.8	-6.6
Ever repeated a grade	6.1	6.6	-0.5	-7.9
Ever suspended or expelled from school	4.8	8.4	-3.6	-42.8
Ever attended a special class for physical, emotional, or mental condition	15.5	9.8	5.6 *	57.3
Ever had special physical, emotional, or mental condition that made parents' work difficult	5.5	5.7	-0.3	-4.9
Children aged 10 to 18				
Performed well or very well in school	56.9	56.8	0.1	0.2
Performed below average or not at all well in school	15.9	13.4	2.5	18.5
Ever on honor roll or received special award	33.9	36.9	-3.0	-8.2
Ever repeated a grade	4.0	7.3	-3.3	-44.8
Ever dropped out of school	4.2	4.7	-0.5	-10.3
Ever suspended or expelled from school	17.5	21.2	-3.7	-17.3
Ever attended a special class for physical, emotional, or mental condition	11.6	9.2	2.4	25.9
Ever had special physical, emotional, or mental condition that made parents' work difficult	6.4	3.6	2.7	75.9

SOURCE: MDRC calculations from The Two-Year Client Survey.

NOTES: The sample of parents with children aged 3 to 5 included 222 experimental and 239 control group members. The sample of parents with children aged 6 to 9 included 208 experimental and 221 control group members. The sample of parents with children aged 10 to 18 included 245 experimental and 254 control group members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]These measures were calculated only for children aged 4 to 5 (125 experimental and 125 control) because 3-year-olds were unlikely to have begun elementary school during the follow-up period.

Los Angeles Jobs-First GAIN Evaluation

Table 6

Comparison of Jobs-First GAIN's Impacts with Los Angeles GAIN's Impacts

	Jobs-First GAIN			Los Angeles GAIN			
Outcome	Experimental Group	Control Group	Difference (Impact)	Experimental Group	Control Group	Difference (Impact)	Difference Between Impacts
Ever employed in years 1-2 (%)	59.1	50.1	9.0 ***	34.6	29.5	5.1 ***	3.9 *
Average total earnings in years 1-2 ($)	6,146	4,424	1,722 ***	3,571	3,365	206	1,516 ***
Average total AFDC/ TANF in years 1-2 ($)	9,390	10,386	-996 ***	14,889	15,879	-990 ***	-6
Received AFDC/TANF in the last quarter of follow-up (%)	66.2	71.9	-5.7 ***	73.9	77.2	-3.2 **	-2.5

SOURCE: MDRC calculations from administrative records.

NOTES: Dollar averages include zero values for sample members who were not employed and for sample members who were not receiving welfare.

Rounding may cause slight discrepancies in calculating differences.

A two-tailed t-test was applied to differences between impacts for the demographically comparable subsamples. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

IX. Subgroup Impacts for Single Parents

- **Jobs-First GAIN benefited a broad cross section of the welfare caseload, producing impacts for recipients with the most as well as the fewest barriers to employment, for people of different racial/ethnic backgrounds and different levels of English proficiency, and for recipients in all regions of Los Angeles County. Such consistency in impacts has rarely been found for Work First programs.**

Jobs-First GAIN produced impacts for three subgroups that are typically considered the least job-ready: nongraduates (people who had neither a high school diploma nor a GED certificate at random assignment), people who did not work for pay in the year prior to random assignment, and the "most disadvantaged" recipients. (These subgroups are not mutually exclusive.) The most disadvantaged subgroup, which consists of nongraduates who did not work in the year prior to random assignment and who had received welfare payments for at least two years cumulatively before random assignment, faced more barriers to employment than any other subgroup examined. As Figure 3 illustrates, Jobs-First GAIN raised two-year earnings and reduced welfare payments for each of these subgroups, demonstrating that Work First programs can work for recipients who lack education credentials, job skills, and work experience.

Jobs-First GAIN also benefited recipients who faced fewer serious barriers to employment, including people with a high school diploma or GED and people who worked in the year prior to random assignment, but it did not affect recently approved applicants for welfare.

As shown in Figure 3, Jobs-First GAIN led to employment and earnings increases for all four racial/ethnic subgroups in the single-parent sample: non-Hispanic whites, African-Americans, Hispanics, and Asians. Moreover, for single parents with a limited command of English, Jobs-First GAIN increased two-year earnings by $1,800 (or 45 percent) per experimental group member and reduced two-year welfare payments by more than $1,000 (9 percent; results not shown). These impacts represent a notable achievement for the program because lack of English proficiency often limits job prospects.

X. Impacts for Two-Parent Families (AFDC-Us)

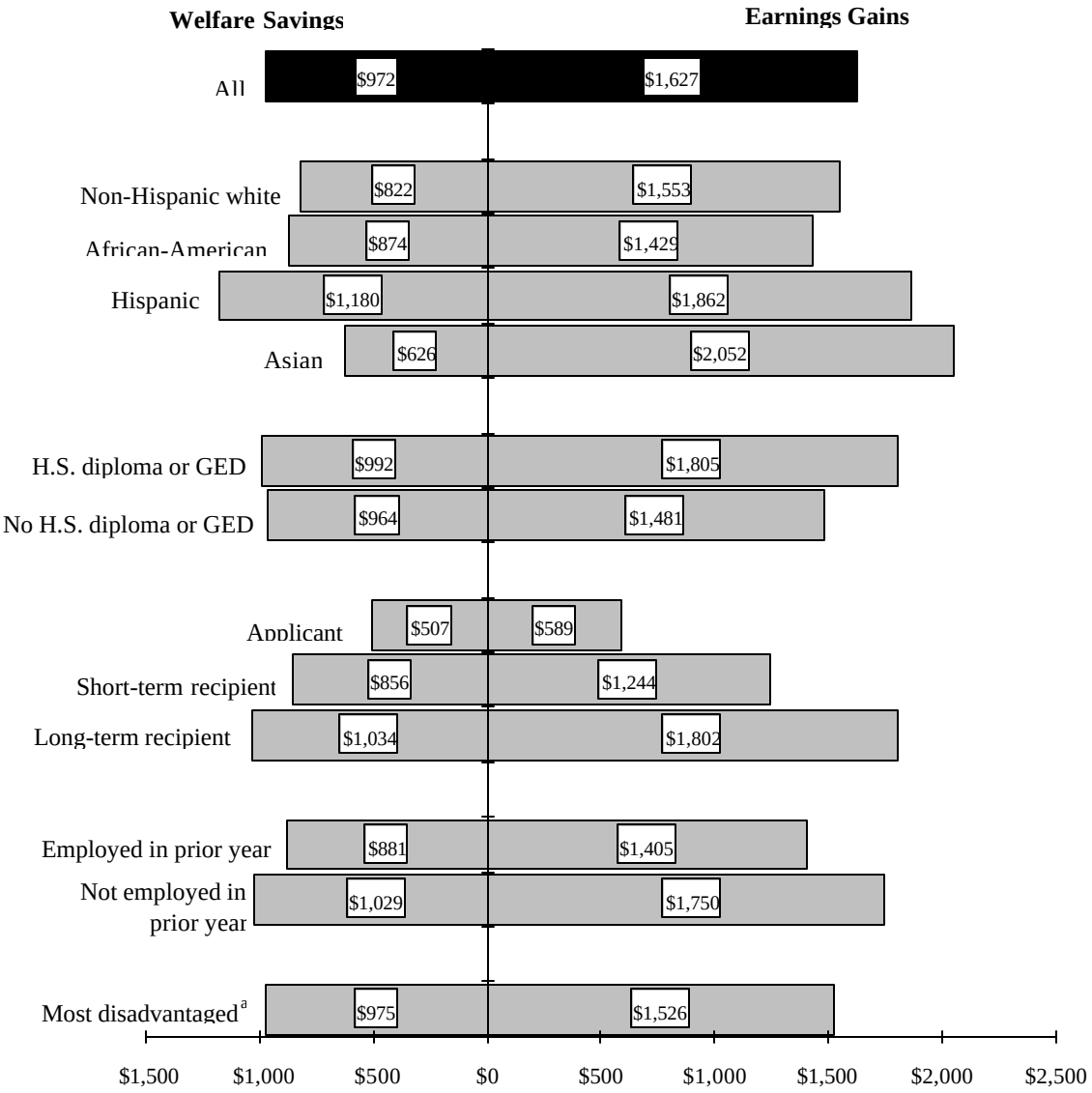
The evaluation's research design permitted only one adult member of each two-parent household to be included in the research sample; it was decided that this would be the first adult in the household to show up for a program orientation during the sample intake period. Nearly half of the AFDC-Us in the sample are women.

- **Overall, Jobs-First GAIN produced large two-year impacts on both employment and earnings.**

In the follow-up period, 55 percent of control group members in the AFDC-U group worked for pay (see Table 7). The average control group member earned $6,598 (including zeros

Los Angeles Jobs-First GAIN Evaluation

Figure 3
Two-Year Impacts on Earnings Gains and Welfare Savings for Selected Subgroups of Single Parents



SOURCE: MDRC calculations from administrative records.

NOTES: The impacts for applicants were not statistically significant. All other impacts were statistically significant at the 1 percent or 5 percent level.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]"Most disadvantaged" sample members had no high school diploma or GED, long-term welfare receipt, and no employment in the year prior to random assignment.

for people who never worked). Jobs-First GAIN produced a 10 percentage point increase in employment and an earnings gain of $2,050, or 31 percent. These results acquire particular importance in light of TANF's work requirements, which are much stricter for two-parent families than for single parents. TANF requires a higher percentage of two-parent families than single parents (in 1998, 75 percent versus 30 percent) to work or participate in employment-related activities and requires that they work more hours per week (35 hours versus 20 hours) to be counted as participants.

- **Jobs-First GAIN led to large reductions in two-year AFDC/TANF and Food Stamp expenditures.**

The program reduced welfare expenditures by $1,429, or 12 percent, over the two-year follow-up period (see Table 7). As was the case for single parents, these savings resulted mostly from case closures, but also from lower average monthly grants for those still on welfare. At the end of year 2, 60 percent of experimental group members versus 66 percent of control group members were on welfare. The majority of experimental group members who were employed at the end of year 2 also received a welfare check. These results, while promising, demonstrate once again that it is difficult to move large numbers of recipients off assistance by instituting financial incentives to combine work and welfare. Jobs-First GAIN also reduced Food Stamp expenditures by $606, or 13 percent, over two years.

- **The earnings gain for members of two-parent families was offset by reductions in AFDC/TANF and Food Stamp payments, leaving average total income unchanged.**

In year 2, both experimental and control group members received an average of about $11,400 in earnings (minus payroll taxes), EITC payments, AFDC/TANF, and Food Stamps. Although this finding means that Jobs-First GAIN did not boost income for AFDC-Us, it may nevertheless be viewed as relatively positive because most previously evaluated welfare-to-work programs actually reduced overall income for members of two-parent families. (The effect of Jobs-First GAIN on income is uncertain, however, because earnings and other income from spouses and partners were not measured.)

- **Jobs-First GAIN led to larger increases in employment for women than for men. The two-year earnings gain, however, was nearly twice as large for men as for women. The reduction in welfare expenditures was also larger for men.**

Over two years, Jobs-First GAIN produced a large (12 percentage point) employment gain for women and a somewhat smaller (8 percentage point) increase for men. However, the two-year earnings gain was nearly twice as large for men ($2,645) as for women ($1,486), despite men's smaller gain in employment (see Figure 4). This is because male experimental group members who worked earned more per quarter (on average) than their control group counterparts, whereas female experimental group members did not (results not shown).

Jobs-First GAIN reduced two-year AFDC/TANF payments by a significantly larger amount for men ($1,750, or 14 percent) than for women ($1,005, or 9 percent). For both subgroups, the program continued to reduce AFDC/TANF receipt and payments at the end of follow-up, but savings were larger for men.

Los Angeles Jobs-First GAIN Evaluation

Table 7
Two-Year Impacts on Employment, Earnings, Welfare, and Food Stamps for Members of Two-Parent Families

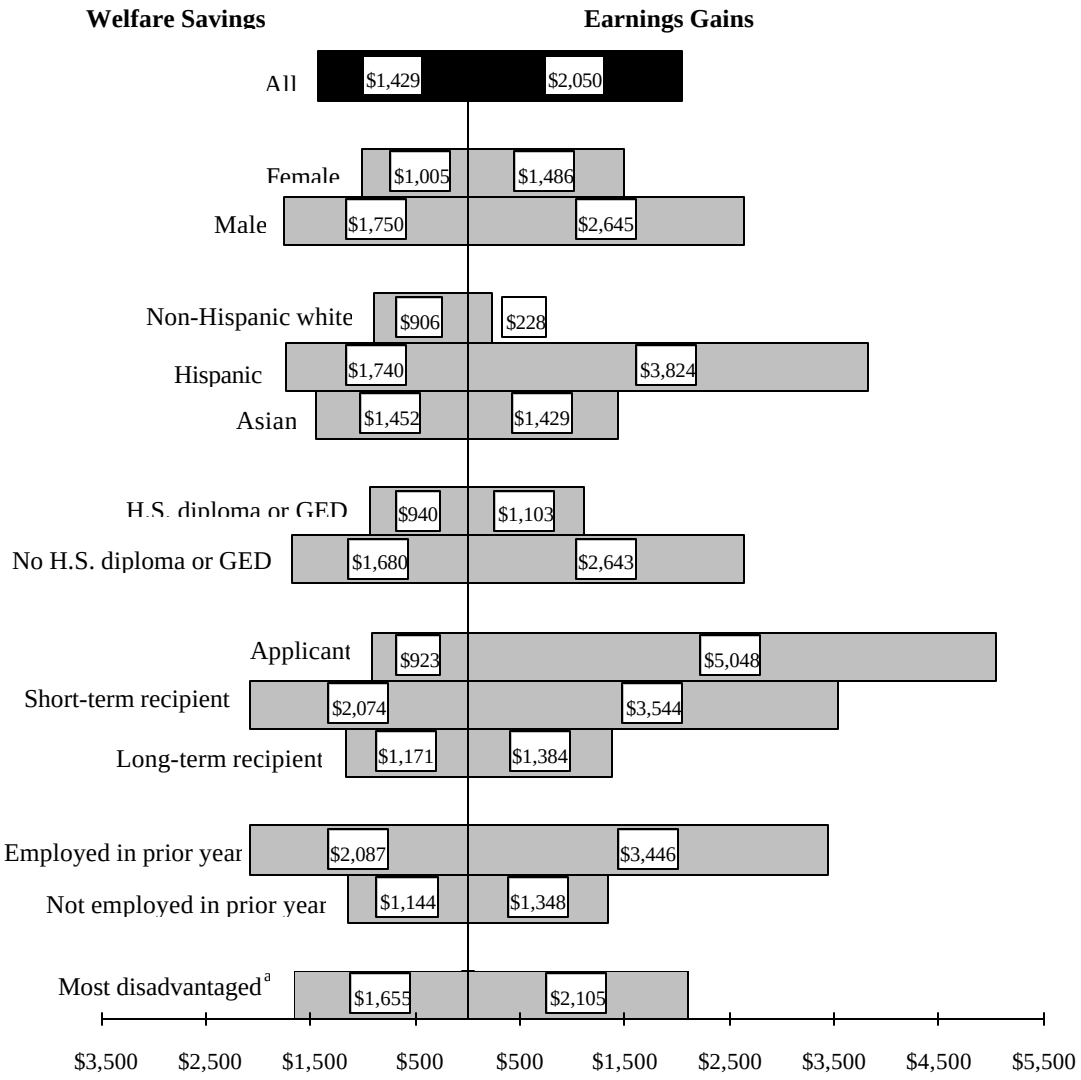
Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Over the two-year follow-up period				
Ever employed (%)	64.7	55.0	9.7 ***	17.6
Average total earnings ($)	8,648	6,598	2,050 ***	31.1
Average total AFDC/TANF payments received ($)	10,303	11,732	-1,429 ***	-12.2
Average total Food Stamps received ($)	4,145	4,751	-606 ***	-12.7
In the last quarter of follow-up (%)				
Employed	46.0	38.2	7.7 ***	20.2
Received AFDC/TANF	59.7	65.9	-6.3 ***	-9.5
Received Food Stamps	60.3	66.7	-6.4 ***	-9.6
Sample size (total = 5,048)	4,039	1,009		

SOURCE: MDRC calculations from administrative records.

NOTES: "Percentage change" equals 100 times "difference" divided by "control group."
Rounding may cause slight discrepancies in calculating sums and differences.
A two-tailed t-test was applied to differences between outcomes for the experimental and control groups.
Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Los Angeles Jobs-First GAIN Evaluation

Figure 4
Two-Year Impacts on Earnings Gains and Welfare Savings for Selected Subgroups of Members of Two-Parent Families



SOURCE: MDRC calculations from administrative records.

NOTES: The impacts for applicants were not statistically significant. All other impacts were statistically significant at the 1 percent or 5 percent level.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]"Most disadvantaged" sample members had no high school diploma or GED, long-term welfare receipt, and no employment in the year prior to random assignment.

- **The program positively affected many subgroups of two-parent families, but not as consistently as it did single-parent subgroups.**

As shown in Figure 4, Jobs-First GAIN increased two-year earnings and reduced welfare payments for AFDC-Us who entered the program with relatively severe disadvantages in the labor market: no high school diploma or GED, no recent work experience, and long-term welfare receipt. Less positively, earnings remained low for experimental group members in these subgroups, averaging from $2,500 per year (for the most disadvantaged) to a little more than $4,000 per year (for those with no high school diploma or GED). (Both averages include zeros for subgroup members who did not work for pay in year 1 or year 2.) Jobs-First GAIN produced especially large two-year earnings gains and welfare savings for the most job-ready AFDC-Us: those who worked for pay in the year before random assignment and were short-term welfare recipients. For reasons that are unclear, the impacts on earnings and welfare payments were smaller for high school graduates and GED recipients than for non-graduates.

The earnings gain for Hispanic AFDC-Us averaged more than $1,900 per year, an unusually large impact. Asian AFDC-Us experienced a more moderate gain of about $700 per year. In light of the fact that about half of Hispanics and almost three-fourths of Asians in the AFDC-U sample lacked English proficiency at random assignment, these results are impressively positive. Non-Hispanic white AFDC-Us did not benefit as much from the program. Jobs-First GAIN raised their employment level (result not shown), but produced only a small and not statistically significant increase in their earnings. The program reduced welfare expenditures for all three racial/ethnic groups analyzed. The savings were largest for Hispanics (21 percent) and smallest for non-Hispanic whites (7 percent). There were not enough African-American AFDC-Us to allow for reliable analysis.

XI. Estimates of Jobs-First GAIN's Cost-Effectiveness

The full report provides a limited benefit-cost analysis of Jobs-First GAIN both for single parents and for members of two-parent families. First, it considers whether experimental group members became better off financially as a result of their exposure to Jobs-First GAIN's services, messages, and mandates. The analysis also assesses whether the program saved the federal, state, and local governments money. Whether made from the perspective of the welfare sample or from the perspective of the government budget, the benefit-cost estimates rest on the assumption that Jobs-First GAIN continued unchanged through the two-year follow-up period (that is, that Los Angeles County did not implement CalWORKs) and that control group members continued to be barred from the program's services, messages, and mandates.

The primary benefit-cost estimates cover a five-year time horizon starting with the first quarter after random assignment (quarter 2), which includes an *observation period* and a *projection period*. The observation period for each sample member encompasses the first two years after his or her random assignment. Based on several assumptions about trends over time, the gains and losses observed at the end of year 2 were then projected through the end of year 5. The analysis presents two estimates, each based on a different set of trend assumptions. The more conservative estimate is based on the assumption that Jobs-First GAIN's effects at the end of year 2 will decay over time, hitting $0 at the end of year 5. The more optimistic estimate is based on the assumption that the program's effects will remain constant from the end of year 2 through year 5. (Both patterns have been observed in earlier evaluations of welfare-to-work programs. For some programs, however, the effects actually increased in later

years.) For both estimates, the dollar value of each projected effect was discounted at a rate of 5 percent per year to reflect the fact that dollars earned or saved in the future cannot be invested and are, therefore, worth less than dollars earned or saved in the present. All benefit-cost estimates are expressed in 1998 dollars.

- **Over five years after random assignment, AFDC-FG experimental group members will have achieved a small financial gain relative to their control group counterparts, whereas AFDC-U experimental group members will have incurred a small financial loss.**

A program produces a net gain from the standpoint of the welfare sample if experimental group members' earnings gains, fringe benefits, and EITC payments exceed the value of reductions in their transfer payments and increases in the taxes and child care costs that they pay. Considering only the observed (that is, two-year) effects on single parents, experimental group members' increased income from earnings, fringe benefits, and EITC payments exceeded by about $400 their loss from paying payroll and sales taxes and out-of-pocket child care costs and from receiving less in welfare, Food Stamps, and Medi-Cal. Single parents in the experimental group continued to realize a small net gain in income at the end of year 2. Projected through the end of year 5, these results increase the size of the welfare sample's net gain by an additional $200 to $400 per experimental group member, depending on trend assumptions. AFDC-U experimental group members did not fare as well in the observation period and will not fare as well in the projection period: Depending on trend assumptions, they are expected to incur a net loss of between $300 and $700 over five years. (None of the benefit-cost results discussed above are shown.)

- **Jobs-First GAIN will lead to substantial savings to the government budget for both AFDC-FGs and AFDC-Us.**

From the perspective of the government budget, a welfare-to-work program is cost-effective if the value of increases in tax revenues (minus EITC payments) and savings in welfare, Food Stamps, and Medi-Cal payments and administrative costs exceeds the net cost of providing employment-related services to experimental group members. For AFDC-FGs, Jobs-First GAIN will very likely realize between $2 and $3 in increased revenues and savings for every additional dollar spent on experimental group members, a substantial return to the budget. The net gain to the government budget is likely to be even higher for AFDC-Us (results not shown).

XII. Discussion and Implications

As noted above, many TANF-era programs, including Jobs-First GAIN's successor, CalWORKs, are offering post-employment services and more generous financial incentives to increase employment, job retention, and advancement among welfare recipients. The two-year findings presented in this summary of the final report on the Jobs-First GAIN Evaluation confirm that pre-employment services remain an important part of a welfare-to-work program's strategy for fostering self-sufficiency. Los Angeles County's transition from a basic-education-focused welfare-to-work program to a strongly employment-focused program was successful: Jobs-First GAIN achieved relatively large two-year em-

ployment and earnings gains exceeding those for Los Angeles GAIN by a wide margin. Even more impressive is the fact that Jobs-First GAIN's overall impacts remained large at the end of year 2 and will almost certainly continue. Moreover, Jobs-First GAIN demonstrates that a welfare-to-work program can succeed in one of the country's large urban areas, where welfare-to-work programs have traditionally fared poorly, and for many different types of welfare recipients, including people with low English proficiency and people with other severe disadvantages in the labor market.

The findings of the evaluation also point to areas where CalWORKs' additional services and incentives may be instrumental. One-third of experimental group members in the Jobs-First GAIN Evaluation never worked for pay in the two-year follow-up period. Before TANF, people who could not find jobs after enrolling in a welfare-to-work program faced the greatest risk of experiencing long-term welfare dependency. Under TANF, they risk reaching time limits in welfare eligibility. In Los Angeles, these people may benefit from CalWORKs' wider range and more targeted mix of services, including greater access to skill-building activities combined with part-time employment, more aggressive case management and supportive services to help people overcome barriers to employment, and special services to address domestic violence, mental health problems, and substance abuse. Other experimental group members who appear not to have benefited from Jobs-First GAIN's services and mandates (at least not within the first two years of follow-up) include those who worked sporadically or worked at low-paying jobs without fringe benefits. The evaluation also found that unreliable child care arrangements caused many experimental group members to miss or be late for work. Under CalWORKs, welfare recipients with these problems may benefit from access to post-employment services that increase job retention or speed the transition to a new job and from more aggressive case management to ensure that all who qualify for Transitional Medi-Cal and child care benefits and for the EITC receive these types of assistance.

The two-year impacts of Jobs-First GAIN on employment and welfare status also highlight issues that CalWORKs' current mix of services and financial incentives may not address. Notably, the program was more successful at reducing welfare expenditures than at moving recipients off assistance. This finding may be expected, because the program encouraged enrollees to take advantage of California's Work Pays financial incentives by combining work and welfare in the short term. As noted earlier, CalWORKs provides a somewhat stronger financial incentive to combine work and welfare, but at the same time puts a five-year limit on adults' eligibility for assistance. At some point, the program will need to increase the rate of exits from assistance — otherwise, many adult recipients will begin to encounter lifetime limits on eligibility without a means of compensating for the lost income. The key issue is whether welfare recipients advance to jobs that offer stable, full-time employment at hourly wages exceeding the relatively high eligibility cutoff for continued assistance. However DPSS modifies its welfare-to-work program to meet this challenge, Jobs-First GAIN's mix of services, messages, and financial incentives will likely continue to be an integral part of DPSS's efforts to promote employment and self-sufficiency.

Chapter 1

Introduction

This report summarizes the two-year findings from a large-scale, rigorous evaluation of the effectiveness of Jobs-First GAIN, Los Angeles County's strongly employment-focused welfare-to-work program. Jobs-First GAIN emphasized job search assistance and imparted a strong pro-work message in an effort to move thousands of welfare recipients quickly into jobs and, as soon as feasible, off the welfare rolls. This message and emphasis place Jobs-First GAIN in the category of Work First programs, the approach followed by most current state and local welfare-to-work programs. The evaluation, conducted by the Manpower Demonstration Research Corporation (MDRC), has been jointly funded by the Los Angeles County Department of Public Social Services (DPSS), the U.S. Department of Health and Human Services, and the Ford Foundation.

DPSS began implementing Jobs-First GAIN in mid-1993 under provisions of the federal Family Support Act (FSA) of 1988. The program anticipated the philosophy and goals of the federal legislation of 1996 that replaced Aid to Families with Dependent Children (AFDC) and the FSA with block grants to the states called Temporary Assistance for Needy Families (TANF). Most of Jobs-First GAIN's features were preserved under Los Angeles County's TANF program, California Work Opportunity and Responsibility to Kids (CalWORKs). The similarities between the two programs make the findings of this evaluation especially useful to practitioners and researchers interested in the effects of CalWORKs.

The differences between Jobs-First GAIN and CalWORKs are also of interest. Like many other TANF-era programs, Los Angeles CalWORKs added to its predecessor's program model time limits on welfare eligibility (although limited to adult recipients on the case), somewhat stronger financial incentives to work, extended transitional benefits, and post-employment services aimed at increasing job retention and advancement.[1] The Jobs-First GAIN Evaluation thus investigates the effects of CalWORKs' primary pre-employment strategy, but without features that administrators and policymakers in Los Angeles and in many other locales now advocate as important for helping former recipients stay employed and off public assistance. Jobs-First GAIN's effects on employment, earnings, welfare dependency, and income will serve as a benchmark for gauging the effects of CalWORKs' more comprehensive approach to promoting self-sufficiency.

Further, any success achieved by Los Angeles County in moving large numbers of welfare recipients into jobs and off assistance will have broad significance. Los Angeles operates the largest county welfare program in the nation, serving more recipients than all states except New York and, of course, California. Moreover, the nation's welfare population has become increasingly concentrated in its largest cities. According to a recent study, in 1996 the typical U.S. city had a larger share of its state's welfare population than of its state's total population. The same study found that most large cities

[1]As will be discussed below, CalWORKs also added special services for victims of domestic violence and for people with mental health or substance abuse problems.

and urban counties "did not perform as well as their states in moving recipients off the welfare payrolls."[2] Thus, the future success of welfare reform will to a great extent depend on whether administrators and staff of large, urban welfare-to-work programs like Los Angeles County's can design and implement innovative, effective approaches.

This is the third and final report on the evaluation. The first report, *Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients* (1997), described how DPSS turned the Human Capital Development (HCD) model of its Greater Avenues for Independence (GAIN) program (primarily a basic-education model) into a Work First model. The second report, *The Los Angeles Jobs-First GAIN Evaluation: First-Year Findings on Participation Patterns and Impacts* (1999), began the study of whether these changes made a difference. It described patterns of participation in Jobs-First GAIN and presented estimates of the program's effects on employment, earnings, and welfare receipt in the year following the date on which people enrolled in Jobs-First GAIN and attended a program orientation. The second report concluded that Jobs-First GAIN produced a substantial initial boost in employment and earnings relative to what welfare recipients would have achieved in the absence of the program and produced this effect for a wide range of welfare subgroups. Jobs-First GAIN also produced small reductions in welfare and Food Stamp receipt, but larger decreases in expenditures for public assistance.

The current report explores Jobs-First GAIN's impacts on employment, earnings, and AFDC/TANF and Food Stamp receipt and payments over the second year of follow-up. The report also looks at a much wider array of program effects than did previous reports, including: (1) employment stability and wage growth, (2) income and self-sufficiency of welfare recipients and other household members, (3) medical coverage, (4) child care use, (5) household structure, and (6) child outcomes. Further, the report examines Jobs-First GAIN's cost-effectiveness. It includes estimates of the additional, or net, costs of providing services to program enrollees — that is, over and above the cost of services for a similar group of welfare recipients who were not in the program. It then considers whether Jobs-First GAIN made welfare recipients better off financially and whether government agencies realized more in increased taxes and savings in welfare, Food Stamps, and Medi-Cal and administrative costs than they spent providing services to enrollees.

I. Summary of Los Angeles County's Welfare Reform Efforts

From 1988 to 1993, DPSS ran the GAIN program, California's welfare-to-work initiative under the FSA. The program closely followed statewide directives to provide basic education services to recipients who lacked a high school diploma or high school equivalency (General Educational Development, or GED) certificate, demonstrated low levels of literacy or poor math skills, or lacked English proficiency. GAIN staff assigned most welfare recipients who entered the program to classes in Adult Basic Education (ABE), GED preparation, or English as a Second Language (ESL; see Table 1.1).

[2]Bruce Katz and Kate Carnevale, "The State of Welfare Caseloads in America's Cities" (Washington, D.C.: Brookings Institution, May 1998), as quoted in Judith Havemann, "Welfare Reform Success Cited in L.A.," *Washington Post*, August 20, 1998, p. A1.

Lacking funds to serve all welfare recipients mandated to participate and required by FSA provisions to give priority to recipients at greatest risk of long-term welfare dependency, DPSS served almost exclusively adults who had received continuous assistance for three or more years. In its initial years of operation, GAIN served few recipients with children under age 6, despite the FSA mandate to enroll recipients with children as young as 3. Evidence from several sources — including an evaluation of the program by MDRC, agency reports on participation and job placement, and discussions with supervisors and staff — showed that GAIN's basic education approach was not working: Despite being costly, the program helped relatively few people attain additional educational credentials or find employment.[3]

In 1993 DPSS administrators began a total overhaul of the GAIN program. They resolved that a Work First approach — a program that offered job search assistance as its primary service and encouraged welfare recipients to start working as soon as possible — would help greater numbers of welfare recipients achieve self-sufficiency. In consultation with administrators of successful Work First programs, including the GAIN program in neighboring Riverside County, and working with administrators in the Los Angeles County Office of Education (COE), DPSS administrators fashioned an innovative, strongly employment-focused program, which they named Jobs-First GAIN.

Jobs-First GAIN combined program services and mandates that had worked in other settings and some that were relatively new (see Table 1.1). Its main features included: (1) an unusually intensive program orientation aimed at motivating new enrollees to find work quickly; (2) high-quality job clubs, the leaders of which taught job-finding skills and engaged participants in activities aimed at boosting their self-esteem and motivation to work; (3) job development activities to increase job opportunities and to match people with prospective employers; (4) a strong Work First message, communicated through written handouts and group presentations and in one-on-one meetings with program staff; (5) a warning, conveyed orally and in writing, that California would impose time limits on welfare eligibility for those who did not work; (6) a concerted effort to teach people that California's relatively generous rules for calculating welfare grants would help them increase their income in the short term by combining work and welfare; and (7) a relatively tough, enforcement-oriented approach to encourage people to complete the program activities and find work quickly.

Jobs-First GAIN's start-up phase began in July 1993, when DPSS contracted with COE to operate the program's orientation meetings and job clubs, and was completed in 1995. A number of operational changes were required to implement a Work First program. These included: (1) developing a curriculum, hiring staff, and renting and equipping facilities to run orientations and job clubs throughout the country; (2) changing case management practices to increase assignments to job club and encourage job placements; and (3) crafting a consistent pro-work message to communicate to welfare recipients who enrolled in the program. Many of these changes took place within a year of the start-up. By early 1994, DPSS's reports showed a significant increase in the number of participants in job club and an increase in job placements relative to the previous GAIN program. Other changes took longer to implement. For instance, in 1995 California stopped requiring county welfare-to-work programs

[3]Riccio et al., 1994, summarize the results of an MDRC evaluation of the GAIN program in Los Angeles and five other counties. Weissman, 1997, provides a detailed description of the creation of Jobs-First GAIN.

Los Angeles Jobs-First GAIN Evaluation

Table 1.1

Selected Characteristics of Los Angeles GAIN, Jobs-First GAIN, and CalWORKs

Characteristic	Los Angeles GAIN	Jobs-First GAIN	CalWORKs
Time period	1988-1993 (transition to Jobs-First GAIN occurred 1993-1995).	1995-1998.	1998-present.
Targeted populations	Recipients on assistance for 3 or more years; priority given to those with the longest spells of continuous receipt. Long waiting list for services owing to limited funds.	Recipients on assistance for 3-5 years; some newly approved applicants, short-term recipients, and very long-term recipients. Waiting lists for services.	Most welfare recipients and recent applicants.
Exemption criterion for parents of young children	Youngest child must be under age 3.	Youngest child must be under age 3.	Youngest child must be under age 1.
Program orientation	Short introduction to program.	6-hour motivational session conveyed strong pro-work message.	6-hour motivational session conveys strong pro-work message.
Typical first post-orientation activity	ABE or ESL; some assigned to GED preparation.	Job club	Job club
Later activities	Vocational skills assessment, followed by vocational training or work experience.	Vocational skills assessment, followed by additional job club, vocational training, or work experience.	Vocational skills assessment, followed by additional job club, vocational training, or work experience.
Special services	None	None	Screening and special services for victims of domestic violence and for enrollees with mental health or substance abuse problems.
Other program features	Literacy and math tests administered during orientation to determine need for basic education.	Job development; strong message to begin work quickly, even at low-paying jobs; strong encouragement to combine work and welfare.	Time-intensive participation required (32 hours/week); job development; strong message to begin work quickly, even at low-paying jobs; strong encouragement to combine work and welfare.

(continued)

Table 1.1 (continued)

Characteristic	Los Angeles GAIN	Jobs-First GAIN	CalWORKs
Level of enforcement of mandatory participation requirements	High	High	High
Willingness to impose financial sanctions for noncompliance	Low	High	High
Post-employment services	None	None	Up to 1 year of post-employment services (case management, job retention, human capital development services).
Time limits on welfare eligibility	None	None; staff warned enrollees that time limits were coming to encourage enrollees to find work quickly.	Parents not employed after 18-24 months must perform community service; 5-year lifetime limit on cash assistance for adult portion of grant.
Financial incentives to work	Standard federal pre-TANF earnings disregards: first $120 and 1/3 of each additional dollar disregarded for first 4 months; $120 for next 8 months; $90 thereafter.	More generous earnings disregards than federal disregards: first $120 and 1/3 of each additional dollar disregarded for each month of employment. Remaining earnings subtracted from a standard of need set higher than maximum grant level. Recipients can "fill the gap" with additional earnings without losing welfare benefits.	Most generous earnings disregards of the three programs: first $225 and 50% of each additional dollar disregarded for each month of employment.
Transitional benefits for those who leave welfare due to employment	Subsidized child care and Medi-Cal coverage for up to 1 year.	Subsidized child care and Medi-Cal coverage for up to 1 year.	Subsidized child care for 2 years or until family's income exceeds 75% of state's median income; up to 2 years of Medi-Cal coverage.

to assign any welfare recipients to basic education, which allowed DPSS to assign a higher percentage of program enrollees to job club. It also took time for DPSS and COE to develop partnerships with area employers to help welfare recipients learn about and apply for available jobs.

Jobs-First GAIN was funded at higher levels than the previous GAIN program and emphasized short-term job search assistance that cost less per participant than basic education classes. These changes enabled DPSS to serve a larger proportion of the welfare population than previously, including parents of preschool-aged children, newly approved applicants for assistance, and short-term recipients. Nevertheless, funding limitations and ongoing FSA requirements to give priority to the most at-risk recipients prevented DPSS from bringing all eligible welfare recipients into the program.

Passage of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in August 1996 required California and all other states to transform their welfare-to-work programs. PRWORA placed a five-year lifetime limit on the length of time most families can receive federally funded welfare. It also required states to place increasingly high percentages of welfare recipients in jobs and employment-related activities and to submit plans for requiring welfare recipients to work after receiving two years of assistance.

In August 1997, a year after the passage of PRWORA, Governor Pete Wilson signed into law Assembly Bill 1542, which replaced GAIN with CalWORKs, California's TANF program. CalWORKs included limits on welfare eligibility for adults (but not for children); provision of one-time cash grants to applicants who forgo welfare; a requirement to be working full time at an unsubsidized job within 24 months of program entry for welfare recipients and 18 months for welfare applicants, or be placed in a community service job; more generous financial incentives to encourage full-time work; and extended child care benefits for recipients who leave welfare for employment. Importantly, CalWORKs dramatically increased funding for welfare-to-work services and mandated that counties serve all non-exempt recipients with children aged 1 or over by the end of 1998.[4]

California's Department of Social Services, which oversees the state's welfare programs, gave counties considerable latitude in operating CalWORKs. DPSS took the lead in developing Los Angeles County's program, in consultation with a broad cross-section of public and private agency administrators, business leaders, welfare advocates, faith- and community-based organizations, welfare recipients, and other community members. DPSS kept Jobs-First GAIN's mix of services, messages, and mandates as CalWORKs' core pre-employment strategy. Beyond that, DPSS added special services for recipients with mental health or substance abuse problems and for victims of domestic violence and training for case managers to identify enrollees in need of these services. It also added post-employment services aimed at increasing job retention and advancement and promoting rapid return to work for people who leave employment. These post-employment services include extended access to case management services, help in obtaining transitional benefits and the Earned Income Tax Credit (EITC), opportunities to attend vocational training classes while working, and job search assistance for people who leave employment.

[4]See Quint et al., 1999, Chapter 4, pp. 73-109; Morino et al., 1999; Zellman et al., 1999; and the Los Angeles County Department of Public Social Services website for a more detailed description of CalWORKs.

DPSS inaugurated Los Angeles CalWORKs on April 1, 1998. In many ways, the program represents a continuation of Jobs-First GAIN, but on a much larger scale. Statewide directives required DPSS to serve all nonexempt recipients by the end of 1998. Before CalWORKS, DPSS served around 45,000 recipients at any one time. In the ensuing months, DPSS referred around 150,000 recipients to CalWORKs and maintained an active caseload that reached 100,000 (see Table 1.2). DPSS hired new staff, expanded facilities, and opened new offices. Whether Los Angeles County's economy can provide enough entry-level jobs to absorb the thousands of CalWORKs recipients who have entered the labor market is a key issue for the program. DPSS also faces the challenge of working with welfare populations who previously remained outside the program — in particular, recipients with very young children, whose child care needs are most acute.[5]

II. Key Features of Jobs-First GAIN

In response to the passage of PRWORA in 1996, most states and localities have implemented some kind of Work First approach, with the central focus on rapid employment. Los Angeles's version — Jobs-First GAIN, which was put in place prior to the federal law — had a number of features that together represent serious investments in the program. As noted above, all of these features, which are described below, have continued under CalWORKs (see Table 1.1).

- **Communicating a strong Work First message**

Welfare administrators stated clearly that the goal of Jobs-First GAIN was to move people to employment as rapidly as possible. This philosophy was communicated to program enrollees through written handouts and group presentations and in individual meetings with program staff.

- **Warning enrollees that time-limited welfare is coming and urging them to get a job right away to preserve their eligibility for assistance**

Even before the federal welfare reform legislation was enacted in August 1996, Jobs-First GAIN staff were informing new enrollees that the federal and state governments would limit welfare eligibility, possibly to two years, and were encouraging them to find work in order to avoid the expected cuts in welfare. As one agency flier put it:

> Everyone will be expected to work. These changes could occur as early as 1996. It is critical that you prepare now for these social changes. Work experience is the best training. Remember: "WORK IS IN, WELFARE IS OUT."

The message was repeated during program activities, such as job club, and in meetings between enrollees and program staff.

[5]See footnote 4.

Los Angeles Jobs-First GAIN Evaluation

Table 1.2

Characteristics of the Program Environment, Los Angeles County

Characteristic	
Population, 1990[a]	8,863,160
Population, 1996	9,369,800
Population, 1998	9,603,300
Population growth, 1990-98 (%)	8.4
AFDC/TANF caseload[b]	
July 1996	306,253
July 1997	274,712
July 1998	244,569
July 1999	236,430
Jobs-First GAIN/CalWORKs caseload	
July 1996	33,720
July 1997	40,525
July 1998	62,547
July 1999	100,854
Total DPSS expenditures for Jobs-First GAIN/CalWORKs ($)	
FY 95/96	58,809,460
FY 96/97	63,300,738
FY 97/98	63,267,072
FY 98/99	164,122,049
AFDC/TANF grant level for a family of three ($)[c]	
9/1/93 - 6/30/96	607
7/1/96 - 1/31/97	594
2/1/97 - 9/30/98	565
Food Stamp benefit level for a family of three ($)[d]	
10/1/95 - 9/30/96	246
10/1/96 - 9/30/97	251
10/1/97 - 9/30/98	267
Minimum wage ($)	
10/1/96	4.75
3/1/97	5.00
9/1/97	5.15
3/1/98	5.75
Unemployment rate (%)[e]	
1996	8.2
1997	6.8
1998	6.6
1999	5.9

(continued)

Table 1.2 (continued)

Characteristic	
Employment growth (%)	
1996-97	4.2
1997-98	3.7
1998-99	1.0
Employment growth, 1996-99 (%)[f]	9.2

SOURCES: Published reports from the U.S. Bureau of the Census; California Department of Social Services, Employment Development Department; and Los Angeles County Department of Public Social Services.

NOTES:

[a]Data are for Los Angeles County.

[b]AFDC/TANF caseload figures include single- and two-parent cases and refer to a monthly average.

[c]AFDC/TANF grant levels are based upon the maximum aid payment.

[d]Food Stamp allotments are based upon the AFDC/TANF maximum aid payment.

[e]Data for 1996, 1997, 1998, and 1999 are annual averages.

[f]Employment growth is calculated by: 100 x (number employed in 1999 minus number employed in 1996) / (number employed in 1996). Employment totals for both dates were seasonally adjusted.

- **Operating an unusually intensive program orientation**

All new enrollees attended a six-hour group orientation session, followed by an individual appraisal meeting with a case manager during their first day in the program. In contrast, most other welfare-to-work programs, including some that share Los Angeles County's Work First philosophy, run much shorter orientations. Further, whereas in these other programs staff use most of the orientation time to collect background information on new enrollees and to assign them to their first employment-related activity, Jobs-First GAIN staff devoted most of the orientation to changing recipients' perceptions of Jobs-First GAIN, communicating the program's message to them, and increasing their self-esteem — particularly with regard to their ability to find work. At the appraisal meetings, case managers conveyed their expectation that enrollees would be working soon. They also discussed the availability of transitional child care and medical insurance for participants who leave welfare for employment.

- **Providing high-quality job search assistance**

The vast majority of those who actively participated in Jobs-First GAIN attended job clubs. Well-trained staff from COE ran these services at 15 Job Centers around the county, and — along with Jobs-First GAIN staff — monitored participants' progress. Jobs-First GAIN's job clubs provided instruction in many of the skills needed to obtain employment, including finding job openings, writing a résumé and job application, and being interviewed. Job club participants then conducted up to two weeks of supervised job search using agency phone banks, job listings, and assistance from program staff. These features are typical of job clubs in many other welfare-to-work programs. Jobs-First GAIN's job clubs, however, also featured a strong motivational component. The message and specially developed curriculum were upbeat, stressing how work can lift self-esteem and how a low-paying first job can lead to a better one in the future. In addition, Jobs-First GAIN staff aggressively developed relationships with local employers and matched enrollees to specific job openings. These job development efforts went well beyond what is traditionally offered in job search activities.

Jobs-First GAIN offered short-term basic education and vocational training classes as well, but assigned few enrollees to these activities. The program also made limited use of unpaid work experience jobs.

- **Using job development activities to support enrollees' job search efforts**

Each Jobs-First GAIN office had job developers who cultivated relationships with local employers and compiled lists of job positions. Job developers then tried to match enrollees to available job openings, based on enrollees' prior experience and interests. Job developers began working with enrollees during orientation and appraisal, and continued assisting their job search efforts during job club and other program components. Job developers also arranged and hosted job fairs for enrollees — small, weekly job fairs with one or two employers and larger, quarterly job fairs with many employers. One program office even experimented with having its job developers work on a one-on-one basis with program enrollees who had received a financial sanction (welfare grant reduction) for noncompliance with program requirements.

- **Demonstrating that work pays**

California's Work Pays rules for calculating welfare grants allowed many recipients to combine work and welfare under the Jobs-First GAIN program. Using waivers granted by the U.S. Department of Health and Human Services, Work Pays increased, above national standards, the amount of earnings that the welfare department disregarded (that is, did not count) in calculating welfare grants. As specified by federal regulations, DPSS disregarded the first $120 of earnings plus one-third of the remainder. Normally, the remaining earnings would then be subtracted from the maximum grant amount available to the family, and the difference would be paid to the recipient as her welfare check. Under Work Pays, in contrast, the remaining earnings were subtracted from a higher standard of need. In effect, this method of calculating benefits, known as "fill-the-gap budgeting," disregards additional earnings before reducing the grant. As a result, a welfare recipient with two children could, for example, have earned $375 in June 1997 (during the second year of the evaluation) and still have received her maximum grant amount of $565. Further, she could have earned up to $1,221 and still remained on assistance.[6] Therefore, most welfare recipients who combined work and welfare could receive hundreds of dollars per month in income above what they would have received in welfare alone.

Work Pays became part of Jobs-First GAIN's strategy for convincing people to find employment as quickly as possible, even if available jobs paid little. Jobs-First GAIN staff made a concerted effort to explain the financial benefits of Work Pays to new enrollees by walking them through several examples of grant calculations during motivational sessions at program orientation and repeating this message in job club and other employment-related activities.

- **Running a relatively tough, enforcement-oriented program**

Jobs-First GAIN case managers made frequent use of the program's formal enforcement procedures, including threats to reduce welfare grants, to encourage enrollees to participate in program activities or show good cause why they could not. As discussed later in this report, the vast majority of program enrollees received at least one warning that they were out of compliance with program rules. Nearly one in three AFDC-FGs and a quarter of AFDC-Us incurred a sanction (grant reduction) for noncompliance. A sanction entailed dropping the recipient (but not the recipient's children) from the grant; the dollar value of a sanction thus varied with grant level and family size. Program administrators intended this high-enforcement case management approach and the strong pro-employment message to complement the program's high-quality, motivational job clubs. Together, these components of Jobs-First GAIN's approach encouraged enrollees to find work quickly and discouraged them from spending a long time in the program.

[6] In June 1997, the standard of need for a family of three was $735. Thus, the grant calculations for this hypothetical welfare recipient under Work Pays are: $375 – $120 – $85 = $170; and $735 – $170 = $565. She could have earned up to $1,221 and still received welfare because: $1,221 – $120 – $367 = $734; and $735 – $734 = $1.

III. New Program Features of CalWORKs[7]

Some of the features of CalWORKs described below came into being in April 1998, when the program started, whereas others took several additional months or longer to start up.

- **Time limits on welfare eligibility**

Welfare recipients in California, as elsewhere, are subject to TANF's five-year lifetime limit on eligibility for federally funded benefits. CalWORKs modifies this restriction by applying it only to parents or guardians who receive welfare benefits for five years. The program drops these adult family members from the case, but commits state and county funds to provide ongoing support for children and other dependents. In effect, this policy reduces, but does not eliminate, welfare benefits for families who reach the five-year time limit.

CalWORKs also imposes an interim time limit for recipients who complete their initial pre-employment activity (usually job club) without finding employment. Most people in this situation undergo a formal assessment of their occupational skills, career interests, and barriers to employment. CalWORKs staff then meet with recipients to review the results of their assessment and to develop an individualized welfare-to-work plan, which outlines a strategy for overcoming barriers to employment and specifies the next employment-related activity the recipient will attend. Once her welfare-to-work plan is completed, a welfare recipient may receive cash assistance for up to 24 additional months, or up to 18 months if she began receiving welfare after April 1998, the start of CalWORKs. Thereafter, she must be working in an unsubsidized job or participating in community service for at least 32 hours per week to remain eligible for assistance.[8]

- **Grant diversion**

CalWORKs offers new and returning applicants for assistance who meet specific criteria a one-time payment (equivalent to up to three months of benefits) if they forgo welfare. Families are eligible for Medi-Cal (California's Medicaid program) and child care assistance during grant diversion.

- **Financial incentives**

CalWORKs did not alter welfare grant levels initially, but changed the formula for calculating grants.[9] Specifically, the program eliminated the practice of subtracting countable income from a higher standard of need. Instead, the first $225 of a recipient's monthly earnings plus 50 percent of the re-

[7]Quint et al., 1999, Chapter 4, pp. 73-109; Moreno et al., 1999; Zellman et al., 1999, Chapters 4 and 5, pp. 38-61; and the Los Angeles County Department of Public Social Services website.

[8]CalWORKs enrollees are expected to sign their welfare-to-work plan, but the 18- or 24-month time limit begins even if the enrollee refuses to sign. The program may exempt from time limits people determined to need special services for domestic violence, substance abuse, or mental health problems and people determined for other reasons to be unable to work or to participate in employment-related activities. According to DPSS, welfare recipients can meet the community service requirement through a combination of part-time employment and participation in approved employment-related activities totaling at least 32 hours per week. Members of two-parent households must work or participate in community service at least 35 hours per week to maintain welfare eligibility.

[9]In November 1998, California raised maximum grant levels by about 8 percent. A family of three could then receive a maximum grant of $611, $46 more than previously.

mainder are disregarded, and the remainder is subtracted from the maximum grant amount. For example, the hypothetical welfare recipient with two children mentioned earlier could have earned up to $1,353 in June 1998 (that is, $132 more than a year previously) and still remain on welfare.[10] Thus, the CalWORKs formula gives recipients a somewhat stronger incentive to increase work hours than the previous Work Pays formula in effect under Jobs-First GAIN. This aspect of CalWORKs began statewide in January 1998, three months before the launch of Los Angeles County's CalWORKs program.

- **Child care payments for welfare recipients**

Under Jobs-First GAIN (and the GAIN program that preceded it), DPSS paid child care expenses for welfare recipients who participated in program activities. This practice continued under CalWORKs. However, CalWORKs changed the method of paying for child care used by recipients who worked for pay but still remained on welfare. Before CalWORKs, those who were employed paid for child care out of pocket and then submitted their expenses to DPSS along with their pay stubs. When determining a welfare recipient's monthly welfare grant, DPSS disregarded up to $175 per month in child care expenses for each child aged 2 or over (and up to $200 per month per younger child). Employed recipients whose child care costs exceeded the maximum allowable amount could apply for reimbursement under a separate Supplemental Child Care program. Under CalWORKs, DPSS pays child care providers directly, and welfare recipients no longer have to pay for care first and then wait for reimbursement.

- **Transitional benefits**

CalWORKs offers recipients who leave assistance for employment subsidized child care for two years or until the family's income reaches 75 percent of the state median. Under Jobs-First GAIN and the previous GAIN program, transitional child care benefits were available for only one year after welfare exit. CalWORKs also extends medical coverage for up to two years (compared with one year under Jobs-First GAIN and Los Angeles GAIN) to people who leave welfare for employment.

- **Post-employment services**

CalWORKs enrollees who find employment are eligible for case management services from the program while still receiving welfare and for one year after ceasing to receive a grant. Program staff can provide new workers with counseling to help them adjust to demands of work and family, assistance in applying for the EITC and transitional benefits, job search assistance (if enrollees leave employment), and referrals to counseling and treatment for problems related to mental health, substance abuse, or domestic violence. DPSS also pays for enrollees to attend job skills training programs during working hours for up to one year, if approved by enrollees' employer.

[10]This hypothetical welfare recipient could have earned up to $1,353 and still received welfare under CalWORKs because: $1,353 – $225 – $564 = $564; and $565 – $564 = $1. The CalWORKs formula also discourages part-time or short-term employment. If this welfare recipient earned over $225 under CalWORKs (compared with $375 under Work Pays), she could no longer receive the maximum grant amount.

- **Special services**

DPSS devoted additional funding and special training to help CalWORKs staff identify enrollees with problems related to mental health, substance abuse, or domestic violence. These enrollees may be referred to special counseling or treatment services instead of job club and still receive credit for meeting CalWORKs' work requirements. Under Jobs-First GAIN (and its predecessor), many of these enrollees were exempted from the program's participation requirement without being referred to treatment or counseling.

IV. An Overview of the Evaluation

The Jobs-First GAIN Evaluation began in January 1996 and ended in June 2000. The evaluation involves nearly 21,000 welfare recipients who appeared at a Jobs-First GAIN office to enroll in the program between April and September 1996.[11] It includes single parents (AFDC-FGs, or Family Group cases) — the great majority of whom are women — and parents in two-parent households (AFDC-Us, or Unemployed Parent cases).[12]

A. The Research Design

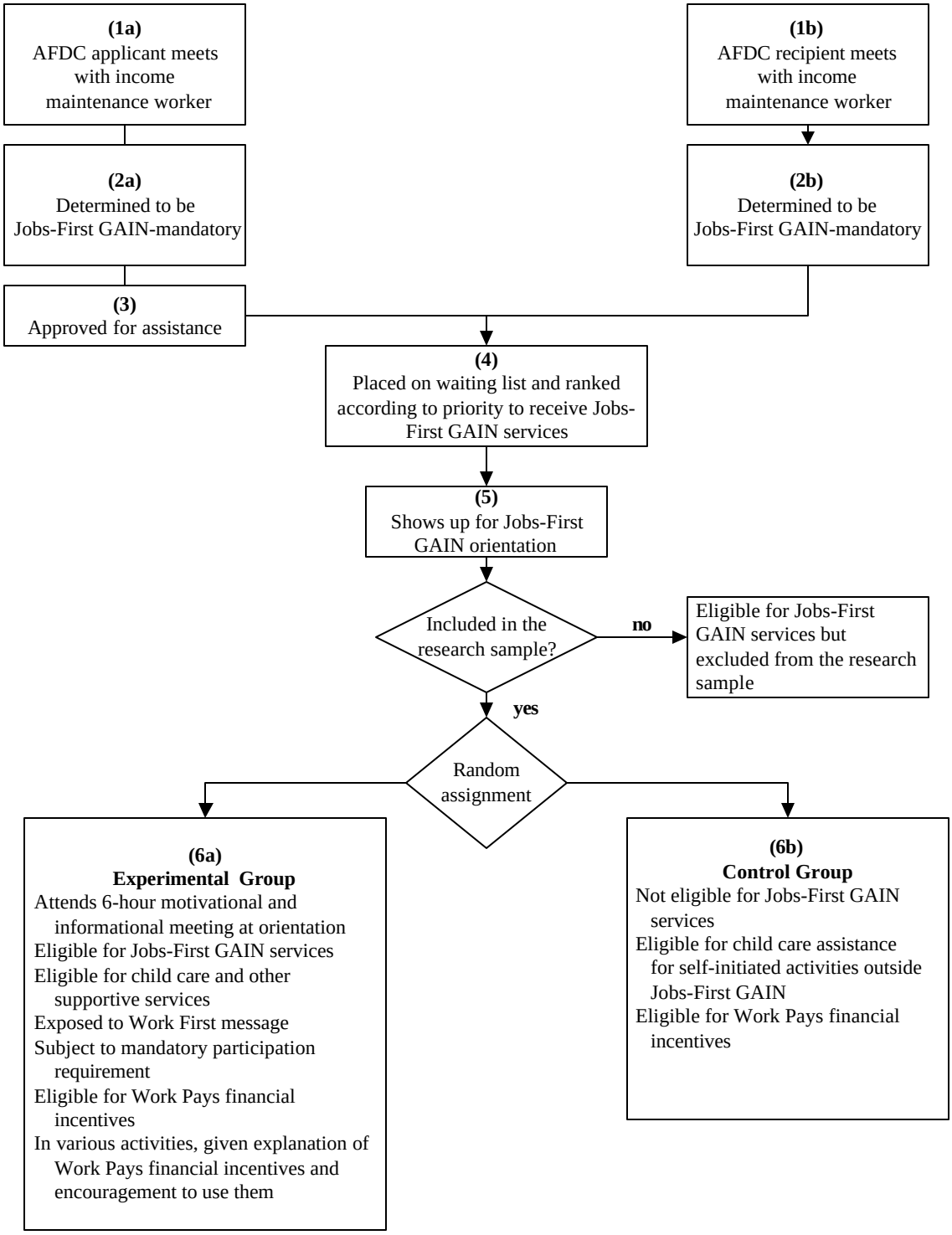
Central to the evaluation is an experimental design in which people who showed up at a Jobs-First GAIN office to enroll in the program were assigned, at random, to the *experimental group* or, for comparison, the *control group* (see Figure 1.1); these two groups combined are referred to as *sample members*. Experimental group members were given access to Jobs-First GAIN's program services, including the initial orientation session, and its Work First message. They were subject to the program's mandatory participation requirements and could incur a sanction for noncompliance. Control group members did not attend the six-hour information and motivational meeting at orientation and were precluded from receiving other Jobs-First GAIN services, but remained eligible to receive AFDC/TANF payments. Control group members could seek other services in the community and receive child care assistance from DPSS for employment-related programs in which they enrolled on their own initiative. Control group members also received Work Pays financial incentives.

Results for control group members represent the outcomes that would be expected for welfare recipients in the absence of Jobs-First GAIN. Differences in outcomes between the experimental and control groups — referred to as *experimental-control differences* — represent the effects, or *impacts,* of Jobs-First GAIN. These impacts reflect the extra value associated with having access to Jobs-First GAIN services and exposure to its Work First message and mandatory participation requirements.

[11]See Freedman, Mitchell, and Navarro, 1999, Chapter 2, pp. 22-25, and Appendix B, pp. 110-118, for further discussion of DPSS's procedures for referring welfare recipients to Jobs-First GAIN.

[12]California changed the labels for and definitions of assistance groups when it created CalWORKs. By agreement with DPSS administrators, this report uses the old labels to denote recipients in single-parent and two-parent households (AFDC-FGs and AFDC-Us, respectively). This strategy makes the report consistent with previous reports on Jobs-First GAIN and helps distinguish Jobs-First GAIN from CalWORKs.

Figure 1.1
Steps from Income Maintenance to Attendance at Jobs-First GAIN Orientation and Random Assignment



Note: See Footnote 13, p. 16, for information on who was excluded from the research sample.

B. Follow-up Period for Measuring Program Effects

Jobs-First GAIN's effects were measured over the two-year follow-up period after each sample member attended orientation and was randomly assigned to either the experimental or the control group. September 30, 1998, marked the end of the follow-up period for sample members who entered the program in September 1996, the final month of sample intake. Starting on October 1, 1998, DPSS began assigning to CalWORKs all experimental and control group members who met the program's mandatory participation criteria.

C. Effects of CalWORKs' Start-up

Although CalWORKs started during the second year of the evaluation's follow-up period, sample members' exposure to the program was limited. By agreement with DPSS, control group members remained precluded from services. Further, experimental group members were not subject to CalWORKs' two-year limit on continuous eligibility for welfare until after the end of follow-up. In the final months of follow-up, experimental group members had access to CalWORKs' special services and post-employment services. However, tabulations from DPSS's automated program tracking system, the GAIN Employment Activity and Reporting System (GEARS), show that less than 1 percent of experimental group members made use of these services. Similarly, only a tiny proportion of employed experimental group members arranged for DPSS to pay child care providers directly. All sample members experienced the change in the grant calculation formula starting in January 1998.

V. The Research Sample and Program Environment

The full sample for the evaluation includes 20,731 AFDC-FG and AFDC-U welfare recipients who were randomly assigned to the experimental or control group between April 1 and September 11, 1996, when they appeared at a Jobs-First GAIN office for their scheduled program orientation (see Table 1.3). During the evaluation, DPSS followed the eligibility criteria written into the federal Family Support Act of 1988 (FSA) in determining which recipients were Jobs-First GAIN-mandatory. According to the FSA, any AFDC-FG parent whose youngest child was aged 3 or over and who did not meet exemption criteria was mandated to participate in a welfare-to-work program. Grounds for exemption included having a disabling illness, being employed full time (30 hours or more per week), living in a remote area that made program activities inaccessible, or being in at least the second trimester of pregnancy. These criteria also applied to members of AFDC-U cases, except that AFDC-U parents of children under 3 who did not meet any exemption criteria were required to enroll in Jobs-First GAIN. Further, DPSS required both parents on an AFDC-U case to enroll, an option given to states and localities under the FSA.[13]

[13]People who attended an orientation but were not randomly assigned include: welfare recipients under 19, people exempt from mandatory participation requirements who volunteered to enroll in the program, members of welfare cases that already included a sample member, and sample members from the evaluation of the earlier Los Angeles GAIN program. All these people received Jobs-First GAIN services but were not part of the research sample.

Los Angeles Jobs-First GAIN Evaluation

Table 1.3

Overview of Sample Sizes, by Assistance Category, Enrollment Status, and Research Group

	Experimental Group	Control Group	Total
Full sample			
AFDC-FGs	11,521	4,162	15,683
Percent	73.5	26.5	
Regular enrollees	8,620	3,821	12,441
Percent	69.3	30.7	
Early enrollees	2,901	341	3,242
Percent	89.5	10.5	
AFDC-Us[a]	4,039	1,009	5,048
Percent	80.0	20.0	
Total	15,560	5,171	20,731
Survey sample			
AFDC-FGs	372	374	746
Percent	49.9	50.1	
Regular enrollees	294	298	592
Percent	49.7	50.3	
Early enrollees	78	76	154
Percent	50.6	49.4	
Total	372	374	746

SOURCE: MDRC calculations using data from the GAIN Employment Activity and Reporting System (GEARS).

NOTE: [a]Regular and early enrollees combined.

Early enrollees, unlike regular enrollees, volunteered for the program before their regular scheduled appointment.

Because DPSS did not have the resources to serve all welfare recipients mandated to participate, it implemented a targeting strategy. Prior to the start of the evaluation, the agency reserved nearly all places in Jobs-First GAIN for people identified by the FSA as being at the greatest risk of remaining on welfare for many years. Among members of this group, DPSS gave the highest priority to those who had received welfare continuously for at least three years.

Anticipating the start of the evaluation, DPSS decided to change its targeting strategy so that the evaluation could determine the effects of the Jobs-First GAIN approach on a broad cross section of the welfare caseload and on various types of welfare recipients. To do this, DPSS administrators implemented a complex selection and weighting procedure. The resulting sample, which included nearly everyone who showed up at a Jobs-First GAIN office for their scheduled orientation between April and early September 1996, was drawn from specific groups and, in very broad terms, appears to reflect the diversity of the mandatory caseload. The sample differed from the full Jobs-First GAIN-mandatory caseload primarily in including a substantially smaller percentage of people going through a very long spell — at least five years — on welfare and in excluding teen parents and a few other groups.

The sample includes 15,683 single parents (AFDC-FGs) and 5,048 parents in two-parent households (AFDC-Us). It includes welfare recipients who inhabit the inner-city neighborhoods of Los Angeles as well as recipients in the outlying suburbs. The sample is large and diverse with respect to race and ethnicity, age, family size, and several indicators of relative disadvantage in the labor market (see Table 1.4). Among AFDC-FG sample members, Hispanics formed the largest ethnic group (45 percent); about 31 percent were African-Americans; 17 percent were non-Hispanic whites; and 6 percent were Asians. Just over half of all the AFDC-FGs had at least one preschool-aged child (under 6), for whom child care would be needed. Nearly 20 percent of AFDC-U sample members were Asians (primarily Vietnamese and Cambodians), and about half of the AFDC-Us had limited English proficiency. Relative to the AFDC-FG group, the AFDC-U group included a larger percentage of non-Hispanic whites (many of them recent immigrants from Armenia) and a much smaller percentage of African-Americans. Further, the AFDC-U sample members had, on average, more children on their cases than did the AFDC-FG sample members (2.4 versus 2.0).

A large majority of AFDC-FG and AFDC-U sample members faced one or more serious barriers to employment at the time of random assignment: Fewer than half of each group had graduated from high school or received a GED certificate; about 60 percent had not worked for pay in the prior three years; and about 70 percent had received welfare cumulatively for at least two years. Other members of the research sample faced fewer barriers to employment: About 30 percent of both AFDC-FGs and AFDC-Us were newly approved applicants for assistance or had received assistance cumulatively for less than two years, and more than a quarter of each group had worked for pay in the year prior to random assignment.

VI. The Program Environment

A. County Demographic Characteristics

With 9.6 million inhabitants spread over 4,000 square miles, Los Angeles County is the most populous in the nation; by itself, the city of Los Angeles has 3.7 million residents. The

Los Angeles Jobs-First GAIN Evaluation

Table 1.4

Demographic Characteristics of the Full Sample

Characteristic	AFDC-FGs			AFDC-Us
	All	Regular Enrollees	Early Enrollees	
Random assignment quarter (%)				
April-June 1996	56.1	54.6	61.7	56.2
July-September 1996	43.9	45.4	38.3	43.8
Female (%)	92.8	92.3	94.9	47.4
Aid status[a] (%)				
Applicant	3.6	3.5	3.9	2.8
Short-term recipient	23.6	22.9	26.1	28.8
Long-term recipient (received AFDC for at least 2 years)	72.8	73.6	70.0	68.4
5 years or more but less than 10 years	15.6	16.2	13.3	14.0
10 years or more	7.8	7.4	9.3	2.4
Less disadvantaged recipient[b] (%)	42.5	43.2	39.9	38.7
Most disadvantaged recipient[c] (%)	30.3	30.3	30.1	29.7
On AFDC as a child (%)				
Yes	25.4	24.3	29.7	13.1
No	74.3	75.4	70.1	86.8
Don't know	0.3	0.3	0.2	0.1
Long-term, second-generation recipient (%)	17.1	16.3	19.9	6.5
Likely to receive an exemption[d] (%)	18.7	20.0	13.5	20.3
Previous employment (%)				
Employed within past year	27.1	27.7	24.8	29.4
Employed within past 2 years	34.6	35.1	32.9	36.6
Employed within past 3 years	38.2	38.5	37.2	40.1
Current employment (%)				
Not employed	90.5	89.5	94.3	86.3
Employed	9.5	10.5	5.7	13.7
Employed 1-14 hours per week	1.2	1.2	1.2	1.3
Employed 15-29 hours per week	4.2	4.6	2.3	8.5
Employed 30 or more hours per week	4.1	4.6	2.3	3.9
Highest degree/diploma earned (%)				
GED	5.1	5.1	5.0	2.7
High school diploma	35.7	36.6	32.3	30.9
Technical/AA/2-year college degree	3.7	3.8	3.0	3.5
4-year (or more) college degree	1.3	1.3	1.2	3.4
None of the above	54.3	53.2	58.5	59.5
Has a high school diploma or GED (%)	45.7	46.8	41.6	40.5

(continued)

Table 1.4 (continued)

Characteristic	AFDC-FGs			AFDC-Us
	All	Regular Enrollees	Early Enrollees	
Highest grade completed in school (%)				
Less than 8th	13.8	13.6	14.7	27.4
8th	2.9	2.8	3.3	4.0
9th	6.1	5.9	7.0	6.2
10th	9.8	9.7	10.3	10.9
11th	19.2	18.8	20.7	10.6
12th	36.6	37.3	34.0	30.4
Post high school	11.2	11.6	9.7	9.7
No formal schooling	0.4	0.4	0.3	0.8
Average highest grade completed in school	10.8	10.9	10.6	10.3
Currently in a school or training program (%)	13.5	13.0	15.6	7.7
Ethnicity (%)				
White, non-Hispanic	17.3	18.7	12.1	28.1
Hispanic	45.2	43.8	50.3	46.8
African-American[e]	31.2	30.2	34.9	5.3
Asian/Pacific Islander	6.1	7.0	2.6	19.6
Native American/Alaskan native	0.3	0.3	0.2	0.1
Limited English proficiency (%)	20.3	19.5	23.0	51.7
Age (%)				
Less than 25	17.1	16.1	20.8	10.7
25-34	40.8	41.3	39.1	31.6
35-44	31.5	31.8	30.4	40.7
45 or older	10.6	10.8	9.7	17.0
30 or older	63.1	63.8	60.0	76.4
Average age (years)	33.2	33.4	32.5	36.2
Parent under 24, no high school diploma (%)	8.1	7.3	11.3	5.5
Marital status (%)				
Never married	43.0	42.8	43.8	9.1
Married, living with spouse	6.8	7.0	5.8	87.8
Separated	34.3	34.0	35.6	2.5
Divorced	14.1	14.3	13.1	0.6
Widowed	1.8	1.9	1.7	0.0
Has at least one child in the following age groups (%)				
Under 6	53.3	52.3	56.9	59.4
6-11	54.7	55.2	52.8	57.0
12-18	38.8	39.2	37.6	44.4
Age of youngest child (%)				
Under 3	9.3	7.7	15.1	33.0
3-5	44.0	44.6	41.8	26.5
6 or older	46.7	47.7	43.1	40.6

(continued)

Table 1.4 (continued)

Characteristic	AFDC-FGs All	AFDC-FGs Regular Enrollees	AFDC-FGs Early Enrollees	AFDC-Us
Number of children (%)				
None	0.0	0.0	0.0	0.0
1	43.0	43.1	42.7	23.2
2	30.1	29.8	31.2	36.9
3 or more	26.9	27.1	26.1	39.9
Average number of children	2.0	2.0	2.0	2.4
Current housing status (%)				
Public	5.5	5.5	5.5	3.6
Subsidized	9.3	8.9	11.0	6.4
Emergency	0.4	0.4	0.7	0.1
Other	84.8	85.3	82.8	89.9
Research sample status (%)				
Experimental	73.5	69.3	89.5	80.0
Control	26.5	30.7	10.5	20.0
Sample size	15,683	12,441	3,242	5,048

SOURCE: MDRC calculations using data from the GAIN Employment Activity and Reporting System (GEARS).

NOTES: Sample members with missing data were excluded from the calculations of percentages and means.

Early enrollees, unlike regular enrollees, volunteered for the program before their regular scheduled appointment.

[a] "Applicants" include sample members who reported never having received AFDC on their own or a spouse's case. "Short-term recipients" reported having received AFDC on their own or a spouse's case for one month to less than two years at some time prior to random assignment. "Long-term recipients" reported having received AFDC on their own or a spouse's case for two years or more at some time prior to random assignment.

[b] "Less disadvantaged" sample members are long-term recipients who had a high school diploma or GED certificate at random assignment and/or who worked for pay during the year prior to random assignment.

[c] "Most disadvantaged" sample members are long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay during the year prior to random assignment.

[d] During orientation, but prior to random assignment, Jobs-First GAIN case managers identified sample members whose circumstances made them likely to be exempted from participation in Jobs-First GAIN. Recommendations for actual exemptions were made during appraisal meetings that followed random assignment, but only for experimental group members.

[e] Los Angeles County does not distinguish between non-Hispanic and Hispanic African-Americans.

county is ethnically diverse: Approximately 42 percent of its inhabitants are Hispanics, while Asian-Americans and African-Americans represent about 12 percent and 10 percent, respectively.[14] The vast majority of Hispanics in the county are of Mexican descent, with Salvadorans being the next largest group. Approximately 46 percent of county residents over the age of 5 speak a language other than English at home,[15] with the largest number (32 percent) speaking Spanish; the languages next most commonly spoken at home are Chinese, Tagalog, Korean, Japanese, and Vietnamese. Many speakers of these languages live in predominantly minority communities, such as South-Central and East Los Angeles, whereas others are spread throughout the county.

B. Unemployment Rates and Poverty Levels

Los Angeles County's unemployment rate grew steadily in the early 1990s, rising from 5.4 percent in April 1990 to a high of 10.8 percent in July 1992. As shown in Table 1.2, it then dipped to 8.2 percent during 1996, the first year of the evaluation. Since then, the rate has continued to drop, averaging 6.6 percent in 1998 and 5.9 percent in 1999; however, even in these years, unemployment in the county remained above the national average. Employment numbers have reflected this trend, growing by about 325,000 workers, or 8.1 percent, between 1996 and 1998.[16] The county's poverty rate decreased only slightly during these years, from 23.4 percent to 22.1 percent. Poverty rates varied greatly by race and ethnicity. In 1998, nearly one-third of Hispanics in Los Angeles County had incomes below the federal poverty threshold, compared to less than 10 percent of non-Hispanic whites. The poverty rate for African-Americans matched the county average (22 percent), and was lower for Asians (16 percent).[17]

To a greater extent than in most U.S. urban areas, poor people live throughout the county. There are pockets of poverty not only in the city of Los Angeles, but also in many of the outlying suburban communities. Moreover, although the county's economy has significantly improved over the last several years overall, local community unemployment rates vary considerably. For example, communities like South-Central and East Los Angeles — where more than 90 percent of the residents are either African-American or Hispanic — still have unemployment rates of 9 percent or higher.[18]

C. AFDC/TANF Caseload and Grant Levels

The county's AFDC/TANF caseload numbers have followed the trends in employment figures. As shown in Table 1.2, the welfare caseload totaled about 306,000 in July 1996. The number fell

[14]Los Angeles County website, "County of Los Angeles Statistical Data"; California Department of Finance (Demographic Research Unit) website, "Race/Ethnic Estimates by County," January 1998.

[15]United Way of Greater Los Angeles. *State of the County Databook, Los Angeles 1996-97*, Table 13, pp. 129-136.

[16]California Employment Development Department (Labor Market Information Division) website, "Civilian Labor Force, Employment, and Unemployment."

[17]Tabulations from U.S. Census Bureau, *Current Population Survey*. Reprinted in United Way of Greater Los Angeles, *State of the County Databook, Los Angeles 1998-99*, Table 127.

[18]California Employment Development Department (Labor Market Information Division) website, "Labor Force Data for Sub-County Areas (Los Angeles County), February 2000."

steadily during the follow-up period, reaching about 240,000 in September 1998 and 236,000 in July 1999. Los Angeles County accounts for more than one-third of the entire California caseload.[19]

AFDC/TANF grant levels declined by nearly 7 percent over the course of the evaluation (see Table 1.2). The maximum aid payment in California for a family of three in April 1996 was $607. The state reduced it in July 1996, to $594, and again in July 1997, to $565.[20] Food Stamp levels rose slightly more than 8 percent during this period, increasing from $246 in October 1995, to $251 in October 1996, to $267 in October 1997. The maximum payment levels for welfare and Food Stamps remained in place until after September 1998, the final month of follow-up for the evaluation. Between the beginning and the end of the evaluation period, welfare recipients who did not work experienced a 2.5 percent decrease in their AFDC/TANF and Food Stamp benefits.

VII. Research Questions for This Report

A. Participation

The report on the first-year findings from the evaluation concluded that all experimental group members encountered Jobs-First GAIN's strong pro-work message during the six-hour orientation session and at other times. Relatively few experimental group members (38 percent of AFDC-FGs and 30 percent of AFDC-Us), however, participated in employment-related activities in year 1. Participation was short term: Nearly all participants attended one three-week spell of job club, and very few took part in longer-term education and training activities. That report also found that Jobs-First GAIN case managers made extensive use of enforcement procedures. About 23 percent of AFDC-FGs and 17 percent of AFDC-Us incurred a sanction for noncompliance with Jobs-First GAIN's mandatory participation requirements during the first year of follow-up. These rates exceeded by a wide margin the sanction rate for the earlier GAIN program in Los Angeles, but were comparable to those found for some other employment-focused programs in the 1990s. The current report, which explores whether these patterns continued in year 2, addresses the following questions:

- Did participation levels continue to be relatively low? Or did a large percentage of experimental group members who had not previously attended a Jobs-First GAIN activity after orientation begin participating in year 2? Did most of these new participants attend job club?
- Did experimental group members who completed job club in year 1 without finding employment participate in additional employment-related activities in year 2? Did participants attend additional job club sessions or switch to longer-term skill-building activities?

[19]Information provided by California Department of Social Services, Statistical Service Branch; U.S. Department of Health and Human Services (Administration for Families and Children) website, "Total TANF Families by State."

[20]California Department of Social Services (Information Services Bureau) website, "Public Assistance Facts and Figures: January 1998."

- Did Jobs-First GAIN staff continue strongly enforcing the program's mandatory participation requirements? Did sanction rates increase in year 2? How often did program staff sanction experimental group members who had not incurred a sanction in year 1?

The report also looks at patterns of participation outside Jobs-First GAIN during the two-year follow-up period:

- Did a substantial proportion of experimental and control group members attend employment-related activities outside Jobs-First GAIN on their own initiative? In what types of activities did they participate?

- Counting participation within Jobs-First GAIN and outside the program, did Jobs-First GAIN increase experimental group members' use of employment-related services relative to control group members'? Did the program increase participation only in job club, its primary activity, or in other types of pre-employment activities as well?

B. Costs

- On average, how much did Jobs-First GAIN and other programs spend to provide services, case management, and supportive service payments to experimental group members?

- What was the program's net cost — that is, what is the difference between the average cost for experimental group members and the average cost for control group members?

- Was Jobs-First GAIN's net cost comparable to the net cost of other Work First programs in California? Did Jobs-First GAIN have a smaller net cost than the earlier, basic-education-focused Los Angeles GAIN program?

C. Impacts on Employment, Earnings, and Receipt of Public Assistance

- Did Jobs-First GAIN sustain the year 1 boost in employment and earnings in year 2?

- Did Jobs-First GAIN increase employment at jobs with full-time hours and medical coverage?

- To what extent did Jobs-First GAIN reduce dependence on welfare and Food Stamp benefits?

- Were short-term employment and earnings gains and welfare reductions larger for Jobs-First GAIN than for the earlier, basic-education-focused Los Angeles GAIN program and for other employment-focused programs?

D. Impacts on Income, Self-Sufficiency, and Material Well-Being

- Did Jobs-First GAIN increase the proportion of sample members who were working and off welfare at the end of year 2?
- Did the program make sample members better off financially? Did experimental group members' gains from earnings, estimated fringe benefits, and the EITC exceed their losses in public assistance?
- Did Jobs-First GAIN increase the proportion of sample members who lived with another wage earner or with someone receiving income from other sources?
- Did Jobs-First GAIN affect levels of medical coverage?
- Did the program affect levels of food insecurity and hunger?

E. Impacts on Child Care Use, Home Environment, and Child Outcomes

- Did Jobs-First GAIN affect the use and reliability of child care?
- To what extent did experimental and control group members rely on child care that they paid for, subsidized care, and unpaid care from family and friends?
- Did Jobs-First GAIN increase the likelihood of AFDC-FGs' getting married or living with a boyfriend or partner? Did the program affect the likelihood of sample members' having another child?
- Did the program affect children's academic performance, emotional and behavioral adjustment, or safety? Did the effects vary by children's age or gender?

F. Impacts on Employment and Welfare for Key Subgroups

A key task of the Jobs-First GAIN Evaluation is to analyze whether Los Angeles County's Work First approach benefited many types of recipients or primarily certain subgroups of the caseload. Key subgroups for analysis include:

- Inhabitants of different geographic areas of the county
- Members of different racial/ethnic groups, and within these groups, people proficient or not proficient in English
- People who entered the program with a high school diploma or a GED certificate and nongraduates
- Short- and long-term welfare recipients
- People with or without a recent work history
- People with multiple barriers to employment (for example, no high school diploma or GED certificate, no recent work history, and long-term welfare receipt)

- Among AFDC-FGs, early and regular enrollees
- Among AFDC-Us, men and women

The last two subgroup analyses address specific questions concerning DPSS's strategy for targeting services to particular types of welfare recipients. As discussed above, DPSS lacked the funding necessary to serve all welfare recipients mandated to participate in Jobs-First GAIN. Therefore, DPSS placed recipients on a waiting list, which was ordered according to recipients' length of welfare receipt as well as other background characteristics. Most enrollees in Jobs-First GAIN entered the program after reaching the top of the waiting list and receiving a notice from DPSS informing them that a place in the program had become available. These people are called *regular enrollees*. Other enrollees asked DPSS for and were granted permission to enter the program early, that is, before they reached the top of the waiting list. These people are called *early enrollees*. Both early and regular enrollees were randomly assigned to the experimental and control groups. Further, both early and regular enrollee experimental group members were subject to Jobs-First GAIN's mandatory participation requirements and could incur a sanction for noncompliance. Including early enrollees in a random assignment study of Jobs-First GAIN allows the evaluation to address a long-standing question in welfare reform: When funds are scarce, should welfare-to-work programs target recipients who show the highest motivation to participate?

Most previous studies of AFDC-Us in welfare employment programs focused only on household heads (usually men). In this evaluation, in contrast, the AFDC-U group consists of both primary wage earners (usually men) and second parents (usually women). The research design, however, permitted only one adult member of an AFDC-U household to be included in the research sample: the first to show up for the program orientation. Nearly half of the AFDC-Us in the sample are women. Thus, the evaluation offers an unusual opportunity to investigate a welfare-to-work program's effects on women in two-parent families. (What little research exists indicates that female AFDC-U recipients have scant prior earnings and tend not to benefit as much from welfare-to-work programs as their male counterparts.)

The Jobs-First GAIN Evaluation began after California received a federal waiver eliminating regulations that terminated an AFDC-U case if the primary wage earner worked 100 hours or more in a month. This change affected all AFDC-Us, including control group members. Thus, studying the employment and earnings effects of Jobs-First GAIN for AFDC-U men (usually the primary wage earners) yields valuable information on the long-term impact of the elimination of this "100-hour rule." The evaluation also tests whether a Work First program can increase employment and earnings among primary wage earners who face no regulations limiting how much they can work.

G. Comparisons with Other Programs

Another key task of the evaluation is to compare the effects of Jobs-First GAIN with those of the three previously evaluated welfare-to-work programs below.[21]

[21]For an evaluation of Los Angeles GAIN and Riverside GAIN, see Riccio, Friedlander, and Freedman, 1994, especially Tables 4.1 and 6.1. For an evaluation of Riverside LFA, see Hamilton et al., 1997, especially Table 9.4.

- **Los Angeles GAIN, the county's basic-education-focused program, which served long-term recipients[22] during the late 1980s and early 1990s**

Most enrollees who participated in Los Angeles GAIN's employment-related activities attended classes in ABE, ESL, or, less often, GED preparation. Relatively few participated in job search, unpaid work experience, or occupational skills training. The program's emphasis on basic education conformed to statewide requirements to provide these services to welfare recipients who had not attained a high school diploma or a GED certificate, who scored below minimum levels on reading or math tests administered at program entry, or who were not proficient in English. Nearly everyone who entered Los Angeles GAIN during the late 1980s and early 1990s — 80 percent of AFDC-FGs and more than 90 percent of AFDC-Us — met at least one of these three criteria for needing basic education.

An MDRC evaluation of Los Angeles GAIN found that, for AFDC-FGs, the program reduced welfare expenditures to some extent, but did not raise earnings. The program had more positive effects for AFDC-Us, although the earnings gain was still small, averaging less than $300 per enrollee per year.

- **Riverside County GAIN, a Work First, mixed-services program, operated in neighboring Riverside County during the late 1980s and early 1990s**

The Riverside GAIN program offered job search services to a large segment of the caseload, employed job developers to help move enrollees quickly into jobs, issued job placement goals for program staff, and encouraged enrollees to find work as soon as possible. All of these program features are consistent with a strong Work First approach. In keeping with statewide directives, however, Riverside GAIN also offered basic education instruction as a first activity to enrollees determined to need it. Because of this combination of services, Riverside GAIN is sometimes referred to as a "mixed-services" program. An MDRC evaluation of the program found unprecedented employment and earnings increases and welfare savings.

- **The Riverside GAIN Labor Force Attachment (LFA) program, a Work First, job-search-first program, operated in Riverside County in the early to mid-1990s; nearly all enrollees were placed immediately into job search activities**

As part of a national evaluation of welfare-to-work programs in the early 1990s, the National Evaluation of Welfare-to-Work Strategies, Riverside County welfare administrators operated two versions of the GAIN program simultaneously to determine which approach worked better. The first version used a Human Capital Development (HCD) program model, in which participants received education and training services to upgrade their skills prior to seeking work. The HCD objective was to prepare people for jobs that offered sufficient wages and benefits to get them and keep them off welfare. The second version of Riverside GAIN employed a Labor Force Attachment (LFA) program model. LFA placed enrollees (even those who had not graduated from high school or attained a GED certificate or who were determined to have low literacy or math skills) immediately in job search activities,

[22]Los Angeles GAIN enrolled welfare recipients who had received assistance continuously for at least three years.

advocating quick exposure to and entry into the labor market as the best route to earnings increases, job advancement, and self-sufficiency. Recent evaluations of Riverside LFA have found that the program produced larger earnings gains and welfare savings than many education-focused programs, including Riverside HCD and Los Angeles GAIN. Its effects were not as large, however, as those attained by the previous employment-focused, mixed-services Riverside GAIN program.

As discussed in the first report on the Jobs-First GAIN Evaluation, DPSS administrators consulted with their counterparts in Riverside County when designing Jobs-First GAIN in the mid-1990s. Sharing Riverside's growing commitment to the Work First approach, DPSS administrators adopted several features of the Riverside LFA program (some of which, such as the use of job developers and encouragement of quick entry into the job market, were also part of Riverside GAIN). Other features, such as Riverside's strong emphasis on placement goals for program staff, were not incorporated into Jobs-First GAIN.

The similarities between Los Angeles Jobs-First GAIN and Riverside LFA in their welfare-to-work approach and their operation under the same statewide welfare regulations make comparisons between them particularly meaningful.

H. Cost-Effectiveness

- Did Jobs-First GAIN realize savings in public assistance and associated administrative expenses and lead to increases in tax revenues? Did these benefits to government budgets exceed the higher costs of services for experimental group members?

- Was Jobs-First GAIN more cost-effective than the previous, basic-education-focused GAIN program? Were the results as positive as those attained by other employment-focused programs, such as Riverside GAIN?

I. Looking Toward CalWORKs

Studies of CalWORKs are still in an early phase. It remains to be seen whether DPSS's strategy of combining Jobs-First GAIN's services and pro-work message with welfare time limits, stronger financial incentives to work, special services, and post-employment services will produce larger boosts in employment and larger reductions in welfare dependency. The present evaluation may provide important context for future studies, however, by examining both the successes and limitations of Jobs-First GAIN. If the program led to large increases in stable employment with high earnings, self-sufficiency, and material well-being, the need for additional services and incentives may not be great. Alternatively, if many experimental group members remained poor and on welfare, despite the program's employment and earnings gains, additional services and supports would likely be warranted. Questions of interest include:

- Did Jobs-First GAIN increase employment stability or increase employment by moving people into jobs that they quickly lost?

- At the end of year 2, were most experimental group members still receiving welfare benefits? Were most experimental group members who were working also receiving assistance?
- Did Jobs-First GAIN increase use of subsidized child care or transitional Medi-Cal?
- Did the program increase experimental group members' incomes sufficiently to lift their families out of poverty?

VIII. Data Sources for This Report

A. GEARS Automated Appraisal and Program Tracking Records

Sample members' background characteristics were recorded by Jobs-First GAIN staff during orientation and appraisal meetings and entered into the GAIN Employment Activity and Reporting System (GEARS). These background data, which are available for all sample members, are used to divide the sample into key subgroups. Most of the data, including educational attainment status and length of prior welfare receipt, are self-reported by sample members, although some, such as date of birth, were transferred automatically from DPSS's automated welfare eligibility and payment system, the Integrated Benefit Payment System (IBPS).

GEARS also supplied data on experimental group members' use of Jobs-First GAIN services, the frequency with which they entered nonmandatory status, and the likelihood of their encountering the program's formal enforcement procedures, including financial sanctions. Moreover, GEARS records permitted estimation of experimental group members' length of stay in program activities. At least two years of follow-up data are available for all experimental group members.

B. GEARS Supportive Service Records

The GEARS system also supplied two years or more of data on DPSS supportive services payments for child care, transportation, and ancillary expenses for supplies such as books, clothing, and protective equipment. As noted earlier, experimental and control group members were eligible to receive payments, and payments for both groups were recorded in GEARS.

C. Statewide Unemployment Insurance Earnings Records

Employment and earnings impacts were computed using automated statewide Unemployment Insurance (UI) records data from California's Employment Development Department. Data for eight quarters, or two years, are available for all sample members, starting with the first calendar quarter after random assignment — that is, from quarter 2 through quarter 9. (UI earnings records for quarter 1, which includes the date of random assignment, are excluded from the analysis because they may contain earnings from employment that occurred before random assignment.) Recorded statewide, UI earnings can be used to make reasonably accurate and unbiased measures of employment, including earnings within California but outside of Los Angeles County. Data are not available for out-of-state earnings or

for work not usually covered by the UI system, such as self-employment, domestic service, informal child care, and work "off the books" or for employers who do not report earnings.[23]

D. Automated AFDC/TANF and Food Stamp Payment Records

Impacts on receipt of AFDC/TANF and Food Stamps were calculated using automated payment records from DPSS's IBPS. Two years of follow-up data are available for all sample members. Because California's counties maintain separate payment systems, the IBPS analysis misses payments to sample members who moved to other counties in the state and received welfare or Food Stamps there. As discussed in Chapter 5, calculations from statewide Medi-Cal eligibility data suggest that this problem did not affect the impact findings. Less than 5 percent of sample members received a payment elsewhere in California during the two-year follow-up period. Further, Jobs-First GAIN did not cause more experimental or control group members to move out of Los Angeles County and go on assistance.

E. Automated Medi-Cal Eligibility Records

Impacts on receipt and costs of Medi-Cal benefits were estimated from California's statewide eligibility records in the Medi-Cal Eligibility Determination System (MEDS). Two years of follow-up data are available for all sample members. MEDS data were also used to estimate Jobs-First GAIN's program effects on receipt of Supplemental Security Insurance (SSI) and receipt of AFDC/TANF benefits in counties other than Los Angeles.

Although the MEDS system provides both payment and eligibility information on every adult and child covered by Medi-Cal, MDRC collected eligibility information only for the sample member.[24] To estimate the program's impacts on Medi-Cal costs, MDRC used published data on Medi-Cal expenditures and assumptions about the number of people covered per month.

F. Two-Year Client Survey

This report also presents analyses of the Two-Year Client Survey, which was administered to a subsample of 746 single-parent (AFDC-FG) experimental and control group members about two years after random assignment (see Table 1.3). MDRC selected survey respondents from each month during which new sample members joined the program, but excluded male single parents and sample members not proficient in English or Spanish. A stratified random sample was chosen. About 80 percent of people in the survey sample were regular enrollees and 20 percent were early enrollees. As intended, these proportions closely match the proportions of these two groups in the full sample. Just over 74 percent of sample members chosen completed the survey.

Interviews for the Two-Year Client Survey were conducted in English or Spanish. Survey respondents were asked about their participation in employment-related activities within and outside Jobs-First GAIN since random assignment; educational attainment; employment history; household structure and income; medical coverage and receipt of noncash benefits; level of food insecurity and hunger; use

[23]Some earnings missed by the UI system may be captured by the self-reported earnings and employment data recorded in the Two-Year Client Survey.

[24]These limitations lead to underestimation of use of SSI benefits when the SSI recipient was a child or disabled spouse.

of child care for employment and for other reasons; and indicators of their children's school progress, emotional and behavioral well-being, and safety.

Data from the Two-Year Client Survey provide information on topics not covered by administrative data, such as use of program services outside Jobs-First GAIN by experimental and control group members. The survey data also fill in gaps in administrative data, such as participation in employment-related activities outside Jobs-First GAIN and employment at jobs not covered by the statewide UI system. Some of the survey data overlap with administrative data, and for several reasons, results calculated from the two sources may differ. First, survey respondents may have provided incorrect start or end dates when asked to recall participation or employment that occurred during the early months of follow-up. In addition, some respondents may have been reluctant to provide information on employment and income that can be found in administrative records. In other cases, survey data may be more accurate. For example, earnings that employers failed to report or inaccurately reported to the UI system may be captured by the survey.

G. Statewide and County Reports and Fieldwork and Interviews with Administrators and Staff

The descriptions of Los Angeles GAIN, Jobs-First GAIN, and CalWORKs reported above were based on site visits and observations of program operations, discussions with program administrators and staff, agency memos and directives supplied by DPSS, and calculations from tables in agency reports. Agency reports and expenditure data were also used in the benefit-cost calculations presented in this report.

IX. The Contents of This Report

Chapter 2 examines experimental and control group members' use of program services and estimates the impacts of Jobs-First GAIN on participation. The chapter also examines the extent to which experimental group members encountered Jobs-First GAIN's formal enforcement procedures. Chapter 3 presents the average costs of providing employment-related services to experimental and control group members and calculates the experimental-control difference in cost, or net cost, of Jobs-First GAIN. Chapter 4 discusses the program's impacts on employment rate, earnings, and AFDC/TANF and Food Stamp receipt for single-parent (AFDC-FG) sample members, including the impacts for key subgroups. These results are then compared with those achieved by the earlier Los Angeles GAIN program and several other employment-focused welfare-to-work programs. Chapter 5 examines Jobs-First GAIN's impacts on indicators of income, self-sufficiency, access to medical coverage, and material well-being for AFDC-FG sample members. Chapter 6 summarizes the program's effects on child care use, costs, and reliability; household composition; and child outcomes for AFDC-FG sample members. Chapter 7 presents the two-year impacts of Jobs-First GAIN on employment, earnings, and receipt of AFDC/TANF and Food Stamps for two-parent (AFDC-U) sample members and key subgroups thereof. Finally, Chapter 8 presents the results of a benefit-cost analysis of Jobs-First GAIN from the perspectives of experimental group members and the government budget.

Chapter 2

Participation in Employment-Related Activities After Random Assignment

This chapter analyzes the use of program services by sample members in the Jobs-First GAIN Evaluation during the two years after random assignment. First, the chapter explores the extent to which AFDC-FG experimental group members were exposed to the mix of services and messages offered by Jobs-First GAIN. As discussed in Chapter 1, the Jobs-First GAIN program ran high-quality job clubs supported by job development activities, as well as short-term education and training for people who completed job club without finding employment. These activities made up a key component of the Jobs-First GAIN approach to promoting rapid entry into the labor market. This chapter also examines the extent to which program staff used formal enforcement procedures, especially financial sanctions (reductions in welfare grants), to enforce mandatory participation requirements. Further, it compares levels of participation for subgroups of the experimental group.

The chapter then examines the extent to which AFDC-FG experimental group members participated in employment-related activities outside Jobs-First GAIN. Such participation could have occurred when experimental group members were no longer required to participate in the program or had exited from welfare, or when they were still in Jobs-First GAIN as an addition to or instead of participation in their regularly assigned activities. Next, the chapter compares participation patterns for AFDC-FG experimental group members with those for members of the control group to estimate the effects of Jobs-First GAIN on use of employment-related services. The chapter concludes with a brief summary of participation patterns for AFDC-U experimental group members.

I. Key Findings

- All experimental group members attended Jobs-First GAIN's six-hour informational and motivational orientation session and were exposed to the program's strong pro-work message.

- Relatively few experimental group members — 42 percent of AFDC-FGs and 34 percent of AFDC-Us — participated in a subsequent Jobs-First GAIN activity during the two years after orientation. Of those who participated, nearly all attended job club, reflecting the Work First character of the program. Nearly all participants began attending activities soon after orientation and finished participating by the end of year 1.

- About 30 percent of AFDC-FG experimental group members experienced a reduction in their welfare grant (a sanction) for noncompliance with Jobs-First GAIN's mandatory participation requirements at least once within two years of orientation. This sanction rate was high compared to the sanction rates recorded for other employment-focused programs in the 1990s and well above those recorded for welfare-to-work programs evaluated in the 1980s. Jobs-First GAIN case managers cited most other AFDC-FG and AFDC-U experimental group members for noncompliance and initiated formal enforcement procedures on them at some point during the follow-up period. The process, however, did not lead to imposition of financial sanctions for these people.

- A relatively large proportion of AFDC-FG experimental group members attended education and training activities outside Jobs-First GAIN, boosting their rate of participation in any type of employment-related activity other than Jobs-First GAIN orientation to 62 percent.
- About 44 percent of AFDC-FG control group members also participated in employment-related activities, mostly education and training, on their own initiative. As a result of this unusually high participation rate for control group members, the experimental-control difference in participation was modest (about 18 percentage points).
- Jobs-First GAIN produced a much larger impact (31 percentage points) on participation in job search. In effect, Jobs-First GAIN induced many experimental group members to participate in job search who would otherwise have participated in education and training.

II. Framework for Interpreting Participation Findings

A. What Can Be Learned from Studying Participation

The discussion of participation patterns for sample members presented in this chapter will provide important context for interpreting the findings on program costs, impacts, and benefits in the chapters that follow. The first task in the participation analysis is to measure the extent of experimental group members' involvement in Jobs-First GAIN. When the evaluation was designed, it was expected that restricting access to Jobs-First GAIN's services, messages, and mandates to the experimental group would enable its members to attain a higher rate of employment, higher earnings, and lower levels of welfare receipt than their counterparts in the control group. Whether these effects actually occur depends on many factors. A key question addressed by this chapter is whether experimental group members' exposure to the program was sufficient to change their labor market behavior. Put differently, for this to be a fair test of the program's Work First strategy, a relatively high percentage of experimental group members must have participated in Jobs-First GAIN activities, encountered its mandates, or received its messages.

Participation in Jobs-First GAIN was not the only way in which experimental group members could prepare for work. Some may have participated in other types of activities on their own initiative, probably after they were no longer required to participate in Jobs-First GAIN. These experiences outside the program could also have affected the timing of experimental group members' search for employment, success in finding and keeping jobs, and levels of income and self-sufficiency. It is therefore important to learn how often experimental group members participated in employment-related activities outside Jobs-First GAIN.

Further, previous experimental evaluations of welfare-to-work programs have shown that many control group members enroll in employment-related activities — typically, basic education, vocational training, or post-secondary education — on their own initiative.[1] Jobs-First GAIN's effects on employment and welfare will likely fall short of expectations if control group members received similar types of

[1] See, for example, Riccio et al., 1994, pp. 38-46; Hamilton et al., 1997, pp. 125-130; and Scrivener et al., 1998, pp. 62-64.

pre-employment services as experimental group members or took part in other activities that enhanced their ability to find and keep jobs. For this reason, it is important to measure control group members' levels of participation and to estimate Jobs-First GAIN's incremental effects on participation — that is, the extent to which the program raised experimental group members' level of participation (overall and in particular activities) above that of control group members.

The same reasoning applies to the study of Jobs-First GAIN's cost-effectiveness. Federal, state, and county government budgets not only funded Jobs-First GAIN services, but also many of the activities in which experimental and control group members enrolled on their own initiative — through the federal Job Training Partnership Act (JTPA), community colleges, Pell grants, and state and county education programs. Thus, the total cost to government budgets of helping Jobs-First GAIN experimental group members prepare for work depends on experimental group members' level of participation in pre-employment activities both within and outside the program. Moreover, estimating the experimental-control difference in pre-employment costs requires knowledge of participation levels for control group members.

B. Alternative Definitions of Participation

This chapter follows the analytical framework used in previous MDRC studies of participation patterns in welfare-to-work programs. It defines participation as attendance at an employment-related activity for at least one day, whether within or outside Jobs-First GAIN, but does not count program orientations, appraisals, or other meetings with Jobs-First GAIN staff. This definition of participation assumes that program enrollees who take part in activities such as job clubs or education and training courses receive the most exposure to the program "treatment." For Jobs-First GAIN, however, the distinction between attendance at a program activity and a meeting with program staff is not clear-cut. As discussed in the previous chapter, all experimental group members attended a long informational and motivational meeting at orientation during which program staff strongly communicated the program's Work First message. In addition, experimental group members could receive job leads from program staff during orientation, appraisal, or at any time afterward. Thus, by a more inclusive definition of a program activity, one could conclude that 100 percent of experimental group members participated.

C. Employment-Related Services Are Only Part of the "Treatment"

Participation in employment-related activities was only one of several ways in which program enrollees could experience the Jobs-First GAIN "treatment." Equally important, program administrators and staff communicated a strong Work First message to all people entering the program. Enrollees first heard this message during a long motivational session at program orientation. Program staff repeated these ideas during appraisals and other one-on-one meetings, during program activities such as job club, and in informational handouts.

Further, as discussed below, DPSS implemented a tough enforcement-oriented response to experimental group members who did not participate in program activities without showing good cause. Jobs-First GAIN staff frequently issued warnings to experimental group members that they were not complying with the program's mandatory participation requirements and imposed financial sanctions (welfare grant reductions) on a relatively large proportion of the caseload at least once within two years of orientation. Program administrators intended this "high-enforcement" case management approach and the strong pro-employment message to complement the program's high-quality, motivational job clubs. Together, these components of the Jobs-First GAIN approach encouraged enrollees to find work quickly and discouraged them from spending a long time in the program.

D. Measurement Issues

Sample members' participation in Jobs-First GAIN and non-Jobs-First GAIN activities was measured over a two-year follow-up period, starting with their date of random assignment. (For experimental group members this date is the date of orientation.) Automated program tracking records from DPSS's GAIN Employment Activity Reporting System (GEARS), combined with automated welfare and earnings records, were used to estimate rate and length of participation in Jobs-First GAIN activities. The same measures of participation in non-Jobs-First GAIN activities were calculated from the responses of a sample of 746 AFDC-FG experimental and control group members to the Two-Year Client Survey. Survey respondents reported the start and end months and average number of hours per week of participation. Like any self-reported data, these participation data are subject to recall error. That is, some respondents may not have reported participation in all activities in which they in fact participated, especially short-term activities, whereas others may have reported participation in activities that occurred prior to random assignment.[2] Some respondents may also have underestimated or overestimated the duration of their attendance or the average number of hours per week of participation.

Some measures presented in this chapter apply only to sample members who participated in an employment-related activity (that is, job club, education, or training). These people will be referred to as *participants*. The findings for AFDC-FGs represent weighted averages of the participation levels estimated for regular and early enrollees.[3]

[2] Participation data from GEARS and from survey responses were compared for the 372 experimental group members in the survey sample. Respondents were considered to have participated in a non-Jobs-First GAIN activity if participation was recorded on the survey but not on GEARS. If participation was recorded only on GEARS, the mismatch was attributed to recall error. For each Jobs-First GAIN activity recorded on GEARS, a third or more of experimental group members in the survey sample did not report participation when interviewed. For this analysis it was assumed that some experimental and control group members did not report their participation in non-Jobs-First GAIN activities. It was also assumed that the rate of recall error for non-Jobs-First GAIN activities, which respondents attended on their own initiative, was lower than for Jobs-First GAIN activities. Accordingly, reported participation rates in non-Jobs-First GAIN activities were adjusted upward by a small amount to compensate for recall error. See footnote 13 for more details.

[3] As shown in Table 1.3, a smaller percentage of early enrollees than regular enrollees were randomly assigned to the control group. To compensate for this imbalance, results for early and regular enrollees were weighted according to the proportion of the combined sample of experimental and control group members for which they account.

III. Results for AFDC-FGs

A. Participation by Experimental Group Members in Jobs-First GAIN Activities

As shown in Table 2.1, in the two-year follow-up period, 58 percent of AFDC-FG experimental group members were assigned to a Jobs-First GAIN job search, education, or training activity, and 42 percent participated in a Jobs-First GAIN activity for at least one day. The level of participation in Jobs-First GAIN activities for experimental group members is low compared to the participation levels recorded for other employment-focused welfare-to-work programs evaluated by MDRC, including Riverside GAIN (60 percent). The Riverside Labor Force Attachment (LFA) program, however, had a similar proportion of experimental group members (44 percent) who participated in work-related activities.[4] Jobs-First GAIN also attained a lower level of participation than the earlier, education-focused Los Angeles GAIN program (51 percent).[5]

On average, AFDC-FG participants remained in Jobs-First GAIN activities for a relatively short time — a little more than four out of the 24 months of the follow-up period (see Table 2.2). About 60 percent attended for two months or less. Nearly all participants began attending activities soon after orientation and finished participating by the end of year 1. At the high end, 8 percent participated for at least a year; a slightly higher percentage were still attending a Jobs-First GAIN activity at the end of the follow-up period. The participation patterns displayed in Table 2.1 reflect the Work First orientation of Jobs-First GAIN. Out of all activities, job search (usually job club) drew the largest percentage of experimental group members (37 percent). In contrast, only 11 percent of experimental group members participated in basic education or vocational training.[6] DPSS did not assign any Jobs-First GAIN enrollees to post-secondary education courses.

The data in Table 2.2 provide additional information on use of program services for the 42 percent of experimental group members who attended a Jobs-First GAIN activity. As expected of a Work First program, nearly 90 percent of AFDC-FG participants attended job club in the two-year follow-up period, whereas only about a quarter of them participated in education or training. A little more than three-fourths of job club participants attended only one "spell" of job club (that is, one block of consecutive weeks), and nearly as many took part in job club as their only activity in the program.

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[4] See Hamilton and Friedlander, 1989, Table 3.1, p. 38 (San Diego Saturation Work Initiative Model [SWIM]); Riccio et al., 1994, Table 2.1, p. 26 (Riverside GAIN); Kemple, Friedlander, and Fellerath, 1995, Table 3.2, p. 46 (Florida Project Independence); Hamilton et al., 1997, Table 5.1, p. 110 (Atlanta, Grand Rapids, and Riverside Labor Force Attachment [LFA]); and Scrivener et al., 1998, Table 3.1, p. 50 (Portland JOBS). Two-year participation rates for these employment-focused programs ranged from 43.8 percent (Riverside LFA) to 73.8 percent (Atlanta LFA). These estimates include all sample members for whom participation data were collected and do not control for sample members' background characteristics.

[5] Riccio et al., 1994, Table 2.1, p. 26. The low Jobs-First GAIN assignment and participation rates resulted in part from the fact that 13 percent of experimental group members received exemptions (recommendations that their mandatory participation status be terminated) during their initial appraisal meetings because case managers determined that they no longer met the criteria for being considered mandatory for the program. Case managers later deregistered virtually all these people from the program. See Freedman, Mitchell, and Navarro, 1999, pp. 28, 47-48, and footnote 10.

[6] Basic education activities include English as a Second Language (ESL), Adult Basic Education (ABE), preparation for the General Educational Development (GED) certificate test, and high school.

Los Angeles Jobs-First GAIN Evaluation

Table 2.1

Rates of Participation and Status Within Two Years of Orientation for AFDC-FG Experimental Group Members

Participation Status (%)	All	Regular Enrollees	Early Enrollees
Assigned to any activity[a]	58.3	54.7	72.4
Ever participated in[b]			
Any activity[c]	41.9	37.9	57.0
Job search	37.1	33.8	49.6
Any education or training	10.6	8.8	17.5
Basic education	4.3	3.2	8.3
ESL	1.2	1.0	2.2
ABE	1.1	0.9	1.8
GED	1.6	1.2	3.3
High school	0.5	0.3	1.2
Vocational training	7.6	6.6	11.6
Work experience	2.8	2.3	4.6
OJT	0.0	0.0	0.1
Assessment	9.6	8.4	14.0
Deregistered for any reason[d]	93.9	93.3	95.9
For employment	48.3	47.4	51.9
For sanction	39.1	39.0	39.5
For other reason	46.3	46.5	45.4
In conciliation	83.0	83.1	82.6
Sanctioned	30.4	30.9	28.5
Deferred for any reason	30.5	31.6	26.4
For unapproved SIT[e]	8.5	9.1	6.3
Sample size	11,521	8,620	2,901

SOURCE: MDRC calculations using data from the GAIN Employment Activity and Reporting System (GEARS).

NOTES:

[a]The assignment rate includes assignment to all activities listed, except assessment.

[b]Activity participation rates include participation for at least one day in either a program-referred or approved self-initiated activity.

[c]"Any activity" includes all activities listed, except assessment.

[d]Subgroup percentages sum to more than the total deregistration percentage because some recipients were deregistered more than once during the follow-up period.

[e]An SIT is a self-initiated activity ("self-initiated training").

Table 2.2

Participation Patterns Within Two Years of Orientation for AFDC-FG Experimental Group Members Who Participated in Jobs-First GAIN Activities

Outcome	
Participated in job search (%)	88.5
One spell	68.0
Two or more spells	20.5
Participated in (%)[a]	
Job search only	74.2
Education and training only	10.8
Job search and education and training	14.4
Average number of months in which individuals participated in a Jobs-First GAIN activity[b]	4.2
Number of months in which there was participation (%)[c]	
1	32.5
2	27.0
3	8.7
4 to 6	11.3
7 to 12	11.9
13 or more	8.3
Still participating at end of year 2 (%)	9.0
Sample size	4,509

SOURCE: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS).

NOTES: Full sample mean and percentages are weighted averages of results for regular and early enrollees.
Measure = (regular enrollee result x percent of experimental and control group regular enrollees in AFDC-FG sample) + (early enrollee result x percent of experimental and control group early enrollees in AFDC-FG sample).

[a]The percentage of participants who participated only in work experience or OJT is not shown in the table.

[b]Participants for whom data are missing were excluded from the calculation of the mean.

B. Granting Temporary Deferrals and Longer-Term Deregistrations from Mandatory Participation Requirements

Almost every experimental group member experienced the transition to nonmandatory status, that is, was deregistered from the program, at least once before the end of year 2. As shown in Table 2.1, 94 percent of experimental group members were deregistered within two years of random assignment, about half of them because they were working full time, that is, for at least 30 per hours per week.[7]

Under California regulations effective prior to April 1, 1998, welfare recipients with certain barriers to participation were temporarily excused, or deferred, from Jobs-First GAIN's participation requirements. Common reasons for granting deferrals included medically verified illness and "severe family crisis." As shown in Table 2.1, about 31 percent of AFDC-FGs were deferred from participation in Jobs-First GAIN for good cause at some point during follow-up.

Notably, about 9 percent of experimental group members received a deferral for an unapproved self-initiated activity, usually an education or training activity that experimental group members began attending on their own initiative prior to orientation that did not meet program requirements for promoting quick entry into jobs. Jobs-First GAIN staff granted enrollees a temporary deferral to complete their current semester of coursework, after which enrollees were supposed to be assigned to job club. DPSS staff did not monitor enrollees' attendance at these unapproved activities closely and did not provide support service payments to participants in them. In this analysis, as in DPSS's published reports, these unapproved activities were not counted in calculations of participation rates in Jobs-First GAIN activities.

C. Use of Formal Enforcement Procedures and Sanctioning

A Jobs-First GAIN program enrollee who failed to attend her assigned activity received a notice outlining the sanctions that would be applied if the problem continued. If she did not comply at that point, a conciliation process was initiated in which she was given another notice and another opportunity to resolve the problem. If the enrollee continued to fail to comply, she incurred a sanction, that is, a reduction in her welfare grant amount equal to the value of benefits for one person on the case.[8] The first sanction remained in effect until the enrollee met with program staff and agreed to attend a program activity or convinced program staff that she had good cause for not participating. A second sanction lasted a minimum of three months, and subsequent sanctions at least six months, even if the enrollee resumed participation sooner.

The data in Table 2.1 demonstrate that Jobs-First GAIN case managers used formal enforcement procedures very often, although the process only sometimes resulted in imposition of a financial sanction. As shown, 83 percent of experimental group members entered the conciliation process at least once during follow-up, either because they did not show up for an assigned activity or a scheduled meeting with Jobs-First GAIN staff or because they stopped attending a program activity without good cause. The proportion ever in conciliation exceeds the proportion ever assigned to an activity because the conciliation rate includes conciliation for failure to show up at deferral reviews or at scheduled ap-

[7] See Freedman, Mitchell, and Navarro, 1999, Chapter 3, pp. 44-50, and Appendix Tables C.2-C.6, pp. 135-140, for more detailed information on experimental group members who entered nonmandatory status after random assignment.

[8] Weissman, 1997, p. 66.

praisal meetings following a deregistration. Some experimental group members who refused to accept an assignment to job club also entered conciliation status during their initial appraisal meeting following random assignment.

About 30 percent of AFDC-FGs incurred a sanction in the two-year follow-up period. The sanction rate for Jobs-First GAIN exceeds those for the earlier Los Angeles GAIN, Riverside GAIN, and Riverside LFA programs (all with sanction rates of less than 10 percent) by a wide margin. Some employment-focused welfare-to-work programs operating in the 1990s, however, sanctioned comparably large proportions of enrollees.[9] Most of the experimental group members sanctioned in Jobs-First GAIN (23 percent) entered that status during the first year of the follow-up period. In year 2, Jobs-First GAIN staff continued to enforce the program's mandatory participation requirements for those still in the program and sanctioned an additional 8 percent of experimental group members for noncompliance. In addition, some experimental group members who were first sanctioned in year 1 remained in that status for one or more months in year 2.

D. Participation Patterns for Key Subgroups

1. Regular and early enrollees. As discussed in the previous chapter, early enrollees asked DPSS to enroll them in Jobs-First GAIN before they reached the top of the waiting list for services, whereas regular enrollees waited until DPSS required them to enter the program. It was expected, therefore, that a higher percentage of early enrollees would participate in employment-related activities. Participation patterns for these two subgroups confirm this hypothesis. As shown in Table 2.1, the rates of activity assignment and participation for early enrollees exceeded those for regular enrollees by a wide margin. In the two-year follow-up period, program staff referred 72 percent of early enrollees to a Jobs-First GAIN activity, compared to 55 percent of regular enrollees. The overall participation levels of early and regular enrollees, 57 percent and 38 percent, respectively, reflect this difference in assignment rate. A larger proportion of early enrollees than regular enrollees participated in every specific type of activity: 50 percent versus 34 percent went to job search, and 18 percent versus 9 percent attended an education or training activity. These differences most likely reflect early enrollees' greater motivation to participate. Surprisingly, the same percentage of early and regular enrollees entered the conciliation process (83 percent), and a similar proportion incurred a sanction (29 percent and 31 percent, respectively).[10]

2. Educational attainment, prior employment, and prior welfare receipt. Jobs-First GAIN produced relatively consistent levels of participation for sample members who differed in education, employment history, and previous welfare receipt (see Table 2.3). For instance, about 35 percent of high school graduates and GED recipients and 39 percent of nongraduates participated in job club during the two years after random assignment; around 10 percent of each group attended an education or training activity. Similar results were observed for sample members who worked for pay and for those who did not work for pay in the year before random assignment, and for recent applicants for welfare, short-term recipients, and long-term recipients. The consistency of these results once again re-

[9] Sanction rates over a two-year follow-up period ranged from 9 percent for the Riverside LFA program to 42 percent for the Grand Rapids, Michigan, LFA program. Atlanta, Georgia's LFA program and Portland JOBS each sanctioned about 20 percent of its enrollees. See Hamilton et al., 1997, Table 5.3, p. 115; and Scrivener et al., 1998, Table 3.3, p. 54.

[10] One reason why early enrollees received as many sanctions for noncompliance as regular enrollees, despite having volunteered to participate, may be that they thought they had volunteered to participate in the previous, basic-education-focused GAIN program and objected to being assigned to job club (see Weissman, 1997, p. 42).

flects the Work First focus of Jobs-First GAIN. Experimental group members without a high school diploma or GED certificate in the earlier evaluation of Los Angeles GAIN, in contrast, were five times more likely to attend basic education classes than job clubs.[11]

3. GAIN region, racial/ethnic group, and level of English proficiency. Participation levels varied by race/ethnicity and by GAIN region (see Table 2.3). For instance, about half of experimental group members in the Central and Southeastern regions took part in a Jobs-First GAIN activity, usually job club, compared with around 35 percent in the outlying northern regions of San Fernando Valley and San Gabriel Valley. Participation levels were highest among African-American and Hispanic experimental group members (46 percent for both groups) and markedly lower among whites and Asians (32 percent and 24 percent, respectively).

Participation levels varied only slightly between Hispanics with and without proficiency in English (see Table 2.3), in large part because DPSS offered job clubs in Spanish. In keeping with the Work First philosophy of the program, Jobs-First GAIN staff assigned most people without English proficiency to job club rather than to English as a Second Language (ESL) classes — unlike in the previous, education-focused GAIN program. In contrast, a higher percentage of whites with English proficiency (34 percent) than those without it (13 percent) attended Jobs-First GAIN activities. A similar pattern was seen among Asian experimental group members. DPSS operated job clubs in Armenian and in Vietnamese and other Southeast Asian languages, so it is not immediately clear why these differences were observed.

Interestingly, sanction rates were consistently higher for experimental group members who were proficient in English than for those who were not (see Table 2.3). Among AFDC-FGs who were proficient in English, more than 30 percent of whites, African-Americans, and Hispanics and close to 20 percent of Asians incurred a sanction during the follow-up period. In comparison, sanction rates for experimental group members who were not proficient in English ranged from 14 percent (Asians) to 19 percent (Hispanics). Again, it is not clear why these differences occurred.[12]

E. Participation in Activities Outside Jobs-First GAIN

As discussed above, enrollees in welfare-to-work programs often participate in pre-employment activities on their own initiative. Typically, they enroll in these activities after entering non-mandatory status or leaving welfare. Less commonly, people attend alternative employment-preparation activities when still required to participate in their program — either during deferrals for an unapproved self-initiated activity (discussed above) or without the knowledge of

[11] See Riccio et al., 1994, Table C.5, p. 312. As shown in Table C.5, the percentage of high school graduates and GED recipients who participated in job club was roughly equal to that who participated in education or training.

[12] Sample members not proficient in English include recent immigrants and refugees. It is possible that Jobs-First GAIN staff were more lenient toward people who were still adjusting to life in a new country or were more inclined to believe that people with limited English proficiency were having trouble understanding Jobs-First GAIN's mandatory participation requirements.

Table 2.3

Rates of Participation and Status Among AFDC-FG Experimental Group Members Within Two Years of Orientation, by Region and Subgroup

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
San Fernando Valley (Region 2)	2,021	33.3	31.0	6.2	26.5	94.1
San Gabriel Valley (Region 3)	2,847	36.2	32.8	8.1	26.2	94.8
Central (Region 4)	1,962	50.6	44.1	14.8	36.7	92.4
Southern (Region 5)[a]	2,538	42.5	37.3	10.3	32.9	94.8
Southeastern (Region 6)	2,153	49.9	42.7	15.1	31.5	92.5
Male	834	38.5	35.7	6.3	29.4	91.8
Female	10,687	42.1	37.2	10.9	30.5	94.0
White	1,977	31.5	28.4	7.1	29.7	92.9
African-American	3,606	46.0	39.8	12.2	36.6	94.0
Hispanic	5,235	45.5	40.7	11.6	28.3	94.1
Asian	671	23.5	21.0	4.9	15.5	94.1
Proficient in English[b]	9,172	42.9	37.5	11.1	33.4	93.8
White	1,773	33.6	30.4	7.6	31.1	92.9
Hispanic	3,574	45.5	39.5	12.3	32.6	94.2
Asian	274	31.7	28.9	5.8	18.2	91.7
Not proficient in English[b]	2,349	37.7	35.3	8.6	18.7	94.2
White	204	13.4	11.0	3.3	18.0	93.2
Hispanic	1,661	45.4	43.2	10.1	18.8	93.7
Asian	397	17.9	15.6	4.2	13.6	95.6

(continued)

-32-

Table 2.3 (continued)

Region or Subgroup	Sample Size	Participated (%) Any Activity	Job Club	Any Education and Training	Sanctioned (%)	Deregistered (%)
Has a high school diploma or GED	5,232	40.4	34.9	10.0	29.5	93.3
Does not have a high school diploma or GED	6,289	43.1	38.9	11.1	31.2	94.4
Applicant	2,069	43.9	37.8	11.8	30.3	93.8
Short-term recipient	2,370	39.5	34.5	9.7	29.2	93.4
Long-term recipient	7,082	42.0	37.7	10.5	30.8	94.0
Employed in year prior to random assignment	4,145	40.5	35.2	9.3	28.8	94.9
Not employed in year prior to random assignment	7,376	42.6	38.2	11.3	31.3	93.3
Most disadvantaged[c]	2,910	43.0	39.8	11.0	31.5	93.9

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS), California Employment Development Department Unemployment Insurance earnings records, and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: Full sample means and percentages are weighted averages of results for regular and early enrollees.

Measure = (regular enrollee result x percent of experimental and control group regular enrollees in AFDC-FG sample) + (early enrollee result x percent of experimental and control group early enrollees in AFDC-FG sample).

Subgroup sample sizes may not sum to the total sample size because of missing data.

[a]This region serves the low-income communities of Watts, Compton, and North Long Beach.

[b]Includes outcomes for African-Americans and Native Americans/Alaskan natives.

[c]The "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

-33-

program staff. This pattern occurred in Jobs-First GAIN as well. Table 2.4 shows the rates and total hours of participation in Jobs-First GAIN and non-Jobs-First GAIN activities for AFDC-FGs in the two-year follow-up period.

Among experimental group survey respondents (the only group for which data on Jobs-First GAIN and outside activities exist), about 40 percent reported participation in an activity outside Jobs-First GAIN. Half of these respondents had not participated in a Jobs-First GAIN activity according to DPSS records, whereas the remainder attended at least one activity within the program and another activity on their own initiative. Combining the proportion of experimental group members who took part in a Jobs-First GAIN activity (42 percent) and the proportion who participated only outside the program (20 percent) yields an overall participation rate of 62 percent.[13]

Experimental group members who took part in activities outside Jobs-First GAIN most often participated in vocational training or post-secondary education (see Table 2.4). Notably, about 20 percent of experimental group respondents reported attending post-secondary education classes, an activity that Jobs-First GAIN did not offer. In comparison, less than 10 percent of respondents took part in job search, basic education, work experience, or on-the-job training (OJT), although the levels of participation for survey respondents in three of these activities (all but job search) slightly exceeded the levels recorded for the whole sample of Jobs-First GAIN enrollees.

F. Comparison of Participation Levels in the Experimental and Control Groups

Precluded from participating in Jobs-First GAIN activities, control group members often sought to enhance their job skills or earn an educational credential during the two years after random assignment (see Table 2.4). About 44 percent of control group members in the survey participated in an employment-related activity, usually vocational training or post-secondary education. Between 10 percent and 15 percent of control group respondents reported participation in job search or basic education, and fewer still in work experience or OJT.[14]

Experimental-control differences in participation represent the Jobs-First GAIN program's impacts on participation. Welfare-to-work programs like Jobs-First GAIN may affect participation in several ways. They may

1. induce people who would not have attended on their own initiative to attend an employment-related activity;

[13] These percentages were calculated from survey responses. Activities reported by respondents but not recorded on GEARS were considered to have occurred outside Jobs-First GAIN. Survey-based participation rates were adjusted (1) downward to compensate for respondents' higher levels of participation in Jobs-First GAIN (as measured by GEARS) compared with the full experimental group and (2) upward to compensate for probable recall with error. For each activity, the first adjustment factor was the participation rate for the full sample divided by the participation rate for the survey sample; and the second adjustment factor was 0.5 multiplied by the rate of probable recall error. Recall error was estimated by dividing the percentage of experimental group respondents who did not report participation in a Jobs-First GAIN activity that was recorded on GEARS by the total percentage of experimental group members who participated in the Jobs-First GAIN activity. Applying these two adjustment factors changed participation rates in non-Jobs-First GAIN activities by only 0.2 to 3.0 percentage points, depending on the activity.

[14] For consistency, recorded participation rates for control group respondents were adjusted in the same way as for experimental group respondents. Data were unavailable for calculating these adjustment factors for control group respondents; therefore, the factors for experimental group respondents were used.

Los Angeles Jobs-First GAIN Evaluation

Table 2.4

Two-Year Impacts on Rates and Total Hours of Participation in Jobs-First GAIN and non-Jobs-First GAIN Activities for AFDC-FGs

	Participated (%)[a]			Hours of Participation			*Hours of Participation Among Participants*		
Outcome	Experimental Group	Control Group	Difference (Impact)	Experimental Group	Control Group	Difference (Impact)	*Experimental Group*	*Control Group*	*Difference (Impact)*
Any Activity[b]	61.8	44.1	17.6	n/a	n/a	n/a	*n/a*	*n/a*	*n/a*
Job search	44.6	13.5	31.1	53.2	13.1	40.1	*119.3*	*97.5*	*21.8*
Basic education	10.7	11.2	-0.4	62.1	106.9	-44.8	*578.1*	*957.3*	*-379.1*
ESL	5.9	7.6	-1.7	29.5	65.6	-36.0	*501.3*	*858.6*	*-357.3*
ABE-GED	4.8	6.6	-1.8	32.5	41.3	-8.7	*671.8*	*621.4*	*50.4*
Vocational training/post-secondary	30.8	32.8	-2.1	296.2	314.5	-18.2	*962.9*	*958.2*	*4.6*
Vocational training	17.7	18.2	-0.5	143.4	155.6	-12.2	*810.1*	*856.5*	*-46.4*
Post-secondary education	20.1	18.5	1.6	152.8	158.8	-6.1	*760.2*	*858.2*	*-98.1*
Work experience/OJT	7.6	2.3	5.3	n/a	n/a	n/a	*n/a*	*n/a*	
Work experience	6.0	1.4	4.6	n/a	n/a	n/a	*n/a*	*n/a*	
OJT	2.6	1.6	1.0	n/a	n/a	n/a	*n/a*	*n/a*	
Sample size	372	374		372	374		*(varies)*	*(varies)*	

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey.

NOTES: Full sample means and percentages are weighted averages of results for regular and early enrollees.

Measure = (regular enrollee result x percent of experimental and control group regular enrollees in AFDC-FG sample) + (early enrollee result x percent of experimental and control group early enrollees in AFDC-FG sample).

Tests of statistical significance were not performed.

Italicized estimates pertain only to sample members who participated in at least one activity. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons.

Some subgroup percentages sum to more than the corresponding group percentages because some sample members participated in more than one activity.

N/a = not available or applicable.

[a]Participation rates include participation for at least one day in Jobs-First GAIN activities or in activities outside of the program.

[b]"Any activity" includes all activities listed.

-32-

2. change the type of activity that most people attend; or

3. alter the total number of months or number of hours that people attend an employment-related activity.

In the case of Jobs-First GAIN, the first of these effects was modest relative to other Work First programs.[15] The program raised overall the participation level about 18 percentage points above the control group level. The program produced a much larger (31 percentage point) increase in use of job search services, however, and a small increase (5 percentage points) in participation in unpaid work experience jobs. This pattern suggests that Jobs-First GAIN caused some experimental group members who would otherwise have attended only education and training classes to attend Work First-type activities (see Table 2.4).

About the same percentage of experimental and control group members attended education and training activities. In addition, the program did not increase the number of hours of participation among respondents who took part in these activities (see Table 2.4).

G. Additional Effects

1. Impacts on educational attainment. DPSS administrators did not intend Jobs-First GAIN to increase the proportion of welfare recipients who attained an education credential. As expected, about the same proportion of experimental and control group respondents (about 14 percent) reported earning either a GED or a training certificate within two years of random assignment. This rate of degree attainment for experimental group members is somewhat surprising, given Jobs-First GAIN's Work First orientation, but likely reflects their relatively high rates of participation in education and training activities outside the program (results not shown).

2. Impacts on attitudes toward work and welfare. As discussed in Chapter 1, Jobs-First GAIN imparted a strong pro-work message that included both warnings about the impending time limits on welfare and instruction about the financial advantages of combining work and welfare in the short term. Responses to the Two-Year Client Survey suggest that the program achieved modest success in conveying these messages. When asked at the two-year point, about 45 percent of experimental group respondents indicated that they knew about welfare time limits compared with 42 percent of control group respondents, a difference that was not statistically significant (results not shown). On the other hand, Jobs-First GAIN decreased the proportion of respondents who believed that they could provide for their family better by staying on welfare than by working to 8 percentage points below the control group level of 24 percent (a statistically significant difference). In addition, a slightly smaller percentage of experimental group members indicated that they would rather stay home full time to take care of their family than work for pay, but the difference was not statistically significant (results not shown).

IV. Results for AFDC-Us

A. Rates of Assignment and Participation

In general, members of two-parent families (AFDC-Us) showed similar patterns of participation and status in Jobs-First GAIN to those described above for single parents: Relatively few participated in Jobs-First GAIN activities, most attended one spell of job club, and very few were still participating in

[15] See Hamilton et al., 1997, Table 5.5, pp. 128-129; and Riccio et al., 1994, Table 2.5, p. 41.

Jobs-First GAIN activities at the end of year 2 (see Table 2.5). Jobs-First GAIN case managers assigned 50 percent of AFDC-Us to a program activity — a lower assignment rate than for AFDC-FGs (58 percent). About a third of AFDC-Us (34 percent) participated in at least one activity for at least one day. This rate is slightly lower than that for two-parent families enrolled in the earlier, education-focused Los Angeles GAIN (36.0 percent) and about half that for two-parent families in the Riverside GAIN program (66.0 percent), both measured over one year of follow-up.[16] A much larger percentage of AFDC-Us (32 percent) participated in job club than in every other activity. Only about 5 percent of AFDC-Us attended any of the education or training activities, including basic education.[17]

Nearly every AFDC-U experimental group member (92 percent) shifted to long-term nonmandatory status, that is, was deregistered, by the end of the two-year follow-up period. Most who were deregistered (57 percent) left mandatory status because of full-time employment. A much smaller percentage of AFDC-Us in the earlier, education-focused Los Angeles GAIN program (34 percent) were deregistered, whereas a similar proportion (80 percent) left Riverside GAIN.[18] As mentioned above, the Two-Year Client Survey sample included AFDC-FGs only. It is therefore not known how many experimental and control group members in the AFDC-U sample attended education, training, or other employment-related activities outside Jobs-First GAIN on their own initiative.

B. Participation Patterns for Key Subgroups

As discussed in Chapter 1, the AFDC-U sample was relatively evenly divided between males and females. AFDC-U fathers had longer work histories than AFDC-U mothers, and would therefore be expected to have fewer difficulties finding employment after random assignment. Gender differences in work history and other background characteristics might have affected the experiences of male and female AFDC-Us in Jobs-First GAIN — for instance, the likelihood of their attending job club or the frequency with which they incurred a sanction or were deregistered. As shown in Table 2.6, male AFDC-Us had somewhat more contact with the program, but the differences between gender groups in patterns of participation and program status were not large. The participation level for AFDC-U men (37 percent) slightly exceeded that for AFDC-U women (32 percent), but a higher percentage of males than females incurred a sanction (26 percent versus 21 percent). In addition, deregistration rates were higher for males than females (95 percent versus 90 percent), especially for full-time employment (65 percent versus 48 percent; results not shown).

There was greater variation between subgroups defined by level of educational attainment, by race/ethnicity, and by GAIN region in level of participation and frequency of incurring a sanction (see Table 2.6). For instance, 37 percent of AFDC-Us who entered Jobs-First GAIN without a high school diploma or GED certificate attended job club, compared with just

[16] Participation findings for AFDC-Us in the Riverside LFA program are not available at this time.

[17] These low rates of assignment and participation for AFDC-Us can be partially explained by the high proportion of AFDC-Us who received exemptions during their initial appraisal meetings: 18 percent were recommended for an exemption right at that time, and most of them were eventually deregistered from the program (results not shown).

[18] See Friedlander, Riccio, and Freedman, 1993, Table 1.3, pp. 20-21.

Los Angeles Jobs-First GAIN Evaluation

Table 2.5

Rates of Participation and Status Within Two Years of Orientation for AFDC-U Experimental Group Members

Outcome (%)	
Assigned to any activity[a]	49.6
Ever participated in[b]	
Any activity[c]	34.4
Job search	32.1
Any education or training	4.8
Basic education	2.3
ESL	1.4
ABE	0.3
GED	0.5
High school	0.2
Vocational training	2.9
Work experience	2.6
OJT	0.0
Assessment	4.3
Deregistered for any reason[d]	92.4
For employment	57.0
For sanction	31.7
For other reason	51.8
In conciliation	79.5
Sanctioned	23.4
Deferred for any reason	47.0
For unapproved SIT[e]	6.9
Sample size	4,039

SOURCE: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS).

NOTES:

[a]The assignment rate includes assignment to all activities listed, except assessment.

[b]Participation rates include participation for at least one day in either a program-referred or approved self-initiated activity.

[c]"Any activity" includes all activities listed, except assessment.

[d]Subgroup percentages sum to more than the total deregistration percentage because some recipients were deregistered more than once during the follow-up period.

[e]An SIT is a self-initiated activity ("self-initiated training").

Los Angeles Jobs-First GAIN Evaluation

Table 2.6

Rates of Participation and Status Among AFDC-U Experimental Group Members Within Two Years of Orientation, by Region and Subgroup

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
San Fernando Valley (Region 2)	1,209	21.8	20.3	2.0	19.4	92.1
San Gabriel Valley (Region 3)	1,095	32.9	31.4	2.9	20.7	93.2
Central (Region 4)	472	34.7	31.4	6.1	27.3	92.2
Southern (Region 5)[a]	481	40.3	37.6	7.9	25.8	92.9
Southeastern (Region 6)	782	51.9	48.6	9.2	29.7	91.9
Male	2,118	36.5	34.8	4.1	26.1	95.0
Female	1,921	32.0	29.2	5.6	20.6	89.6
White	1,149	18.0	16.0	3.0	18.5	91.5
African-American	212	43.4	42.0	7.1	35.4	87.7
Hispanic	1,906	46.7	44.2	6.1	28.0	93.0
Asian	766	25.8	23.6	3.7	16.4	93.9
Proficient in English[b]	1,947	40.0	37.2	5.8	29.4	91.2
White	574	28.6	26.7	3.3	25.8	89.2
Hispanic	963	47.0	43.2	7.3	31.8	92.8
Asian	206	36.4	34.5	4.4	22.3	93.2
Not proficient in English[b]	2,092	29.1	27.4	4.0	17.9	93.6
White	575	7.5	5.4	2.8	11.3	93.7
Hispanic	943	46.3	45.3	4.9	24.1	93.2
Asian	560	22.0	19.6	3.4	14.3	94.1

(continued)

-32-

Table 2.6 (continued)

Region or Subgroup	Sample Size	Participated (%) Any Activity	Job Club	Any Education and Training	Sanctioned (%)	Deregistered (%)
Has a high school diploma or GED	1,650	28.3	25.8	4.7	22.4	91.0
Does not have a high school diploma or GED	2,389	38.6	36.5	4.9	24.2	93.5
Applicant	446	41.0	38.8	7.2	24.0	91.3
Short-term recipient	1,226	39.6	36.8	6.3	25.6	90.7
Long-term recipient	2,367	30.4	28.5	3.6	22.2	93.6
Employed in year prior to random assignment	1,406	37.3	34.5	5.8	24.2	93.4
Not employed in year prior to random assignment	2,633	32.8	30.9	4.3	23.1	91.9
Most disadvantaged[c]	1,021	36.1	34.8	3.4	24.4	94.8

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS), California Employment Development Department Unemployment Insurance earnings records, and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: Subgroup sample sizes may not sum to the total sample size because of missing data.

[a]This region serves the low-income communities of Watts, Compton, and North Long Beach.

[b]Includes outcomes for African-Americans and Native Americans/Alaskan natives.

[c]The "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

-33-

26 percent of high school graduates or GED recipients. More dramatic differences in participation level were observed among the four largest racial/ethnic subgroups of the AFDC-U sample. Specifically, participation levels for Hispanics and African-Americans (47 percent and 43 percent, respectively) were more than twice as high as those for whites and exceeded the levels for first- and second-generation immigrants from Vietnam, Cambodia, and every other Asian country by nearly the same factor. African-Americans and Hispanics were also much more likely to incur a financial sanction during the first year of follow-up. Similarly, AFDC-Us from the San Fernando Valley, 60 percent of whom were white, were much less likely to participate in a Jobs-First GAIN activity than sample members residing elsewhere in the county. In contrast, AFDC-Us from the Southeastern region, nearly all of whom were Hispanic, had the highest level of participation of any racial/ethnic subgroup of AFDC-Us. As was the case for Hispanic AFDC-FGs, participation rates were about the same for Hispanic AFDC-Us with and without English proficiency. Among white and Asian AFDC-Us, a higher percentage of experimental group members who were proficient in English than of those who were not proficient in English participated in Jobs-First GAIN activities.

Chapter 3

Costs of Jobs-First GAIN

The cost analysis presented in this chapter estimates how much the Los Angeles County welfare department (DPSS) and other government agencies spent to provide employment-related services to experimental and control group members in the Jobs-First GAIN Evaluation. The estimates include expenditures by DPSS for Jobs-First GAIN activities and support services, as well as funds for Jobs-First GAIN activities that came from other agencies' operating budgets. Further, the chapter estimates the average costs to outside providers of providing employment-related services that experimental and control group members sought out on their own initiative. This information will be useful to administrators and planners who want to understand the level of the government's investment in Los Angeles's Jobs-First GAIN program and compare the program's effects to those of other types of welfare-to-work strategies. Moreover, the results of this analysis provide context for interpreting Jobs-First GAIN's impacts and cost-effectiveness, which are reported in later chapters.

The primary goal of the cost analysis is to estimate the average *net cost* to the government of providing employment and education-related services to members of the experimental group. The net cost is the difference between the average cost per experimental group member and the average cost per control group member of all Jobs-First GAIN and non-Jobs-First GAIN services used during the period studied. These costs include those of services provided from the date of random assignment until September 30, 1998. (Starting on October 1, 1998, all experimental and control group members still mandated to participate were enrolled in CalWORKs.) The period studied lasted from two years to two and a half years, depending on each sample member's date of random assignment. Chapter 8 presents a benefit-cost analysis that addresses whether the economic gains to the government budget exceeded the additional expenditures required to provide Jobs-First GAIN services to experimental group members. This chapter begins with an overview of the major components of the cost analysis. It then discusses the cost estimates in detail for experimental and control group members.

I. Key Findings

- The estimated total, or gross, cost (in 1998 dollars) of Jobs-First GAIN and non-Jobs-First GAIN activities per AFDC-FG experimental group member (including participants and nonparticipants) was $4,305. DPSS paid about $1,771 per experimental group member (41 percent of the gross cost), primarily for case management and the operation of the program's motivational orientation session and job clubs. Another 15 percent of the cost was paid by schools and other agencies, mostly for basic education and vocational training for experimental group members assigned to these activities by Jobs-First GAIN. The remainder of the gross cost (about 44 percent) represents expenditures paid by other agencies and institutions for non-Jobs-First GAIN activities.

- The experimental-control difference in cost, or net cost, of Los Angeles's Jobs-First GAIN program — $1,392 per AFDC-FG experimental group member — was

much smaller than its gross cost largely because of control group members' relatively high levels of participation in education and training activities.

- The estimated gross and net costs of Jobs-First GAIN for AFDC-U experimental group members averaged $2,485 and $1,170, respectively — less than the corresponding costs for AFDC-FGs.
- Jobs-First GAIN's gross and net costs fell well below those of the earlier, education-focused Los Angeles GAIN program and were comparable to those of Work First programs previously evaluated by MDRC.

II. Major Components of the Cost Analysis

Figures 3.1 and 3.2 illustrate the cost components for the experimental and control groups in the AFDC-FG and AFDC-U samples, respectively. Costs were calculated for two categories of activities and services: those provided to meet Jobs-First GAIN requirements or support Jobs-First GAIN participation and those provided to support non-Jobs-First GAIN services and activities. In each category, costs are further broken down into those paid by DPSS and those paid by non-welfare agencies. The figures show that the Jobs-First GAIN-related cost per experimental group member (Box 3) equals the expenditures incurred by DPSS to operate the program (Box 1) plus the expenditures incurred by non-welfare agencies (for example, adult basic education schools, community colleges, and proprietary schools) to provide education and training activities that met Jobs-First GAIN requirements (Box 2). The non-Jobs-First GAIN costs per experimental group member (Box 6) include the costs of services that experimental group members received on their own (Box 5), generally after leaving the program. The Jobs-First GAIN and non-Jobs-First GAIN costs per experimental group member make up the gross cost per experimental group member (Box 7).

As discussed in Chapter 2, about 44 percent of control group members participated in non-Jobs-First GAIN activities on their own initiative. Box 9 displays the cost of these activities per control group member. Control group members were eligible to receive support service payments from DPSS to cover child care, transportation, and other expenses related to their participation in non-Jobs-First GAIN activities (Box 8). The sum of these costs (in Boxes 8 and 9) is the gross cost per control group member (Box 10).

This chapter is organized to move through the boxes in Figures 3.l and 3.2, beginning with Jobs-First GAIN-related expenditures and ending with the program's net cost per experimental group member (Box 11). The net cost equals the gross cost per experimental group member (Box 7) less the amount that would have been spent in the program's absence, that is, the gross cost per control group member (Box 10). The tables that follow show the above components broken down by activity and type of support service payment.

III. Jobs-First GAIN-Related Cost per AFDC-FG Experimental Group Member

This section examines expenditures made by the welfare department and by non-welfare agencies for Jobs-First GAIN-related activities and support services for AFDC-FGs.

A. Jobs-First GAIN-Related Expenditures by the Welfare Department (Figure 3.1, Box 1)

Welfare department costs consisted of program operating costs paid by DPSS and the costs of support services that experimental group members received to enable their participation in Jobs-First GAIN.

1. Operating costs. DPSS covered the expenditures for the day-to-day operation of the program, including expenditures for case management services, overhead, orientation to the program, job club, and work experience.[1] Payments made by DPSS to the County Office of Education for running orientations and job clubs and to outside organizations for providing unpaid work experience positions are included in welfare department costs (Box 1) and allocated across activities (see Table 3.2). Welfare department costs also include the expenditures for case management associated with program referrals to education and training activities that other agencies and institutions funded.[2] Expenditures for actually operating these activities appear as non-welfare agency costs.

Unit cost estimates are central to cost analysis. The unit cost of an activity is an estimate of the average cost of providing the activity to one person for a specified unit of time. Typically, MDRC collects agency participation and expenditure information for a "steady-state" period — that is, a one- to 12-month period during one fiscal year that falls within the follow-up period for the evaluation. Costs are then distributed among specific activities. It was beyond the scope of the present evaluation to estimate unit costs in this way. As a proxy, this analysis uses the unit costs of orientation, appraisal, and assessment; job search; basic education; and vocational training or post-secondary education calculated for the earlier Los Angeles GAIN program and of work experience or on-the-job training (OJT) calculated for the Riverside Labor Force Attachment (LFA) program. These unit costs were expressed in 1998 dollars and used to estimate gross costs for both AFDC-FGs and AFDC-Us.[3]

Table 3.1 (columns 1 and 2) shows the welfare department unit costs of the five activities, and Table 3.2 (top panel, column 1) displays the average gross cost to the welfare department per experimental group member. To obtain the cost per experimental group member shown in Table

[1]The staff costs of referring clients to Jobs-First GAIN are not included in this analysis. The costs of orientation and appraisal, however, are included, because only experimental group members attended these activities.

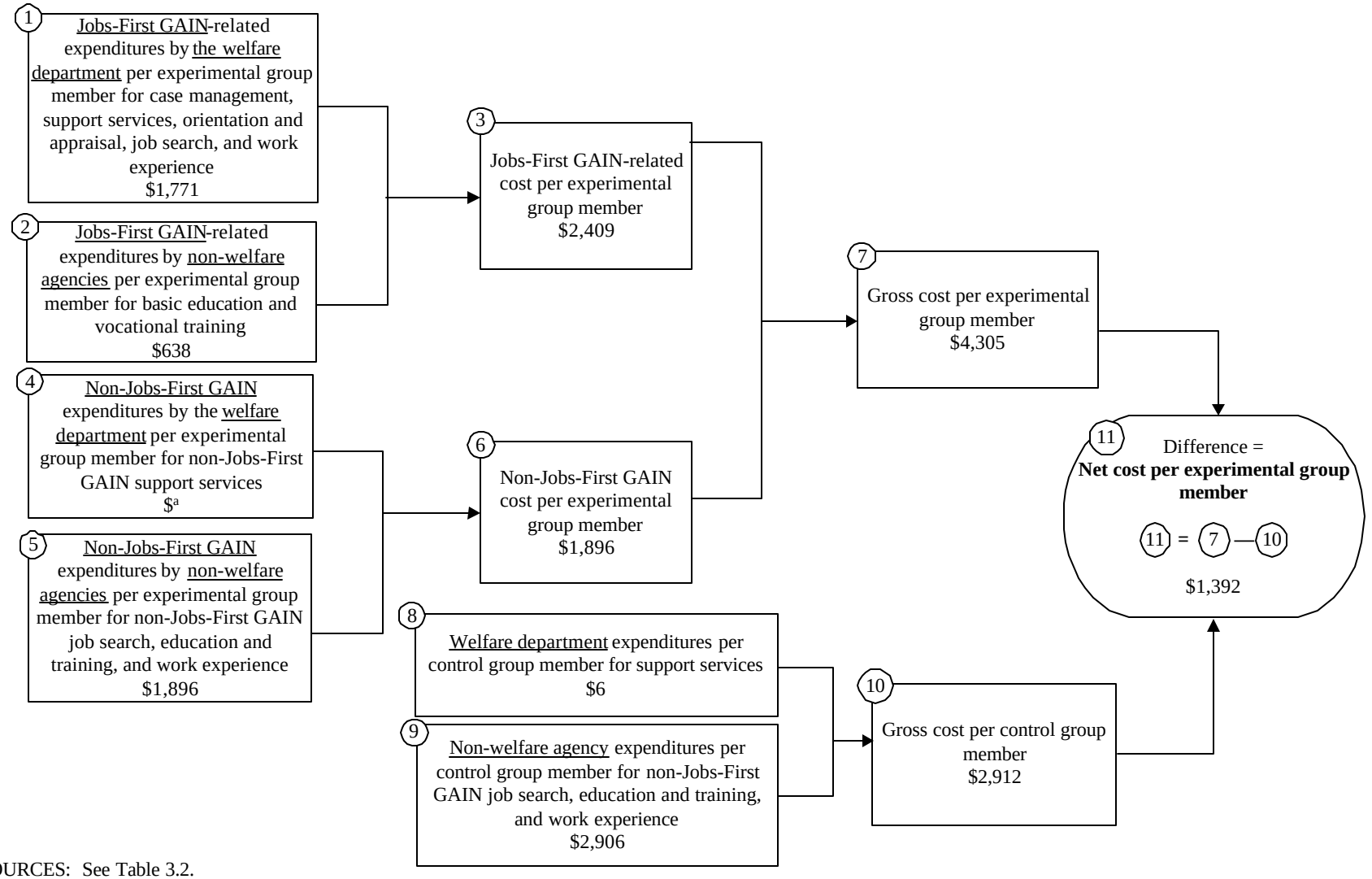
[2]Case management tasks include meeting with enrollees, arranging for support services, monitoring participation, maintaining contact with providers, and enforcing participation mandates.

[3]For a detailed explanation of participant-months, unit costs, cost per experimental versus control group member, and other general methodological issues, see Riccio et al., 1994, Chapter 3, pp. 64-104, and Hamilton et al., 1997, Chapter 7, pp. 165-169.

Los Angeles Jobs-First GAIN Evaluation

Figure 3.1

Major Components of Gross and Net Costs for AFDC-FGs (in 1998 Dollars)



SOURCES: See Table 3.2.

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

[a]Dollar value is unavailable, but likely to be near $0.

Los Angeles Jobs-First GAIN Evaluation

Table 3.1
Estimated Unit Costs of Employment-Related Activities per AFDC-FG Experimental and Control Group Member (in 1998 Dollars)

	Experimental Group Members			Control Group Members	
	Welfare Department Unit Cost ($)		Non-Welfare Agency Unit Cost ($)	Non-Welfare Agency Unit Cost ($)	
Activity	Average per Participant-Month	Average per Appraisal	Average per ADA	Average per Participant-Month	Average per ADA
Orientation, appraisal, and assessment		572			
Job search	611			152	
Basic education	317		2,342		2,334
Vocational training/ post-secondary education	178		3,580		3,639
Work experience/OJT	565			565	

SOURCES: Unit cost estimates for Los Angeles GAIN from Riccio et al., Table 3.1, pp. 72-73, and for Riverside LFA from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Unit costs from the source tables were converted from 1993 into 1998 dollars.

"ADA" is a unit of Average Daily Attendance, a measure used by California community colleges and adult schools that is defined as a block of 525 hours of attendance. (One ADA unit equals the total course time for a full-time student during a normal academic year.)

Table 3.2
Estimated Costs per AFDC-FG Experimental and Control Group Member Within Two Years of Orientation, by Agency (in 1998 Dollars)

Activity	Jobs-First GAIN Cost per Experimental Group Member ($)			Non-Jobs-First GAIN Cost per Experimental Group Member ($)			Gross Cost per Experimental Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs-First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs-First GAIN Cost	
Orientation and assessment	656	0	656	0	0	0	656
Job search	460	0	460	0	23	23	483
Basic education	106	114	220	0	170	170	390
Vocational training/post-secondary education	119	524	643	0	1,597	1,597	2,240
Work experience/OJT	101	0	101	0	105	105	206
Subtotal (operating)	1,442	638	2,080	0	1,896	1,896	3,975
Child care[a]	258	0	258	n/a	n/a	n/a	258
Other support services	71	0	71	n/a	n/a	n/a	71
Total	1,771	638	2,409	0	1,896	1,896	4,305

Activity	Jobs-First GAIN Cost per Control Group Member ($)			Non-Jobs-First GAIN Cost per Control Group Member ($)			Gross Cost per Control Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs-First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs-First GAIN Cost	
Orientation and assessment	0	0	0	0	0	0	0
Job search	0	0	0	0	40	40	40
Basic education	0	0	0	0	507	507	507
Vocational training/post-secondary education	0	0	0	0	2,290	2,290	2,290
Work experience/OJT	0	0	0	0	70	70	70
Subtotal (operating)	0	0	0	0	2,906	2,906	2,906
Child care[a]	0	0	0	6	n/a	6	6
Other support services	0	0	0	0	n/a	n/a	0
Total	0	0	0	6	2,906	2,912	2,912

(continued)

-52-

Table 3.2 (continued)

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey, based on unit cost estimates from Riccio et al., 1994, Table 3.1, pp. 72-73, and from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Rounding may cause slight discrepancies in calculating sums.

N/a = not available or applicable.

[a]Includes $31 in CalWORKs child care assistance for employment for the experimental group and $2 in CalWORKs child care assistance for employment for the control group.

-53-

3.2 (top panel, column 1), the unit cost of each activity was multiplied by experimental group members' average number of months of participation in that activity. (In addition, each experimental group member was credited with attending one orientation session, and monthly costs of orientation, appraisals, and assessments were added to her total.) Thus, the differences in gross cost between activities can be explained by differences in unit cost, participation level, and length of stay among those who took part. For example, the estimated welfare department unit cost of job search activities ($611) exceeded the unit cost of orientation, appraisal, and assessment ($572) by a small amount. The cost per experimental group member to the welfare department of job search activities was lower ($460 versus $656), however, because 37 percent of experimental group members participated in job search, whereas all experimental group members attended orientation (see Table 2.1). As Table 3.2 shows, the sum of all activities' costs per experimental group member yields a total Jobs-First GAIN welfare department operating cost of $1,442 per experimental group member.

2. Support service costs. DPSS paid for child care, transportation, and ancillary services (for example, uniforms, tools, equipment, books, registration, and licensing fees) to help sample members participate in Jobs-First GAIN. Data on individual support service expenditures were collected for all experimental group members from the GAIN Employment Activity and Reporting System (GEARS) automated payment records.

Table 3.2 (top panel, column 1) shows that the average total Jobs-First GAIN child care cost in Los Angeles was $258 per experimental group member.[4] About 23 percent of experimental group members received a child care payment during the follow-up period (result not shown). These results fall within the same range as those for Work First programs previously evaluated by MDRC; the Jobs-First GAIN child care cost is somewhat below that of the earlier GAIN program in Los Angeles.[5] Jobs-First GAIN experimental group members received an average of $71 to cover expenses for transportation to activities and to appointments with Jobs-First GAIN case managers and for ancillary expenses.

3. Total Jobs-First GAIN-related costs incurred by the welfare department. Table 3.2 (top panel, column 1) shows that Los Angeles's welfare department paid a total of $1,771 per experimental group member for Jobs-First GAIN services, including both operating and support service expenditures.

B. Jobs-First GAIN-Related Expenditures by Non-Welfare Agencies (Figure 3.1, Box 2)

As discussed above, outside providers paid most of the costs of operating Jobs-First GAIN's

[4]The total average includes an average of $31 in costs for child care owing to employment, which after April 1998 were paid under the provisions of the CalWORKs program.

[5]See Hamilton et al., 1997, Tables 7.2 and 7.3, pp. 170-171, and Riccio et al., 1994, Table 3.4, pp. 88-90. Average child care costs (in 1993 dollars) ranged from $73 per enrollee in Riverside LFA to $709 per enrollee in Atlanta LFA, or from $80 to $779 in 1998 dollars. Between 17 percent and 31 percent of enrollees in the LFA programs in Atlanta, Grand Rapids, and Riverside received a child care payment within two years of random assignment. The GAIN program in Riverside County spent only $57 per experimental group member (in 1993 dollars) and Los Angeles GAIN spent $314 — or $63 and $345, respectively, in 1998 dollars.

basic education and vocational training activities. The Jobs-First GAIN-related cost per experimental group member paid by non-welfare agencies for these activities was calculated by multiplying the unit cost estimate for each activity by the average number of hours that experimental group members participated in it.[6] Table 3.2 (top panel, column 2) shows that the estimated non-welfare agency cost of Jobs-First GAIN education and training was $638 per experimental group member. Most of these expenses went toward providing vocational training.

C. Total Jobs-First GAIN-Related Cost (Figure 3.1, Box 3)

Adding the welfare department and non-welfare department costs of Jobs-First GAIN yields a total Jobs-First GAIN-related cost per experimental group member of $2,409 (Table 3.2, top panel, column 3). As expected, most expenditures for Jobs-First GAIN (about 59 percent, excluding support service payments) went toward operating Jobs-First GAIN's employment-focused activities — job search and work experience (DPSS did not offer OJT) — and the program's motivational orientation and appraisal sessions. The costs of providing education and training services were also substantial, even though about three and a half times as many experimental group members participated in job search as participated in education and training (see Table 2.1). Most experimental group members who participated in job search activities attended only one three-week session, however, compared with an average of several months of attendance for participants in education and training activities (see Table 2.4). The longer average stay in education and training activities increased their cost relative to that of job search. In addition, the unit costs of operating education and training activities exceeded the unit cost of job search by a wide margin.

As expected, the total cost per experimental group member of Jobs-First GAIN activities ($2,409 in 1998 dollars) fell well below the cost of operating DPSS's previous education-focused GAIN program ($6,577 in 1998 dollars). In addition, Jobs-First GAIN's cost fell within the range of those of other employment-focused programs — specifically, above Riverside LFA's ($1,349 in 1998 dollars) and below Riverside GAIN's ($3,257 in 1998 dollars).[7]

IV. Non-Jobs-First GAIN Cost per AFDC-FG Experimental Group Member

As discussed in Chapter 2, some experimental group members entered education and training activities on their own after leaving Jobs-First GAIN or participated in activities that were not approved by Jobs-First GAIN staff while enrolled in the program. Although these services are not considered to be Jobs-First GAIN-related, they have the potential to increase experimental group members' long-term earnings and reduce their reliance on welfare, just as these services have this potential for the control group. Thus, they should be included in the gross cost estimate before the cost per experimental group member is compared with the cost per control group member.

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[6]The average total number of hours of participation was estimated from responses to the Two-Year Client Survey. Activities were considered to be Jobs-First GAIN activities if they were also recorded on DPSS's tracking system, GEARS.

[7]See Riccio et al., 1994, Table 3.4, pp. 88-90, and Hamilton et al., 1997, Table 7.2, p. 170, for costs expressed in 1993 dollars. The cost of Atlanta LFA was $2,838 (in 1993 dollars) and the cost of Grand Rapids LFA was $3,109 (in 1993 dollars).

A. Non-Jobs-First GAIN Expenditures for Transitional Child Care (Figure 3.1, Box 4)

It was beyond the scope of this evaluation to investigate the receipt of subsidized child care while experimental group members were working or participating in employment-related activities outside Jobs-First GAIN. Evidence from survey responses suggests that very few experimental group members received a child care payment and that such assistance contributed very little to the gross cost of serving experimental group members.[8]

B. Non-Jobs-First GAIN Expenditures by Non-Welfare Agencies (Figure 3.1, Boxes 5 and 6)

Table 3.2 (top panel, column 5) shows that outside providers spent an average of $1,896 per experimental group member on activities not approved by Jobs-First GAIN staff that experimental group members attended on their own initiative. Most of the expenditures went to pay for vocational training and post-secondary education.[9] Notably, the cost of these outside activities is nearly 80 percent of the average cost of Jobs-First GAIN. Longer stays and higher unit costs for education and training explain why costs for non-Jobs-First GAIN activities were relatively high.

V. Gross Cost per AFDC-FG Experimental Group Member (Figure 3.1, Box 7)

The gross cost per experimental group member (Box 7) was determined by adding the Jobs-First GAIN-related cost (Box 3) to the non-Jobs-First GAIN-related cost per experimental group member (Box 6). This estimate is important because it represents the costs of all services, both Jobs-First GAIN-related and non-Jobs-First GAIN-related, that have the potential to increase experimental group members' long-term earnings and reduce their use of welfare. This total investment must be compared to the gross cost per control group member in order to determine the government's net investment per experimental group member and, in the benefit-cost analysis presented in Chapter 8, the net payoff of that investment.

Los Angeles's gross cost per experimental group member averaged $4,305, somewhat above the average costs per experimental group member found in previous evaluations of Work First programs by MDRC. This average gross cost also exceeded those of the two Riverside programs (GAIN,

[8]In the Two-Year Client Survey, just under 4 percent of experimental group respondents reported receiving a child care payment or reimbursement while working. The same percentage reported receiving a payment from the welfare department for child care after they left welfare for employment.

[9]These costs were estimated from responses to the Two-Year Client Survey concerning activities not recorded on GEARS.

$2,288, and LFA, $3,813, in 1998 dollars), but came nowhere near the gross cost of the earlier GAIN program in Los Angeles ($7,036 in 1998 dollars).[10]

VI. Gross Cost per AFDC-FG Control Group Member

The gross cost per control group member represents the average cost to government agencies of providing employment-related services to welfare recipients in the absence of Jobs-First GAIN. The difference between the gross cost per experimental group member and the gross cost per control group member represents the net cost of Jobs-First GAIN. As discussed in Chapter 2, about 44 percent of control group members enrolled in employment-related activities on their own initiative. In addition, control group members were eligible for support services from DPSS for their self-initiated activities, although, as noted below, almost no control group members requested such services. Therefore, expenditures paid by non-welfare agencies account for all but a tiny fraction of the gross cost per control group member.

A. Non-Jobs-First GAIN Expenditures by the Welfare Department (Figure 3.1, Box 8)

Control group members were eligible to receive child care assistance for education and training activities that they participated in on their own and could receive work-related transitional and other non-Jobs-First GAIN child care. It appears, however, that very few control group members received such assistance. Table 3.2 (bottom panel, column 4) shows that the welfare department's expenditures for support services averaged only $6 per control group member.

B. Non-Jobs-First GAIN Expenditures by Non-Welfare Agencies and Gross Cost (Figure 3.1, Boxes 9 and 10)

Table 3.2 (bottom panel, column 5) shows that non-welfare agencies' expenditures averaged $2,906 per control group member. Most of these expenditures went toward vocational training and post-secondary education ($2,290) or basic education ($507). Adding non-welfare agency expenditures and welfare department expenditures yields an average gross cost per control group member of $2,912.

VII. Net Cost per AFDC-FG Experimental Group Member (Figure 3.1, Box 11)

The net cost per experimental group member is calculated by subtracting the gross cost per control group member (Box 10) from the gross cost per experimental group member (Box 7). The difference is $1,392 (Box 11). As discussed in the previous chapter, Jobs-First GAIN's overall impact on the use of employment-related services resulted mostly from gains in participation in job search (job club) and, to a much lesser extent, from increased participation in unpaid work experience jobs. These

[10]See Hamilton et al., 1997, Tables 7.2 and 7.4, pp. 170, 179, and Riccio et al., 1994, Tables 3.4 and 3.5, pp. 88-90, 93-94. About 56 percent of the estimated gross cost ($2,409 divided by $4,305) was Jobs-First GAIN-related, which is considerably less than the corresponding percentages for Los Angeles GAIN and Riverside GAIN (85 percent and 94 percent, respectively), though comparable to that for Riverside LFA (59 percent).

activities, coupled with experimental group members' attendance at Jobs-First GAIN's motivational orientation and the program's modest expenditures for support services, produced the net increase in cost. About equal percentages of experimental and control group members attended classes in basic education, vocational training, or post-secondary education, resulting in little net change in the costs of these activities.

Jobs-First GAIN's net cost is close to those of several other Work First programs evaluated by MDRC, the costs of which range from about $1,200 to $2,500 (in 1998 dollars). As expected, the net cost of Jobs-First GAIN was much lower than — in fact, was less than one-quarter of — the net cost of the Los Angeles GAIN program ($6,363). The difference between the two Los Angeles programs in cost resulted in large part from DPSS's switch to lower-cost job search services, but also from the much greater use of employment-related services by members of the control group in the Jobs-First GAIN Evaluation.[11]

VIII. Summary of Cost Estimates for AFDC-Us (Figure 3.2, Table 3.3)

Gross and net cost estimates for AFDC-U experimental group members require much more guesswork. As in the AFDC-FG cost analysis, estimates of the welfare department costs for Jobs-First GAIN activities were calculated from DPSS's automated program tracking and support service payment records. As discussed in Chapter 2, a smaller percentage of AFDC-U than AFDC-FG experimental group members participated in a Jobs-First GAIN activity. On average, AFDC-Us also spent fewer months in Jobs-First GAIN activities and received fewer dollars in support service payments. As would be expected given AFDC-U experimental group members' less extensive involvement in Jobs-First GAIN, the total welfare department cost for AFDC-U experimental group members averaged $1,350 (Figure 3.2, Box 1), that is, $421 less than what DPSS spent for AFDC-FG experimental group members.

The Two-Year Client Survey sample included no AFDC-Us. Therefore, no survey data were available for estimating their total hours of participation in Jobs-First GAIN basic education and vocational training activities or the resulting operating costs to outside providers. Moreover, the extent of AFDC-Us' participation in activities outside Jobs-First GAIN and the cost of these services were not measured.

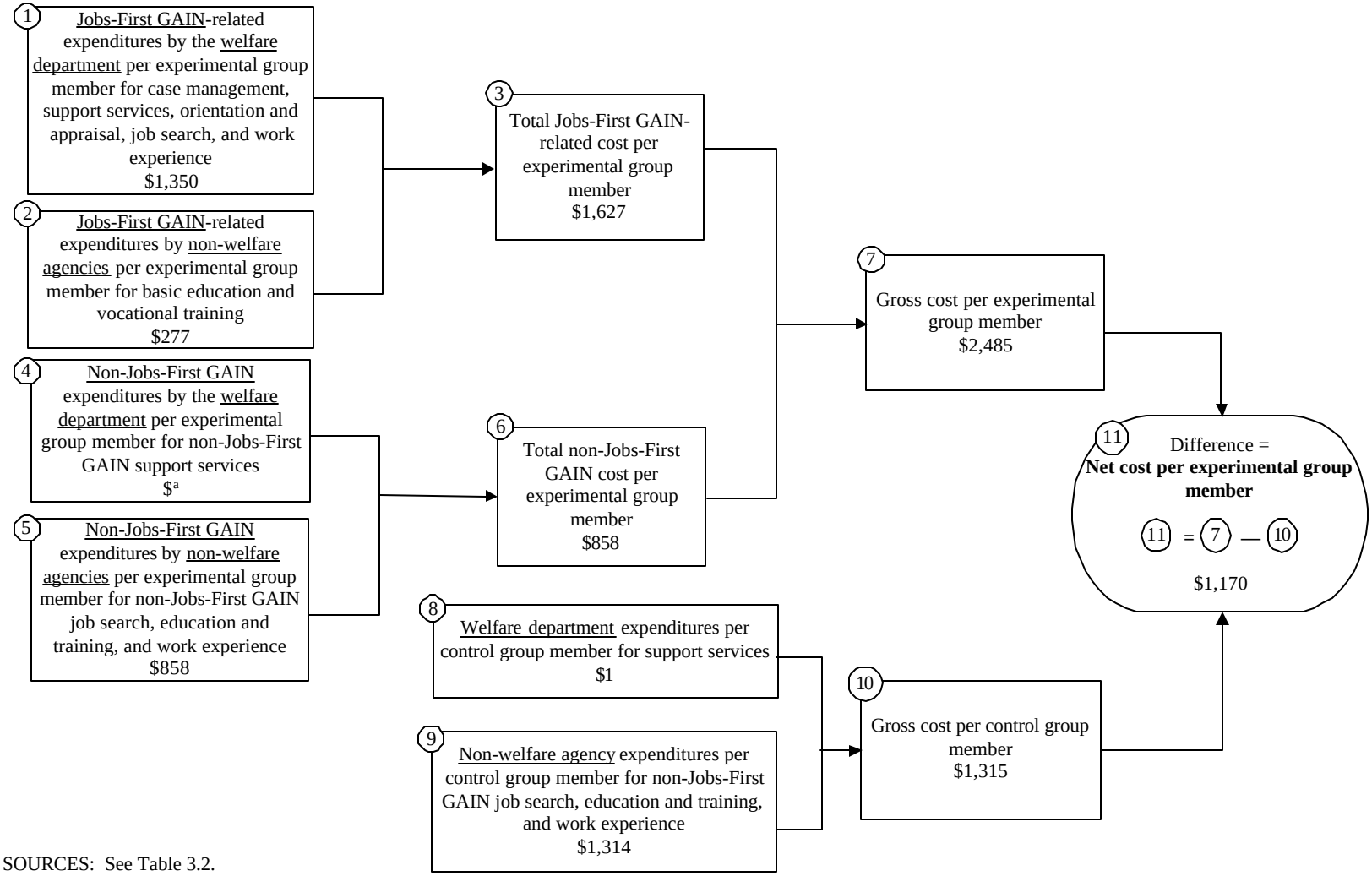
Survey data for AFDC-FG experimental and control group members were used to make the gross and net cost estimates for AFDC-Us, but were adjusted downward. That is, it was assumed that AFDC-U experimental group members' lower level of participation in Jobs-First

[11]See Hamilton et al., 1997, Table 7.4, p. 179; and Riccio et al., 1994, Table 2.4, p. 39, and Table 3.5, pp. 93-94. For instance, about 11 percent of Los Angeles GAIN control group members participated in vocational training or post-secondary education, compared with 33 percent of Jobs-First GAIN control group members.

Los Angeles Jobs-Fist GAIN Evaluation

Figure 3.2

Major Components of Gross and Net Costs for AFDC-Us (in 1998 Dollars)



SOURCES: See Table 3.2.

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

[a]Dollar value is unavailable, but likely to be near $0.

Table 3.3
Estimated Costs per AFDC-U Experimental and Control Group Member Within Two Years of Orientation, by Agency (in 1998 Dollars)

Activity	Jobs-First GAIN Cost per Experimental Group Member ($)			Non-Jobs-First GAIN Cost per Experimental Group Member ($)			Gross Cost per Experimental Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs-First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs-First GAIN Cost	
Orientation and assessment	611	0	611	0	0	0	611
Job search	409	0	409	0	20	20	429
Basic education	60	65	126	0	97	97	223
Vocational training/post-secondary education	48	212	260	0	646	646	906
Work experience/OJT	90	0	90	0	94	94	185
Subtotal (operating)	1,219	277	1,496	0	858	858	2,354
Child care[a]	84	0	84	n/a	n/a	n/a	84
Other support services	47	0	47	n/a	n/a	n/a	47
Total	1,350	277	1,627	0	858	858	2,485

Activity	Jobs-First GAIN Cost per Control Group Member ($)			Non-Jobs-First GAIN Cost per Control Group Member ($)			Gross Cost per Control Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs-First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs-First GAIN Cost	
Orientation and assessment	0	0	0	0	0	0	0
Job search	0	0	0	0	35	35	35
Basic education	0	0	0	0	290	290	290
Vocational training/post-secondary education	0	0	0	0	926	926	926
Work experience/OJT	0	0	0	0	63	63	63
Subtotal (operating)	0	0	0	0	1,314	1,314	1,314
Child care	0	0	0	0	n/a	0	0
Other support services	0	0	0	1	n/a	1	1
Total	0	0	0	1	1,314	1,315	1,315

(continued)

-52-

Table 3.3 (continued)

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey, based on unit cost estimates from Riccio et al., 1994, Table 3.1, pp. 72-73, and from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Rounding may cause slight discrepancies in calculating sums.
N/a = not available or applicable.
[a]Includes $9 in CalWORKs child care assistance for employment.

-53-

GAIN meant that AFDC-Us in both research groups participated less often in activities outside the program as well.

The factor by which the non-welfare agency cost estimates were adjusted was the following: AFDC-U experimental group members' average number of months of participation in Jobs-First GAIN activities divided by AFDC-FG experimental group members' average number of months of participation in Jobs-First GAIN activities. For example, based on DPSS's automated program tracking records, AFDC-U experimental group members averaged 0.19 month of participation in Jobs-First GAIN basic education classes, whereas AFDC-FG experimental group members averaged 0.33 month. It was estimated (from survey responses) that AFDC-FG experimental group members attended basic education classes outside Jobs-First GAIN for an average of about 38 hours. Using the above formula, the average number of hours of attendance in basic education outside Jobs-First GAIN for AFDC-Us was calculated by multiplying 38 hours by (0.19/0.33), which equals about 22 hours. This average was then multiplied by the non-welfare department unit cost of basic education to obtain an estimated gross cost of basic education outside Jobs-First GAIN for AFDC-U experimental group members of $97. A similar procedure was used to estimate costs for AFDC-U control group members.[12]

According to the same formula, outside providers spent an average of $277 per AFDC-U experimental group member to provide basic education and vocational training. The combined cost of Jobs-First GAIN activities and support services came to $1,627, about a third less than that for AFDC-FG experimental group members. AFDC-U experimental group members required an additional $858 from outside providers for participation in non-Jobs-First GAIN activities, bringing their average gross cost up to $2,485 per experimental group member. The average gross cost for AFDC-U control group members was $1,315. Therefore, the net cost of Jobs-First GAIN for AFDC-Us was $2,485 minus $1,315, or $1,170.

[12]For AFDC-U control group members, estimates of total months or hours of participation for AFDC-FG control group members were used in the calculations. For example, the AFDC-U control group's average for basic education was estimated to be 114 hours (for AFDC-FGs) x (0.19/0.33), or about 66 hours.

Chapter 4

Impacts for AFDC-FGs

This chapter describes the impact of Jobs-First GAIN on single parents' (AFDC-FGs') employment, earnings, and welfare and Food Stamp payments. It also examines whether experimental group members found jobs with better hours, wages, or benefits than did control group members. As explained earlier in this report, results for control group members represent the outcomes that welfare recipients would be expected to achieve in the absence of Jobs-First GAIN. Experimental-control differences in outcomes represent the impacts of Jobs-First GAIN — that is, the extra value associated with having access to Jobs-First GAIN services, being exposed to its Work First message, and being required to participate in the program.

In this report, welfare payments received after random assignment are referred to as AFDC/TANF payments because California received its first TANF block grant in the middle of the Jobs-First GAIN Evaluation's follow-up period. Welfare receipt and Food Stamp receipt refer to the proportions of people receiving AFDC/TANF and Food Stamps, respectively. Employment refers to the proportion of people working for pay.

I. Key Findings

- Jobs-First GAIN produced a large two-year increase in employment (10 percentage points) and a moderate increase in total earnings (averaging $800 per year). Earnings gains grew over the follow-up period, while employment gains decreased slightly in year 2.

- Two-Year Client Survey responses indicate that Jobs-First GAIN increased the proportion of people who obtained jobs with full-time hours and with benefits such as medical coverage and paid vacation. Only a minority of experimental group members, however, found such desirable jobs. At the end of the follow-up period, the majority of sample members were either jobless or held a job with few benefits.

- Over two years, Jobs-First GAIN produced a moderate decrease in total months of AFDC/TANF receipt (one month) and a large reduction in welfare expenditures ($972, or 10 percent). Nevertheless, a relatively high percentage of experimental group members remained on welfare at the end of two years (62 percent). Jobs-First GAIN led to two-year reductions in Food Stamp receipt and reductions in Food Stamp expenditures of similar magnitude to the reductions in AFDC/TANF payments.

- Jobs-First GAIN achieved larger employment and earnings gains than the county's previous, basic-education-focused program. A comparison of impacts for welfare recipients in Jobs-First GAIN with those for recipients with similar background

characteristics in the earlier Los Angeles GAIN program showed that Jobs-First GAIN increased two-year earnings by more than $1,700, compared with a two-year impact of only $200 for the earlier program. Jobs-First GAIN and its predecessor reduced average welfare expenditures by a similar amount, however: about $1,000 per experimental group member.

- Jobs-First GAIN produced positive impacts in all five regions of Los Angeles County in which it was implemented and for many different types of welfare recipients, including those typically considered the least job-ready (for instance, those who did not work in the year prior to random assignment).

II. Background Information for Interpreting Results

A. Possible Effects of Jobs-First GAIN

Work First programs — whether they take a job-search-first approach, as did Jobs-First GAIN, or provide mixed services, as did the Riverside GAIN program — are expected to produce positive impacts on employment and earnings (averaged across all sample members) by helping recipients find employment who would have remained jobless without the program. In addition, Jobs-First GAIN should have helped people who would have eventually found work on their own to find a job sooner. Jobs-First GAIN may have positively affected even those recipients who did not participate in program activities. For instance, even enrollees who experienced only the program's Work First message (because they did not participate in Jobs-First GAIN activities) may have increased their job-seeking effort. The threat of a financial sanction might also have encouraged nonparticipants to find a job.

In experimental evaluations of Work First programs, initial gains in job finding often decline as control group members eventually find employment. In order for a program to sustain initial gains in employment and earnings, it needs to help experimental group members attain jobs that provide higher wages, a larger number of hours of work per week, or longer spells of steady employment than control group members' jobs. This goal can be achieved by moving participants into relatively high-paying jobs at the outset through job club activities and job development or by encouraging participants to start working quickly and then to use their initial work experience to obtain better jobs and higher wages over time.

It is also possible that a Work First program such as Jobs-First GAIN would affect welfare recipients negatively. For example, job search activities may not work for subgroups typically considered the least job-ready. People in these subgroups might have benefited more from education or training than from the employment-related activities in Jobs-First GAIN. In addition, the program might have had a negative effect on job retention by encouraging people to accept lower-quality jobs than they would have accepted on their own. Lastly, enforcement-oriented programs like Jobs-First GAIN could send welfare recipients further into poverty by reducing their AFDC/TANF grants before they find employment.

Employment and earnings gains are usually accompanied by AFDC/TANF reductions; however, in states that set high maximum grant levels and offer generous earnings disregards, such as California, employment and earnings may increase without a corresponding decrease in welfare receipt. Alternatively, the reverse could also occur: Tough, enforcement-oriented programs like Jobs-First GAIN could decrease welfare receipt without increasing employment or earnings.

The effects of employment and earnings gains on Food Stamp receipt are also difficult to predict. The value of a recipient's earnings and welfare benefits helps determine how much she receives in Food Stamps, so earnings gains and welfare reductions may cancel one another out, resulting in little or no change in Food Stamp grants. On the other hand, a former welfare recipient might experience a decrease in (or complete loss of) Food Stamps if her combined income from earnings and AFDC/TANF increases by a sufficient amount. It is also possible that recipients forgo Food Stamps after they leave welfare for employment even if they still qualify for them, either because they want to leave public assistance entirely or because they do not know they are still eligible for noncash assistance.

B. Methods of Estimating Jobs-First GAIN's Effects

In this chapter, estimates of Jobs-First GAIN's effects on employment and earnings are based on two data sources. Impacts for the full AFDC-FG research sample derive from quarterly Unemployment Insurance (UI) earnings records from the California Employment Development Department.[1] These are supplemented by the responses of a randomly selected sample of 746 AFDC-FG sample members to the Two-Year Client Survey, which was conducted at the end of the two-year follow-up period. The data used to calculate impacts on use of public assistance came from the Los Angeles Department of Public Social Services (DPSS) Integrated Benefit Payment System (IBPS).

UI earnings, which are recorded statewide, allow for reasonably accurate and unbiased measures of impacts on employment, whether within or outside Los Angeles County. Such data are not available, however, for earnings from out of state; earnings from jobs not usually covered by the UI system, such as self-employment, domestic service, and informal child care — which may have been "off the books"; or earnings from jobs with employers who do not report earnings. UI data also afford no information on key job characteristics, such as hours worked or hourly wages.

The Two-Year Client Survey was used to fill in information about Jobs-First GAIN's effects on employment and earnings that could not be gleaned from UI records. Survey respondents reported all their jobs, whether covered by the UI system or not. The survey also asked them to report the first and last month during which they worked at each job, which is useful for identifying employment patterns that might be masked by quarterly data. Further, the survey recorded hours worked per week and hourly pay for each job, and health insurance coverage, other fringe benefits, and work schedules for respondents' most recent job. Like the UI records, the survey data have limitations. Specifically, they

[1]Impacts on employment and earnings in this report may differ slightly from those reported in Freedman et al., 1999, because more recent UI earnings records were analyzed in this report.

are subject to recall error (on dates of employment, hours of work per week, and wages), nonreporting, and exaggeration.[2] Moreover, the survey does not capture changes in earnings at the same job.

UI earnings data are collected by calendar quarter: January through March, April through June, July through September, and October through December. In this report, the quarter during which a sample member was randomly assigned is designated quarter 1. The first year of follow-up (year 1) covers quarters 2 through 5, and the second year (year 2) covers quarters 6 through 9. Monthly AFDC/TANF and Food Stamp payments were grouped into quarters and years covering the same time periods as earnings. Two years of UI follow-up data are available for all 20,731 sample members.

All impact estimates are regression-adjusted for differences between the two research groups in baseline characteristics, prior earnings and employment, and prior AFDC and Food Stamp receipt. Regression adjustment increases the precision of the estimates and reduces their sensitivity to chance differences between the research groups before random assignment. In addition, all impact estimates are weighted averages of the corresponding impacts for regular enrollees and early enrollees.[3] Weighting impacts in this way compensates for differences in sampling ratios between the two subgroups and recreates the proportions of regular and early enrollees in the full AFDC-FG sample (see Table 1.3).

Differences between the experimental and control groups are considered statistically significant if the result of a statistical test (typically a t-test) indicates that there is less than a 10 percent probability that they could have occurred by chance. All impact estimates discussed in the text are statistically significant unless otherwise indicated. Rounding may cause slight discrepancies in the calculations of the experimental-control differences reported below.

For this analysis, a large impact on employment is defined as an experimental-control difference in employment level of 10 percentage points or more; moderate impacts fall below 10 percentage points and above 5 percentage points; and small impacts fall below 5 percentage points. Large earnings gains are considered to be in excess of $900 per year; moderate gains range from $300 to under $900 per year; and small gains average under $300 per year. Similarly, a 10 percent or greater reduction in the number of months of receiving welfare or Food Stamps or in total welfare or Food Stamp payments is considered large; moderate reductions range from under 10 percent to 5 percent; and small reductions fall below 5 percent. A similar classification scheme is applied to percentage point differences in AFDC/TANF and Food Stamp receipt: Reductions of 10 percentage points or more are considered large; reductions under 10 percentage points and at or above 5 percentage points are considered mod-

[2]The amount of nonreporting of employment can be inferred by comparing the experimental and control groups on the measure "Ever employed in years 1-2" displayed in Table 4.1 (calculated from UI earnings data) and Table 4.3 (calculated from survey responses). As can be seen, the two estimates of employment level for experimental group members are nearly identical, but the estimate for control group members based on UI earnings records (in Table 4.1) exceeds that based on survey data (in Table 4.3) by 2 percentage points. Thus, it can be inferred that the survey data slightly overestimate the program's impacts on employment and earnings because of greater nonreporting of employment by control group members. It should be noted that the rate of nonreporting and the 2 percentage point difference in nonreporting between research groups in this evaluation are well within the range observed in previous MDRC evaluations of welfare-to-work programs.

[3]AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

erate; and reductions of less than 5 percentage points are described as small.[4] The benchmarks described above are based on ranges of impact findings from previous experimental evaluations of welfare-to-work programs.

The analysis also includes *nonexperimental* comparisons of experimental and control group members who experienced the same outcome after random assignment. For example, in this chapter, nonexperimental comparisons of employment and earnings outcomes are made for experimental and control group members who worked for pay after random assignment. Greater caution is required in interpreting these comparisons because employed experimental group members may differ from employed control group members with respect to observed pre-random assignment characteristics (for example, employment experience) and unobservable characteristics (for example, assertiveness or self-confidence).

III. Impacts on Employment and Earnings

A. Two-Year Impacts

Jobs-First GAIN boosted employment during the two-year follow-up period. Table 4.1 shows that 67 percent of experimental group members worked for pay at some point during follow-up compared with 58 percent of control group members — an increase of 10 percentage points (with rounding). This gain represents the program's effect on job finding, that is, the extent to which it helped sample members find work who would not have done so on their own.[5] As expected of a Work First program, most of those who found employment after random assignment (about 80 percent) began working in year 1. Experimental group members worked for pay for an average of 3.26 out of the eight quarters of follow-up. Jobs-First GAIN increased quarters of employment by nearly two months (0.61 quarter) above the control group mean.[6] (These averages include zeros for people who did not work in year 1 or year 2.)

On average, Jobs-First GAIN raised AFDC-FGs' total earnings by more than $800 per year during the two-year follow-up period. The typical control group member earned $6,385 in

[4]To make comparisons with results for other programs more meaningful, reductions in public assistance dollars or months of receipt should be converted to a measure that is less sensitive to site variations in maximum grant level or in sample member characteristics. One such measure, the *percentage change* in public assistance dollars or months of receipt (that is, a program's impact on these measures divided by the control group mean), is reported throughout this section.

[5]Los Angeles County's falling unemployment rate may have contributed to this effect by increasing the chances that job search activities would lead to employment. On the other hand, the county's stronger economy should also have enabled more control group members to find work.

[6]The number of months is approximate because UI earnings data do not indicate in which months of the quarter sample members worked. Averaging measures of quarters across sample members results in fractions of quarters, which are converted into months here.

Los Angeles Jobs-First GAIN Evaluation

Table 4.1
Two-Year Impacts on Employment, Earnings, AFDC/TANF, Food Stamps, and Combined Income for AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever employed in years 1-2 (%)	67.2	57.6	9.6 ***	16.6
Year 1 (quarters 2-5)	54.3	43.5	10.8 ***	24.9
Year 2 (quarters 6-9)	58.0	50.2	7.8 ***	15.5
Quarters employed in years 1-2	3.26	2.66	0.61 ***	22.9
Year 1 (quarters 2-5)	1.51	1.17	0.35 ***	29.7
Year 2 (quarters 6-9)	1.75	1.49	0.26 ***	17.6
Employed (%)				
Quarter 2	35.5	25.1	10.5 ***	41.7
Quarter 3	37.5	28.2	9.3 ***	32.9
Quarter 4	38.4	30.6	7.8 ***	25.6
Quarter 5	40.0	32.9	7.1 ***	21.7
Quarter 6	42.0	35.2	6.8 ***	19.4
Quarter 7	43.8	37.6	6.3 ***	16.7
Quarter 8	44.0	37.5	6.5 ***	17.3
Quarter 9	44.9	38.4	6.5 ***	17.0
Earnings in years 1-2 ($)	8,012	6,385	1,627 ***	25.5
Year 1 (quarters 2-5)	3,206	2,447	759 ***	31.0
Year 2 (quarters 6-9)	4,807	3,938	869 ***	22.1
Quarter 2	614	446	168 ***	37.7
Quarter 3	779	553	227 ***	41.0
Quarter 4	850	663	187 ***	28.2
Quarter 5	963	785	177 ***	22.6
Quarter 6	1,088	876	212 ***	24.2
Quarter 7	1,170	966	204 ***	21.1
Quarter 8	1,227	1,011	216 ***	21.4
Quarter 9	1,322	1,085	237 ***	21.8
For those employed in years 1-2				
Quarters to first job[a]	*1.51*	*1.88*	*-0.36*	*-19.2*
Quarters employed	*4.86*	*4.61*	*0.25*	*5.4*
Percentage of quarters employed from quarter of first job to end of year 2[b]	*74.9*	*75.2*	*-0.3*	*-0.5*
Average earnings per quarter employed ($)				
Years 1-2	*2,455*	*2,405*	*51*	*2.1*

(continued)

Table 4.1 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever received AFDC/TANF in years 1-2 (%)	97.7	98.0	-0.3	-0.3
Year 1 (quarters 2-5)	97.6	97.9	-0.3	-0.4
Year 2 (quarters 6-9)	75.7	79.9	-4.1 ***	-5.2
Months received AFDC/TANF in years 1-2	17.41	18.53	-1.12 ***	-6.0
Year 1 (quarters 2-5)	9.98	10.46	-0.48 ***	-4.6
Year 2 (quarters 6-9)	7.43	8.07	-0.64 ***	-7.9
Received AFDC/TANF (%)				
Quarter 2	97.2	97.6	-0.4	-0.4
Quarter 3	90.2	92.7	-2.5 ***	-2.7
Quarter 4	83.6	88.1	-4.6 ***	-5.2
Quarter 5	78.2	82.5	-4.3 ***	-5.2
Quarter 6	73.4	77.9	-4.5 ***	-5.8
Quarter 7	69.0	73.6	-4.7 ***	-6.4
Quarter 8	65.0	69.4	-4.4 ***	-6.3
Quarter 9	61.5	66.2	-4.6 ***	-7.0
AFDC/TANF amount received in years 1-2 ($)	9,092	10,064	-972 ***	-9.7
Year 1 (quarters 2-5)	5,363	5,795	-432 ***	-7.5
Year 2 (quarters 6-9)	3,729	4,269	-540 ***	-12.7
Quarter 2	1,573	1,620	-47 ***	-2.9
Quarter 3	1,395	1,505	-111 ***	-7.4
Quarter 4	1,244	1,387	-143 ***	-10.3
Quarter 5	1,152	1,283	-131 ***	-10.2
Quarter 6	1,063	1,189	-125 ***	-10.5
Quarter 7	975	1,099	-125 ***	-11.3
Quarter 8	878	1,019	-140 ***	-13.8
Quarter 9	813	963	-150 ***	-15.6

(continued)

Table 4.1 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever received Food Stamps in years 1-2 (%)	94.6	94.9	-0.3	-0.3
Year 1 (quarters 2-5)	94.0	94.2	-0.2	-0.2
Year 2 (quarters 6-9)	74.2	77.7	-3.5 ***	-4.5
Months received Food Stamps in years 1-2	17.29	18.20	-0.90 ***	-5.0
Year 1 (quarters 2-5)	9.71	10.13	-0.42 ***	-4.1
Year 2 (quarters 6-9)	7.58	8.07	-0.49 ***	-6.0
Received Food Stamps (%)				
Quarter 2	92.9	93.2	-0.3	-0.3
Quarter 3	86.7	89.0	-2.3 ***	-2.6
Quarter 4	81.0	85.1	-4.1 ***	-4.8
Quarter 5	76.4	80.1	-3.8 ***	-4.7
Quarter 6	72.0	76.2	-4.2 ***	-5.5
Quarter 7	67.6	71.5	-4.0 ***	-5.5
Quarter 8	63.9	67.2	-3.3 ***	-4.9
Quarter 9	60.3	64.5	-4.2 ***	-6.5
Food Stamp amount received in years 1-2 ($)	3,525	3,891	-366 ***	-9.4
Year 1 (quarters 2-5)	2,005	2,179	-174 ***	-8.0
Year 2 (quarters 6-9)	1,520	1,713	-192 ***	-11.2
Quarter 2	557	575	-19 ***	-3.2
Quarter 3	516	558	-42 ***	-7.5
Quarter 4	485	545	-59 ***	-10.9
Quarter 5	447	501	-54 ***	-10.7
Quarter 6	411	462	-51 ***	-11.1
Quarter 7	387	436	-49 ***	-11.3
Quarter 8	371	413	-42 ***	-10.1
Quarter 9	352	403	-51 ***	-12.6
Average combined income in years 1-2 ($)[c]	20,630	20,341	289	1.4
Sample size	11,521	4,162		

(continued)

Table 4.1 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF and Food Stamp payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Unless shown in italics, dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Italicized estimates pertain only to periods of employment. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons; statistical tests were not performed.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]"Quarters to first job" is defined as the number of quarters between quarter 2 and the first quarter with earnings. Sample members who began working in quarter 2 have 0 quarters for this measure.

[b]"Percentage of quarters employed from quarter of first job to end of year 2" = quarters employed / (8 minus quarters to first job) x 100.

[c]"Combined income" is income from earnings, AFDC/TANF, and Food Stamps.

two years, whereas the typical experimental group member earned $8,012 — a gain of $1,627.[7] (These averages include zeros for people who did not work in year 1 or year 2.)

The program's two-year impacts on employment and earnings represent a notable achievement. As discussed in Chapter 1, welfare-to-work programs in large cities face especially difficult problems in helping welfare recipients find employment. In Los Angeles, as in other large urban centers, unemployment rates exceed the national average, and recipients often live miles away from available jobs and lack cheap and reliable transportation to work. Many of Los Angeles County's predominantly minority and immigrant welfare recipients face additional barriers to employment because of limited English proficiency, lack of educational credentials, or employers' racial or ethnic preferences.

B. Trends

A two-year follow-up period is relatively short for assessing the impacts of Jobs-First GAIN. However, it is reasonable to assume that the program's impacts on employment and other outcomes will continue into year 3 if the impact observed in quarter 9 (the last quarter in year 2) is large. One can also with confidence project a moderate-level impact beyond quarter 9 if the impact follows a series of quarterly impacts that increased or remained stable over time.

Quarterly employment gains went from large to moderate over time, but remained statistically significant at the end of follow-up (see Table 4.1). The 10 percentage point impact at the beginning of year 1 fell to 7 percentage points at the beginning of year 2 (quarter 5) as more control group members found jobs (a phenomenon known as control group "catch-up"). Employment increases remained stable at between 6 and 7 percentage points throughout year 2 and will very likely continue into year 3.

Quarterly earnings gains remained relatively stable throughout the entire two-year period (see Table 4.1 and Figure 4.1). Impacts reached their maximum in quarter 9, during which experimental group members earned $237 more, on average, than control group members. Earnings impacts will almost certainly continue into year 3.

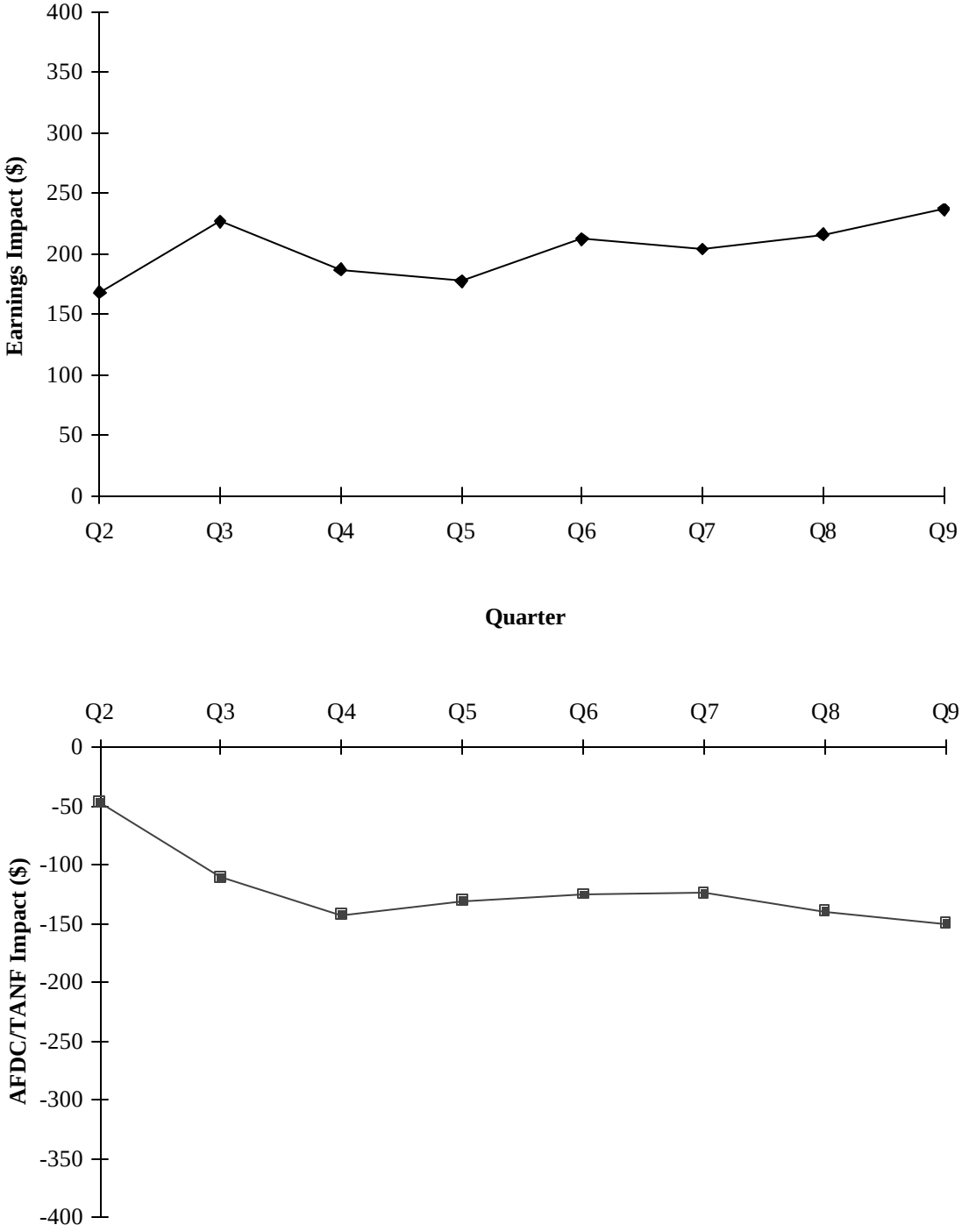
C. Employment Stability and Earnings Growth

This section presents findings from comparisons between the experimental group and the control group on measures of employment stability, earnings growth, and employment at jobs with relatively high pay and benefits. As discussed in Chapter 1, the Jobs-First GAIN program did not offer post-employment services to promote job retention and advancement. CalWORKs added such services (along with extended transitional benefits and stronger financial incentives to work), but they were not widely available to welfare recipients who found jobs until after the end of the follow-up period. The results of the evaluation show that Jobs-First GAIN's pre-employment services, mandates, and mes-

[7] Impacts calculated from responses to the Two-Year Client Survey were somewhat larger (see Table 4.3). According to the survey results, Jobs-First GAIN increased the percentage ever employed in the follow-up period from 56 percent to 68 percent, a 12 percentage point gain. The program also raised total earnings by over $2,000 per experimental group member in years 1 to 2. (These averages include zeros for respondents who did not work for pay in the follow-up period.)

Los Angeles Jobs-First GAIN Evaluation

Figure 4.1
Quarterly Impacts on Earnings and AFDC/TANF Payments for AFDC-FGs



(continued)

Figure 4.1 (continued)

SOURCE: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings and AFDC/TANF payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

sages can have positive effects, but also highlight the need for additional pre- and post-employment employment services and financial incentives like those offered by CalWORKs.

The data in Table 4.2 illustrate these points. The table, which presents impacts on measures of employment stability, shows that Jobs-First GAIN achieved mixed effects — specifically, that it had positive impacts on measures of employment stability, but also increased the proportion of sample members who experienced unstable employment. In addition, only a relatively small proportion of experimental group members experienced the most beneficial outcomes. For example, 36 percent of experimental group members began working for pay in year 1 and were still employed at the end of year 2, an increase of 7 percentage points above the control group level. (Employment was not continuous for some sample members.) This impact represents a gain in stable employment. Less positively, a little more than one-third of experimental group members (19 percent divided by 54 percent) who began working in year 1 were jobless at the end of year 2. Further, the program increased by 4 percentage points the proportion of sample members who began working in year 1 but were no longer employed at the end of year 2.

A more powerful measure of stable employment is the proportion of sample members who began working in year 1 and then worked for pay in all four quarters of year 2. As shown in Table 4.2, Jobs-First GAIN increased stable employment measured in this way by 5 percentage points above the control group level of 22 percent. However, the program also produced increases of similar magnitude in unstable employment as measured by the likelihood of being employed in year 1 but not in year 2 (by 2 percentage points) and as measured by the likelihood of being employed from one to three quarters in year 2 (by 3 percentage points). Likewise, Jobs-First GAIN produced mixed results on a measure of attaining relatively high earnings: working in year 1 and then earning $10,000 in year 2.[8]

When interpreting the findings in Table 4.2 and elsewhere, it is important to keep in mind that Jobs-First GAIN produced a relatively large effect on job finding — that is, the program helped many people enter employment who would otherwise have remained jobless. (Employment is a necessary first step toward financial independence for most recipients because AFDC/TANF and Food Stamps provide incomes too low to move families out of poverty.) Typically, these welfare recipients have greater disadvantages in the labor market owing to lack of educational credentials, limited work experience, or personal or family problems. They are therefore disproportionately likely to obtain low-paying and unstable employment and to be at risk of losing their jobs. Their presence among experimental group members who found employment almost certainly reduced Jobs-First GAIN's impacts on measures of stable employment and employment with higher earnings. The findings underscore the need for programs that succeed in helping welfare recipients with greater barriers to employment find work — such as Jobs-First GAIN — to provide additional post-employment services and financial incentives to help these people stay employed or find another job as quickly as possible.

[8]Only about 3 percent of experimental group members began working in quarter 5 and remained employed during all four quarters of year 2. Only about 1 percent began working in year 2 and earned $10,000 or more (results not shown).

Los Angeles Jobs-First GAIN Evaluation

Table 4.2

Impacts on Measures of Employment Stability and Earnings Growth in Years 1 and 2 for AFDC-FGs

Outcome (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Not employed	45.7	56.5	-10.8 ***	-19.1
Ever employed	54.3	43.5	10.8 ***	24.9
Ever employed in year 1				
No longer employed in quarter 9	18.7	15.0	3.6 ***	24.1
Employed in quarter 9	35.6	28.4	7.2 ***	25.3
First employment spell lasted one quarter	10.8	9.0	1.8 ***	20.0
First employment spell lasted two to three quarters	11.4	8.3	3.1 ***	37.9
First employment spell lasted four or more quarters	32.0	26.1	5.9 ***	22.5
Never employed in year 2	9.2	7.4	1.8 ***	24.3
Employed one to three quarters in year 2	18.0	14.0	4.0 ***	28.8
Employed all four quarters in year 2	27.1	22.1	5.0 ***	22.6
Earned less than $10,000 in year 2	36.1	29.2	7.0 ***	23.9
Earned $10,000 or more in year 2	18.2	14.3	3.8 ***	26.8
Sample size	11,521	4,162		

SOURCE: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Looking more closely at how Jobs-First GAIN produced two-year gains in total quarters of employment and total earnings affords additional insights into the program's effects on employment stability and employment with higher earnings (see Table 4.1 and Figure 4.2). Employment and earnings gains may occur for a number of reasons: (1) because a higher percentage of experimental group members found employment (the effect on *job finding*); (2) because employed experimental group members found their first jobs more quickly (the effect on *time to first job*); (3) because once they found employment, experimental group members worked for pay during a larger proportion of the remaining quarters of follow-up (the effect on *employment stability*); or, in the case of earnings impacts, (4) because employed experimental group members earned more on average in each quarter in which they worked (the effect on *earnings on the job*).

Figure 4.2 displays the relative contributions of these factors. The top portion of the figure displays the relative contributions of job finding, time to first job, and employment stability to Jobs-First GAIN's impact of 0.61 quarter on total quarters of employment. The bottom portion of the figure displays the relative contributions of these three factors plus the effect of higher earnings on the job — specifically, higher earnings per quarter of employment — to the program's $1,627 two-year impact on earnings. Table 4.1 displays the experimental-control differences used to estimate these relative contributions.[9]

Work First programs like Jobs-First GAIN are expected to increase job finding and reduce time to first job among those who find employment. Programs that increase employment stability and total earnings on the job have particular potential to boost self-sufficiency. However, two years may be too short a time for gains in employment stability and higher earnings on the job to appear.

As would be expected of a Work First program, most (approximately 70 percent) of Jobs-First GAIN's two-year impacts on quarters of employment and on total earnings resulted from increased job finding — that is, from the 10 percentage point, or 17 percent, gain in the percentage of people employed after random assignment. A decrease in time to first job was also a significant factor. Control group members who worked for pay after random assignment typically

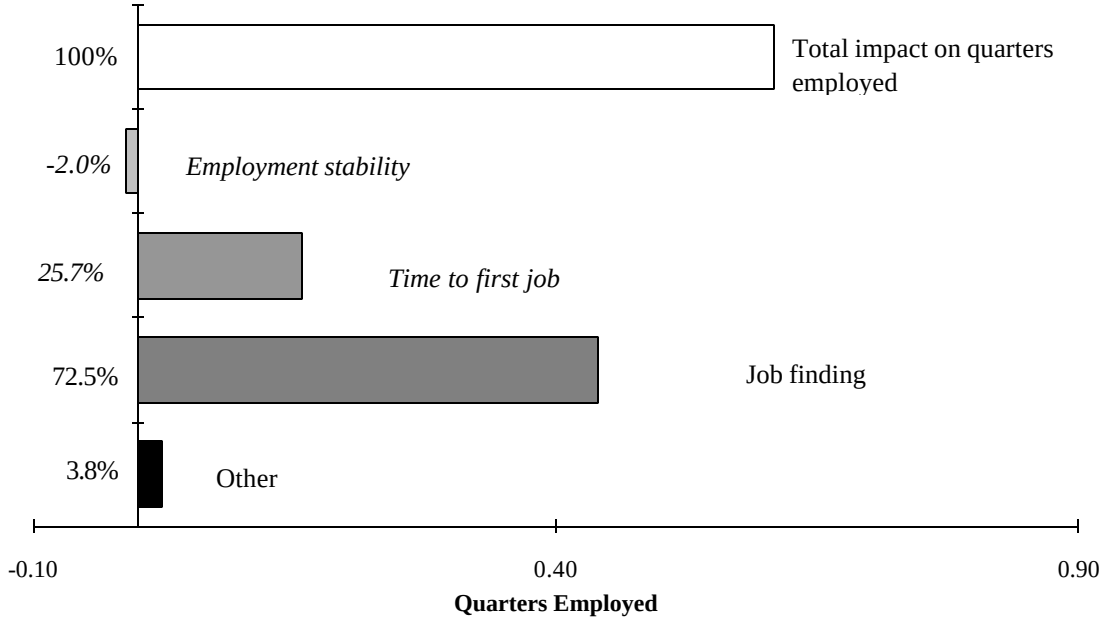
[9]It can be shown that the percentage change in total quarters of employment approximately equals the sum of the percentage changes in the measures used to represent job finding, time to first job, and employment stability, plus an interaction term. Similarly, the percentage change in total earnings approximately equals the sum of the percentage changes in these three measures and the percentage change in earnings on the job, plus an interaction term. This relationship permits a direct comparison of the relative contribution of each effect to a program's overall impact on total quarters of employment or on total earnings. The relative contribution is determined by dividing the percentage change in the effect by the percentage change in the impact. For example, the relative contribution of job finding (ever employed in the follow-up period) to the impact on total quarters of employment equals 16.6 percent divided by 22.9 percent, or 72.5 percent. Similarly, the relative contribution of Jobs-First GAIN's effect on job finding accounts for 16.6 percent divided by 25.5 percent, or 65.1 percent, of its impact on total earnings in years 1 to 2.

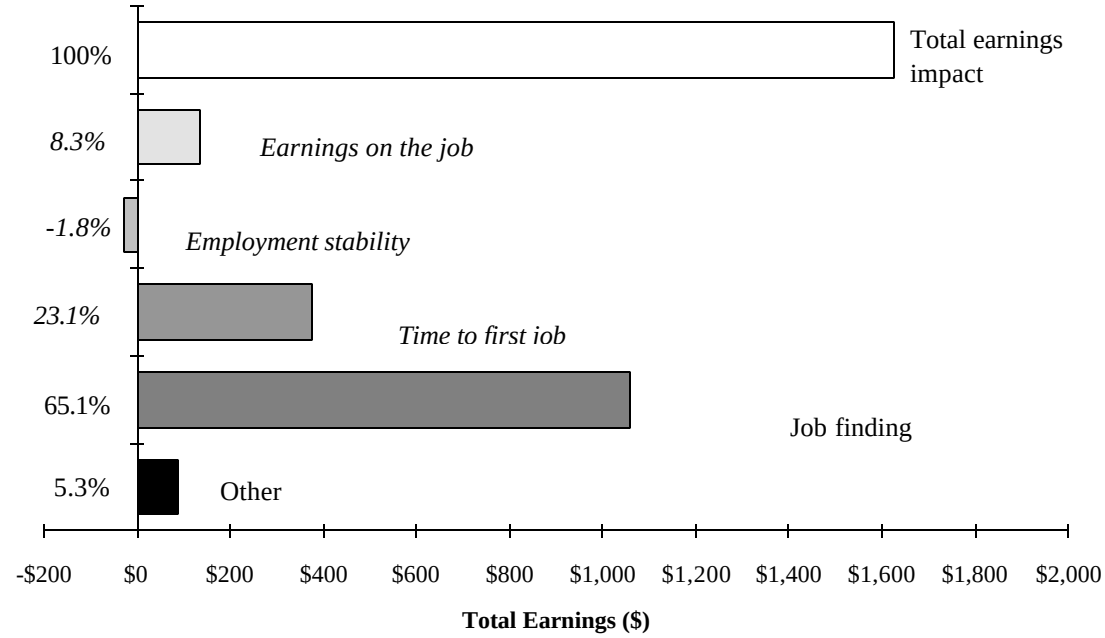
For this analysis, the relative contribution of time to first job was represented by the percentage change in average quarters remaining from start of first job to the end of year 2 for sample members who worked for pay. (In other words, the sooner a person started working, the more quarters she had left in the follow-up period to work and accumulate earnings.) This measure is calculated for employed sample members by subtracting average quarters to start of first job, shown in Table 4.1, from the total number of quarters in the follow-up period (eight). Thus, the experimental-control difference equals (8 – 1.51) – (8 – 1.88) = (6.49 – 6.12) = .36 (with rounding); and the percentage change equals 6 percent.

Los Angeles Jobs-First GAIN Evaluation

Figure 4.2

Relative Contributions of Key Employment and Earnings Effects to the Two-Year Impacts on Quarters Employed and Total Earnings for AFDC-FGs





(continued)

Figure 4.2 (continued)

SOURCE: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records.

NOTES: Relative contributions to the impact on quarters employed were determined by dividing the percentage change in each contributing factor by the percentage change in total quarters of employment. The resulting percentage contribution (displayed next to each bar) was then multiplied by the impact in quarters employed. "Other" represents interactions among the three contributing factors shown.

Relative contributions to the impact on total earnings were determined by dividing the percentage change in each contributing factor by the percentage change in total earnings. The resulting percentage contribution (displayed next to each bar) was then multiplied by the total earnings impact. "Other" represents interactions among the four contributing factors shown.

Differences between the experimental and control groups in "Time to first job," "Employment stability," and "Earnings on the job," (converted here into relative contributions to the total earnings impact) are shown in italics to indicate that they are not true experimental differences.

Dollar values of each contributing factor may not sum to the total earnings impact because of rounding.

required 1.88 quarters to find employment (Table 4.1).[10] In comparison, employed experimental group members started working about four weeks (0.36 quarter, or 6 percent) sooner. This effect on time to first job accounts for about 25 percent of the impacts on total quarters of employment and total earnings (see Figure 4.2). Employment stability was slightly lower for employed experimental group members than for employed control group members. On average, both experimental and control group members who found employment worked during about 75 percent of the remaining quarters to the end of year 2 (Table 4.1). Moreover, employed experimental group members earned little more per quarter than employed control group members in the short term (on average, just $51, or 2 percent, more; Table 4.1), so the contribution of higher earnings on the job to the two-year earnings impact was minimal (8 percent).[11]

The fact that employed experimental group members worked during about the same proportion of the follow-up period as their control group counterparts and did not earn less than they did over two years is itself a positive finding. As noted above, Work First programs could potentially lower employment stability and average earnings on the job in the short term by putting to work more disadvantaged welfare recipients who would not have found jobs on their own or by encouraging recipients to accept lower-paying jobs than they might have been willing to accept on their own (owing to the Work First philosophy that any job is a good job). Jobs-First GAIN did not have this negative effect.

D. Job Quality and Wage Growth

This section examines job characteristics based on responses to the Two-Year Client Survey. In general, Jobs-First GAIN increased the proportion of experimental group respondents who found and retained jobs with relatively high wages, full-time hours, and benefits. However, a large majority of respondents in each research group never found employment, found relatively undesirable jobs, or did not retain the jobs that they found. This section begins by describing the employment history and current employment of experimental group respondents at the time of interview and then discusses how the program influenced these patterns.

As shown in Table 4.3, 68 percent of experimental group respondents found employment in the two-year follow-up period. Most (44 percent) worked at only one job, although 23 percent had two or more jobs. The first jobs of experimental group respondents generally demanded full-

[10]See footnote 6.

[11]Differences between employed experimental and control group members are nonexperimental comparisons because employed experimental group members may differ from employed control group members in observed and unobservable pre-random assignment characteristics. As a consequence, any differences observed during the follow-up period may be caused by preexisting differences rather than by the program. Nevertheless, a positive difference in number of quarters employed would suggest that the program helped employed sample members work more during the follow-up period, either because they found work sooner or because they found jobs that lasted longer. Similarly, a positive difference between the average earnings per quarter of employed experimental group members and those of employed control group members would suggest that the program helped sample members find jobs with higher hourly wages, longer weekly hours, and/or more weeks of employment in a quarter — all indications of better job quality.

Los Angeles Jobs-First GAIN Evaluation

Table 4.3

Impacts on Employment and Earnings for AFDC-FGs Based on Survey Data

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever employed in years 1-2 (%)	67.8	55.6	12.2 ***	22.0
Total pre-tax earnings in years 1-2 ($)	9,387	7,249	2,138 **	29.5
Number of months in years 1-2				
Employed	8.84	7.39	1.45 **	19.7
Employed full time	6.68	4.97	1.72 ***	34.6
With earnings at or above 1998 poverty threshold[a]	3.05	2.57	0.48	18.7
With earnings at or above 1998 welfare eligibility threshold[b]	1.93	1.57	0.36	22.7
Number of jobs in years 1-2 (%)				
None	32.2	44.4	-12.2 ***	-27.5
One	44.4	36.6	7.7 **	21.1
Two or more	23.4	18.9	4.5	23.7
Worked at least 13 months full time at same job (%)	13.8	9.0	4.7 **	52.5
Worked at two or more jobs and attained an increase in hourly wage from first to most recent job (%)	12.1	9.3	2.8	30.1
Employed at interview (%)	46.9	37.9	9.0 **	23.8
Employed full time at interview	37.8	26.9	10.9 ***	40.4
Employed part time at interview	9.1	11.0	-1.9	-17.0
Employed at interview with fixed hours of work	32.9	25.3	7.7 **	30.5
Employed at interview with varied hours of work	8.7	9.0	-0.2	-2.5
Employed at interview with morning shift	32.9	25.1	7.8 **	31.1
Employed at interview with afternoon or evening shift	8.8	9.1	-0.3	-3.6

(continued)

Table 4.3 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Employed at interview, offered and accepted employer's medical coverage	14.8	9.3	5.6 **	60.4
Employed at interview, offered but did not accept employer's medical coverage	7.1	6.0	1.1	17.8
Employed at interview, not offered medical coverage	24.9	22.6	2.3	10.4
Employed at interview with paid sick leave	18.0	14.4	3.5	24.3
Employed at interview with no paid sick leave	28.9	23.4	5.5 *	23.5
Employed at interview with paid vacation	23.4	17.1	6.3 **	36.9
Employed at interview with no paid vacation	23.5	20.8	2.7	13.0
Employed full time at interview and accepted medical coverage	14.4	8.4	6.0 **	70.8
Sample size	372	374		

SOURCE: MDRC calculations from the Two-Year Client Survey and from the U.S. Census Bureau web site.

NOTES: Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Averages include zero values for sample members not employed. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Jobs requiring 30 or more hours of work a week are considered full time.

[a]Earnings were compared to the monthly equivalent of the 1998 poverty threshold for a family of three: $13,133/12 = $1,094.

[b]Earnings were compared to $1,355, the amount that would make a parent with two children ineligible to receive AFDC/TANF in California in the fiscal year 1998.

time[12] hours (74 percent) and paid at least minimum wage[13] (82 percent; see Table 4.4). Employed experimental group members worked an average of 34 hours per week and earned an average of $6.81 per hour, which translated into an average weekly pay of $233. Consistent with patterns observed in administrative data, about 70 percent of those who found employment (or 47 percent of the full experimental group) were employed at the end of the follow-up period, suggesting that job loss is a serious barrier to self-sufficiency for a sizeable proportion of the AFDC/TANF caseload (Table 4.3). More positively, about 38 percent of experimental group respondents (and the vast majority of those employed) were working full time at the end of year 2.

The job characteristics of experimental group respondents who were working at the time of their survey interview were better, on average, than the job characteristics of all experimental group members who worked for pay during the follow-up period. Experimental group members working at interview worked more hours per week (35.7 hours versus 34 hours), earned higher hourly wages ($7.90 versus $6.81), and took home higher weekly pay ($283 versus $233; see Table 4.4). These gains occurred for two reasons: (1) respondents still employed at interview tended to work at better jobs than those who left employment; and (2) some experimental group respondents increased their hours of work or hourly pay by changing jobs.[14]

The data in Table 4.3 illustrate the second point. About 12 percent of experimental group members (or just over half of those who worked at two or more jobs) received higher hourly pay at their current or most recent job than at their first job. The actual percentage of experimental group respondents who got a raise is probably higher, however, because some respondents who remained at the same job also earned more over time. An alternative estimate of wage growth can be calculated by assuming that respondents who worked at a full-time job for at least 13 months likely received a raise. Combining these experimental group members with those known to have experienced increases in hourly pay brings the overall percentage of experimental group members who experienced some wage growth over the two-year follow-up period to 26 percent — still a relatively small minority of experimental group members.

A high wage is not the only sought-after job characteristic. Sample members may also have chosen jobs for benefits such as health insurance coverage, fixed hours and a morning shift (that is, a shift with a morning start), or paid vacation and sick leave. Table 4.3 reveals that, among experimental group respondents employed at interview, most had jobs with fixed, full-time hours and a morning shift, and about half had paid vacation. Notably, however, just under 40 percent of those employed at interview (or 18 percent of all experimental group members) had paid sick leave and about one-third (or 15 percent of all experimental group members) were offered and accepted employer-sponsored medical coverage. Thus, only a minority of experimental group respondents were employed at jobs with one or more of these desirable characteristics at the end of follow-up.

[12]Full-time work is defined as 30 or more hours per week.

[13]Starting on October 1, 1996, the federal minimum wage was $4.75 per hour. It increased to $5.15 per hour on September 1, 1997. California instituted a state minimum wage of $5.75 per hour on March 1, 1998.

[14]Experimental group members working at interview earned an average of $7.90 per hour, compared with $5.55 per hour earned at the most recent job by those who were not working at interview (result not shown).

Table 4.4
Characteristics of First and Current Job for AFDC-FGs Who Worked for Pay After Random Assignment

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
First job				
Hours worked per week	34.0	32.4	1.5	4.7
Hours worked per week (%)				
Less than 20	10.1	16.1	-5.9	-36.9
20 to 29	16.0	14.8	1.2	7.9
30 to 39	24.8	23.8	1.0	4.4
40	35.2	29.4	5.8	19.6
More than 40	13.9	15.9	-2.1	-13.0
Hourly pay ($)	6.81	7.03	-0.22	-3.2
Hourly pay (%)				
Less than $4	12.3	11.5	0.8	6.9
$4.00 to $4.99	5.7	9.0	-3.3	-36.5
$5.00 to $5.99	25.3	21.2	4.2	19.6
$6.00 to $7.99	32.3	34.9	-2.6	-7.3
$8.00 to $9.99	13.3	11.7	1.6	13.7
$10.00 or more	11.0	11.7	-0.7	-6.2
Weekly pay ($)	233	218	15	7.0
Weekly pay ($)				
Less than $100	11.9	15.5	-3.6	-23.3
$100 to $199	28.4	36.7	-8.3	-22.7
$200 to $299	37.5	26.6	10.9	40.9
$300 to $399	13.1	10.1	2.9	29.1
$400 or more	9.2	11.1	-1.9	-17.3

(continued)

Table 4.4 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Current job				
Hours worked per week	35.7	32.7	3.0	9.3
Hours worked per week (%)				
Less than 20	7.4	13.5	-6.1	-45.1
20 to 29	12.1	15.5	-3.5	-22.3
30 to 39	26.1	23.7	2.4	10.1
40	39.1	32.3	6.9	21.3
More than 40	15.3	15.1	0.3	1.8
Hourly pay ($)	7.90	7.73	0.17	2.3
Hourly pay (%)				
Less than $4	5.8	9.9	-4.1	-41.7
$4.00 to $4.99	5.5	5.2	0.3	4.8
$5.00 to $5.99	17.8	21.2	-3.4	-16.0
$6.00 to $7.99	36.8	28.9	7.9	27.4
$8.00 to $9.99	14.9	14.1	0.9	6.1
$10.00 or more	19.3	20.8	-1.5	-7.3
Weekly pay ($)	283	248	35	13.9
Weekly pay (%)				
Less than $100	7.7	13.8	-6.1	-44.4
$100 to $199	21.2	29.0	-7.8	-27.0
$200 to $299	37.5	30.0	7.5	25.0
$300 to $399	17.0	9.4	7.6	80.3
$400 or more	16.6	17.7	-1.1	-6.3

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Measures shown in this table pertain only to sample members who worked for pay for one or more months sometime during years 1 and 2. Therefore, the differences between the experimental and control groups in employment and earnings outcomes shown in this table are not true experimental comparisons; statistical tests were not performed.

Measures were based on estimates of differences between the experimental and control groups that included zero values for sample members not employed. These estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Original impact estimates for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

Despite their relatively low rates of employment in jobs with desirable hours, wages, and benefits, experimental group respondents fared better than their counterparts in the control group. Jobs-First GAIN achieved a large (11 percentage point) increase in the proportion of respondents who were working full time at the end of year 2, a notable achievement The program led to smaller increases (of 6 to 8 percentage points) in the likelihood of having fixed work hours, a morning shift, and paid vacation, and of being offered and accepting medical coverage. Jobs-First GAIN did not increase the likelihood of having paid sick leave. More experimental group members had full-time jobs with health insurance (14 percent, compared with 8 percent of control group members), but only a minority of people in each research group were able to find such desirable jobs. Experimental group members were also more likely to have worked full time at the same job for 13 months or more (14 percent versus 9 percent; see Table 4.3). A slightly higher percentage of experimental group members changed jobs and experienced an hourly wage increase during follow-up (12 percent versus 9 percent), but the difference was not statistically significant.

Among those employed at interview, experimental group members earned an average of $283 per week, an increase of $35 (14 percent) relative to the control group (see Table 4.4; this is a nonexperimental comparison). The experimental-control difference in earnings per week resulted mostly from experimental group members' working more hours per week than control group members and less from experimental group members' earning more per hour. Specifically, employed experimental group members worked an average of three more hours per week than control group members (a 9 percent gain) and were more likely to be working full time at interview (a 10 percentage point gain). Employed experimental group members also earned 17 cents more per hour than employed control group members, a gain of only 2 percent (see Table 4.4).

IV. Impacts on Public Assistance

A. AFDC/TANF Receipt and Payments

During the two years of follow-up, control group members in the full sample received cash assistance for an average of 18.5 months (see Table 4.1). Total two-year AFDC/TANF payments averaged $10,064 per control group member. Over two years, Jobs-First GAIN lowered the average length of time on welfare by over a month, a moderate reduction of 6 percent relative to the control group. Still more positively, the program reduced the proportion of sample members who received assistance continuously for two years by 7 percentage points relative to the control group proportion of 57 percent (results not shown).

Jobs-First GAIN produced a relatively large reduction in welfare expenditures over two years. Savings averaged $972 per experimental group member, or 10 percent of the welfare expenditure per control group member. A welfare-to-work program can reduce AFDC/TANF expenditures by decreasing the number of months that recipients remain on welfare or by reducing average monthly grants for those still on welfare. In Jobs-First GAIN, 63 percent of the AFDC/TANF savings resulted from

reductions in the average number of months of receipt, and 37 percent from lower monthly grants.[15] This ratio is similar to the ratios found for other Work First programs evaluated in the 1990s.[16]

As shown in Figure 4.1, quarterly impacts on AFDC/TANF payments grew in year 1 and remained large and statistically significant at the end of follow-up. Quarterly impacts were largest (at $150) in quarter 9. These findings strongly suggest that Jobs-First GAIN will continue to produce welfare savings in year 3.

Two years after random assignment (in quarter 9), 66 percent of control group members were still on welfare. Jobs-First GAIN reduced this proportion to 62 percent, a moderate impact of about 5 percentage points. These findings, although encouraging, underscore the problem of reducing welfare receipt in California, which has relatively high grant levels and generous earnings disregards. This issue is discussed further in Chapter 5.

B. Duration of Food Stamp Receipt and Payments

In the two years following random assignment, control group members received Food Stamps for approximately the same average length of time that they were on welfare: a little more than 18 months. Jobs-First GAIN reduced the length of Food Stamp receipt by slightly less than it reduced the length of AFDC/TANF receipt: about one month.

Total Food Stamp expenditures for control group members averaged $3,891 in two years. In comparison, the typical Jobs-First GAIN enrollee received $3,525 in Food Stamps — a decrease of $366, or 9 percent (around the same percentage reduction as that in AFDC/TANF payments).

Quarterly impacts on Food Stamp payments reached 10 percent in year 1 and remained large and statistically significant throughout year 2. Therefore, Food Stamp reductions are expected to persist beyond the two-year follow-up period.

V. Comparisons with Previously Evaluated Programs

Table 4.5 compares the two-year impacts for single parents in Jobs-First GAIN with the two-year impacts for single parents in three welfare-to-work programs previously evaluated by MDRC (see Chapter 1 for more details on these programs):

[15]The percentage of AFDC/TANF savings attributable to reductions in grant amounts can be calculated in the following way. The average monthly payment for control group members who are on welfare multiplied by the reduction in the number of months of AFDC/TANF receipt indicates what the AFDC/TANF savings would be if average monthly payments were the same for experimental and control group members who remain on welfare. In Jobs-First GAIN, this calculation ($543 x 1.12 months) yields $608, which represents 63 percent of the $972 two-year AFDC/TANF savings. The remainder of the impact on two-year AFDC/TANF payments may have stemmed from reductions in grants owing to sanctions or to employment while still on welfare. Alternatively, the overall reduction in months of receipt may have occurred primarily among cases with above-average monthly grant amounts. Decompositions of this sort are only approximations because they ignore possible interactions between grant level and case closure.

[16]In studying effects of the Labor Force Attachment (LFA) approaches in Grand Rapids and Riverside, researchers found that about 60 percent of AFDC savings were associated with experimental group members' spending fewer months on AFDC (Hamilton et al., 1997).

- Los Angeles GAIN, the county's basic-education-focused program, which served long-term recipients during the late 1980s and early 1990s.
- Riverside County GAIN, a Work First, mixed-services program operated in neighboring Riverside County during the same years as Los Angeles GAIN.
- The Riverside County Labor Force Attachment (LFA), a Work First, job-search-first program, operated in the early to mid-1990s. (This program superseded Riverside GAIN.)

Each panel in Table 4.5 compares results for Jobs-First GAIN with those for a previously evaluated program. Within each panel, results are presented for the full single-parent research samples and for subsamples that are more demographically comparable to one another. For example, the top panel compares Jobs-First GAIN with Los Angeles GAIN. The second row of the panel shows that Jobs-First GAIN increased two-year employment in the full sample by 10 percentage points (see the "Jobs-First GAIN Impact" column). It also shows that the previous Los Angeles GAIN program produced a much smaller experimental-control difference on this measure in the full sample (4 percentage points; see the "Comparison Program Impact" column). The "Difference" column displays the difference between these two impacts, which is 6 percentage points. It would be unwarranted to conclude, based on this difference alone, that the Jobs-First GAIN model is more effective at increasing employment than the earlier Los Angeles GAIN model, because the research samples in the two evaluations differ demographically. For instance, the Jobs-First GAIN program included recently approved applicants and short-term recipients, whereas Los Angeles GAIN enrolled only long-term welfare recipients.

For more reliable cross-program comparisons, results for subsamples with similar demographic characteristics should be compared.[17] In the comparison between Jobs-First GAIN and Los Angeles GAIN, the employment impacts for the demographically comparable subsamples were 9 and 5 percentage points, respectively, and the difference between them was almost 4 percentage points (see Table 4.5). The asterisk next to this difference between impacts indicates that it was statistically significant at the 10 percent level.[18] On the basis of this finding, it can be more confidently concluded that Jobs-First GAIN was more effective than its predecessor in Los Angeles in raising employment.

Table 4.5 also presents two-year impacts on earnings, AFDC/TANF payments, and welfare receipt in the last quarter of year 2 (quarter 9). In parentheses beneath the impacts on AFDC/TANF payments expressed in dollars are the percentage reductions in this measure rela-

[17]See Freedman et al., 1999, Chapter 2, pp. 36–37, for a description of how demographically comparable subsamples were chosen for the comparison. Few early enrollee control group members met the criteria for inclusion in comparisons with the GAIN programs in Los Angeles and Riverside (just 69 and 142 of them, respectively). Early enrollees were therefore excluded from all impact estimates for the Jobs-First GAIN demographically comparable subsamples displayed in Table 4.5. This decision is more problematic for comparisons with the Riverside LFA program because most early enrollee control group members could be included. When impacts for the Jobs-First GAIN subsample were estimated a second time with early enrollees added, however, the results were similar to those displayed in the table.

[18]Statistical significance tests were performed using a two-tailed t-test.

Table 4.5
Comparison of Jobs-First GAIN's Impacts and the Impacts of Los Angeles GAIN, Riverside GAIN, and Riverside LFA for AFDC-FGs

Comparison Program	Jobs-First GAIN Sample Size	Comparison Program Sample Size	Ever Employed in Years 1-2 (%)			Average Total Earnings in Years 1-2 ($)		
			Jobs-First GAIN Impact	Comparison Program Impact	Difference Between Impacts	Jobs-First GAIN Impact	Comparison Program Impact	Difference Between Impacts
Los Angeles GAIN								
Demographically comparable subsample	3,012	3,882	9.0	5.1	4 *	1,722	206	1,516 ***
Full sample[a]	15.683	4.396	9.6	3.6	6	1.627	67	1.560
Riverside GAIN								
Demographically comparable subsample	5,643	4,398	9.5	14.7	-5 **	1,573	2,653	-1,080 **
Full sample[a]	15.683	5.508	9.6	16.7	-7	1.627	2.111	-484
Riverside LFA								
Demographically comparable subsample	10,934	5,922	10.1	16.9	-7 ***	1,562	1,557	5
Full sample[a]	15.683	6.726	9.6	15.1	-5	1.627	1.268	359

(continued)

Table 4.5 (continued)

Average Total AFDC/TANF Payments in Years 1-2 ($)			Received AFDC/TANF in Quarter 9 (%)			
Jobs-First GAIN Impact	Comparison Program Impact	Difference Between Impacts	Jobs-First GAIN Impact	Comparison Program Impact	Difference Between Impacts	Comparison Program
						Los Angeles GAIN
-996	-990	-5	-5.7	-3.2	-2.5	Demographically
(-9.6%)	(-6.2%)					comparable subsample
-972	-736	-236	-4.6	-2.3	-2.4	Full sample[a]
(-9.7%)	(-5.5%)					
						Riverside GAIN
-970	-1,720	750 ***	-4.6	-4.9	0.3	Demographically
(-10.2%)	(-14.8%)					comparable subsample
-972	-1,396	424	-4.6	-5.3	0.7	Full sample[a]
(-9.7%)	(-14.2%)					
						Riverside LFA
-1,008	-1,570	562 ***	-5.2	-7.4	2.3	Demographically
(-9.9%)	(-14.8%)					comparable subsample
-972	-1,296	324	-4.6	-6.4	1.8	Full sample[a]
(-9.7%)	(-13.5%)					

(continued)

Table 4.5 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and from county AFDC/TANF records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings or AFDC/TANF payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5 and year 2 includes quarters 6 through 9.

Jobs-First GAIN full AFDC-FG sample impacts are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Dollar averages for the demographically comparable subsamples were inflation-adjusted to 1998 dollars.

Rounding may cause slight discrepancies in calculating differences.

A two-tailed t-test was applied to differences between impacts for the demographically comparable subsamples. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]Differences between impacts for the full samples were not tested for statistical significance because the impacts are not directly comparable. They mainly provide a context for understanding differences between impacts for the demographically comparable subsamples.

tive to control group levels. For the subsample comparisons, the earnings and welfare payment impacts of all the programs were converted into 1998 dollars to increase the comparability of results. Despite inflation adjustment and corrections for differences in demographic characteristics, the subsample comparisons have some limitations. They do not, for instance, control for differences in local labor market conditions or for changes in unemployment rates or maximum welfare grant amounts over time.

The following sections describe in detail the results of the comparison analysis for the demographically comparable subsamples. They indicate that Jobs-First GAIN reached its goal of improving upon the county's previous welfare-to-work program and demonstrate that a Work First program can be more effective than an education-focused program in a major metropolitan area. Jobs-First GAIN was not as effective as the Riverside GAIN program, but achieved similar earnings impacts as the later Riverside LFA program despite its smaller impacts on employment. However, Jobs-First GAIN produced smaller savings in AFDC/TANF payments than both Riverside programs.

It is unclear, however, whether these disparities between programs in impacts resulted from differences in implementation or from other factors, such as differences in program environments (for instance, whereas Los Angeles County is a large urban center, Riverside County is an exurb), local labor markets, welfare eligibility requirements and grant levels, or unobservable sample member characteristics.

A. Los Angeles GAIN

Los Angeles GAIN increased two-year employment by 5 percentage points and did not raise earnings by a statistically significant amount (see Table 4.5). In comparison, Jobs-First GAIN led to a moderate increase in employment (9 percentage points) and a moderate increase in earnings ($1,722). Both programs reduced welfare expenditures by nearly $1,000 per experimental group member; the percentage reduction in welfare payments was larger for Jobs-First GAIN (10 percent versus 6 percent). Decreases in welfare receipt were moderate to small (6 and 3 percentage points, respectively) in both programs.

B. Riverside GAIN

Jobs-First GAIN's two-year employment and earnings impacts fell short of Riverside GAIN's. In two years, enrollees in Riverside GAIN experienced an unusually large (15 percentage point) employment increase and earned $2,653 more than members of the control group. These impacts are 5 percentage points and $1,080 higher than the corresponding Jobs-First GAIN impacts. Riverside GAIN also reduced two-year AFDC/TANF payments by about $750 more than Jobs-First GAIN. While both programs achieved large percentage reductions in welfare expenditures, Riverside GAIN's reduction (15 percent) was larger than Jobs-First GAIN's (10 percent). Decreases in the percentage of people on welfare at the end of year 2 were similar in the two programs.

C. Riverside LFA

Like Riverside GAIN, Riverside LFA produced an unusually large impact on employment (17 percentage points) in the two-year follow-up period, increasing employment more than Jobs-First GAIN did. The two programs affected average earnings similarly, however, raising them by a moderate

amount (about $1,560). Riverside LFA was slightly more effective than Jobs-First GAIN in lowering welfare expenditures (by 15 percent versus 10 percent), but both programs had a large impact on them. In addition, both programs moderately reduced receipt of AFDC/TANF at the end of year 2 (by over 5 percentage points).

VI. Subgroup Impacts

Jobs-First GAIN benefited a broad cross section of the welfare caseload, producing impacts for early and regular enrollees, for recipients in all parts of Los Angeles County, for recipients of all racial/ethnic backgrounds, and for recipients with the least as well as for recipients with the most barriers to employment. Such consistency of impacts is uncommon among experimentally evaluated Work First programs.[19] Most of the results discussed below are shown in Table 4.6.

A. Regular and Early Enrollees

As explained in Chapter 1, a "mandatory" welfare recipient meets the criteria for being mandated to participate in a welfare-to-work program. Because budget limitations prevented Los Angeles from serving all mandatory recipients under Jobs-First GAIN, DPSS placed recipients on a waiting list. Regular enrollees, who made up most of the research sample, entered the program after reaching the top of the waiting list and receiving a notice from DPSS informing them that a place in the program had become available. Early enrollees, in contrast, asked DPSS to let them enter the program before they reached the top of the waiting list. Both early and regular enrollees were subject to Jobs-First GAIN's mandatory participation requirements and could incur a sanction for noncompliance.

As discussed in previous chapters, there was debate about whether reserving places for early enrollees was worthwhile because these recipients may be motivated to seek employment-related services outside the program and to find jobs on their own. If welfare-to-work programs do not produce much of an added effect for them, then the cost of enrolling them in such programs may not be justified. On the other hand, if early enrollees in welfare-to-work programs engage more frequently in employment-related activities than they would on their own, or if they receive services that are not readily available outside the program, such as intensive job club, they may experience employment and earnings gains and public assistance reductions.

The next few sections provide more detailed results for the regular and early enrollee subgroups and show that welfare-to-work programs can pay off for recipients who volunteer for services.

A. 1. Employment and Earnings. The control group outcomes in Table 4.6 show that early enrollees were more likely to obtain employment on their own than regular enrollees. During the two-

[19]For example, the Grand Rapids LFA program did not increase earnings in year 2 for sample members who had a high school diploma or GED certificate at random assignment, and the Atlanta LFA program did not increase earnings in year 2 for sample members who lacked these credentials. See Hamilton et al., 1997, Table 9.7.

Like Jobs-First GAIN, the Riverside GAIN program of the late 1980s and the Portland (Oregon) JOBS program of the mid-1990s produced substantial impacts for a variety of subgroups. Both of these programs were mixed-services programs. See Riccio et al., 1994, Chapter 4, Section VII; and Scrivener et al., 1998, Chapter 5, Section IX.

year follow-up period, 63 percent of early enrollee control group members and 56 percent of regular enrollee control group members worked for pay. Despite their lower rate of employment, regular enrollee control group members earned slightly more, on average, than their early enrollee counterparts ($6,509 versus $5,910), although the difference was not statistically significant.

Over two years, Jobs-First GAIN raised employment by 10 percentage points for both early and regular enrollees (a large impact). Table 4.6 shows that early enrollee experimental group members earned $2,334 more than early enrollee control group members (a large impact), whereas regular enrollees gained $1,443 (a moderate amount); the difference between these two impacts did not attain statistical significance.

2. Public Assistance. In the two-year follow-up period, control group levels of welfare receipt and expenditures look nearly identical across the two subgroups, and impacts on welfare outcomes are quite similar. For regular and early enrollees, the program reduced time on welfare by over a month (result not shown in table) and reduced AFDC/TANF expenditures by $928 (9 percent) and $1,140 (11 percent), respectively.

In quarter 9, regular and early enrollees in the experimental group were less likely, by 5 and 4 percentage points, respectively, to be on welfare than their counterparts in the control group. The early enrollee reduction is not statistically significant, however, so it is unclear whether the program will reduce welfare receipt for this subgroup in year 3 or beyond.

B. Region

As discussed in Chapter 1, the Jobs-First GAIN sample includes welfare recipients from all parts of Los Angeles County. This section investigates the program's effects on sample members in each of the five Jobs-First GAIN administrative regions: San Fernando Valley, San Gabriel Valley, Central, Southern, and Southeastern. Differences between regions in labor market and the demographic characteristics of welfare recipients can lead to differences in program effects.[20] Table 4.6 shows that the program increased employment and average earnings for recipients in all regions — including the Central, Southern, and Southeastern regions, which encompass the poorest neighborhoods — as well as in the San Fernando and San Gabriel Valleys, which are economically better off.[21] Two-year AFDC/TANF savings in all regions fell in the moderate to large range, but reductions in welfare receipt at the end of year 2 were not as consistent across regions.

As shown in Table 4.6, between 56 percent (Central region) and 59 percent (Southern region) of control group members worked for pay in the two-year follow-up period. Among control group members, those in the Central region earned the least over two years ($5,434 on average), while those in the San Fernando Valley earned the most ($6,770 on average). Average two-year

[20]See Appendix Tables A.1 and B.6 in Freedman et al., 1999, for more detailed information.

[21]The Central and Southern regions encompass South Central Los Angeles, and the Southeastern region contains most of East Los Angeles.

Table 4.6
Impacts on Employment, Earnings, and AFDC/TANF Payments and Receipt for AFDC-FGs, by Region and Subgroup

	Ever Employed in Years 1 and 2 (%)				
Region or Subgroup	Sample Size	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Regular enrollee	12,441	65.9	56.4	9.5 ***	16.9
Early enrollee	3,242	72.3	62.5	9.8 ***	15.6
San Fernando Valley (Region 2)	2,843	67.2	58.2	9.0 ***	15.5
San Gabriel Valley (Region 3)	3,990	69.2	57.6	11.6 ***	20.1
Central (Region 4)	2,526	63.2	55.8	7.5 ***	13.4
Southern (Region 5)[a]	3.522	67.2	58.6	8.6 ***	14.7
Southeastern (Region 6)	2,802	68.1	57.2	10.9 ***	19.1
White	2,715	63.1	54.8	8.3 ***	15.1
African-American	4,891	68.6	62.0	6.6 ***	10.6
Hispanic	7,079	69.5	57.5	12.0 ***	20.8
Asian[b]	872	54.9	41.9	13.0 *** xx	31.0
Proficient in English[c]	12.513	69.3	60.3	9.0 ***	14.9
Hispanic	4,861	72.6	60.6	12.1 ***	19.9
Asian	410	67.5	57.2	10.3 *	18.0
Not proficient in English[d]	3.170	59.1	46.7	12.4 ***	26.6
Hispanic	2,218	62.7	50.8	11.9 ***	23.5
Asian	547	47.4	29.2	18.2 ***	62.1
Has a high school diploma or GED	7,168	73.0	64.0	9.0 ***	14.1
Does not have a high school diploma or GED	8,515	62.3	52.3	10.1 ***	19.3
Applicant	561	72.2	67.5	4.7	7.0
Short-term recipient	3,699	71.0	62.5	8.5 ***	13.6
Long-term recipient	11,423	65.8	55.5	10.2 ***	18.4
Employed in year prior to random assignment	5,704	86.5	82.4	4.1 ***	5.0
Not employed in year prior to random assignment	9,979	56.2	43.4	12.8 *** xxx	29.6
Most disadvantaged[e]	4,750	52.5	39.3	13.2 ***	33.6

(continued)

Table 4.6 (continued)

Average Total Earnings in Years 1 and 2 ($)				
Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)	Region or Subgroup
7,952	6,509	1,443 ***	22.2	Regular enrollee
8,244	5,910	2,334 ***	39.5	Early enrollee
8,518	6,770	1,748 ***	25.8	San Fernando Valley (Region 2)
8,204	6,417	1,787 ***	27.8	San Gabriel Valley (Region 3)
6,934	5,434	1,500 ***	27.6	Central (Region 4)
8,019	6,597	1,422 ***	21.6	Southern (Region 5)[a]
8,238	6,421	1,818 ***	28.3	Southeastern (Region 6)
7,858	6,306	1,553 ***	24.6	White
8,337	6,909	1,429 ***	20.7	African-American
8,076	6,214	1,862 ***	30.0	Hispanic
6,472	4,421	2,052 ***	46.4	Asian[b]
8,479	6,936	1,543 ***	22.2	Proficient in English[c]
8,680	6,861	1,819 ***	26.5	Hispanic
9,197	9,181	16	0.2	Asian
6,169	4,264	1,905 ***	44.7	Not proficient in English[d]
6,752	4,791	1,961 ***	40.9	Hispanic
4,338	2,507	1,831 ***	73.1	Asian
10,249	8,444	1,805 ***	21.4	Has a high school diploma or GED
6,128	4,647	1,481 ***	31.9	Does not have a high school diploma or GED
9,830	9,241	589	6.4	Applicant
10,202	8,958	1,244 **	13.9	Short-term recipient
7,212	5,410	1,802 ***	33.3	Long-term recipient
12,617	11,212	1,405 ***	12.5	Employed in year prior to random assignment
5,374	3,624	1,750 ***	48.3	Not employed in year prior to random assignment
4,150	2,624	1,526 ***	58.2	Most disadvantaged[e]

(continued)

Table 4.6 (continued)

Region or Subgroup	Sample Size	Average Total AFDC/TANF Payments in Years 1 and 2 ($): Experimental Group	Control Group	Difference (Impact)		Percentage Change (%)
Regular enrollee	12,441	9,108	10,037	-928	***	-9.3
Early enrollee	3,242	9,031	10,171	-1,140	***	-11.2
San Fernando Valley (Region 2)	2,843	8,632	9,704	-1,072	***	-11.0
San Gabriel Valley (Region 3)	3,990	8,777	9,776	-999	***	-10.2
Central (Region 4)	2,526	9,684	10,618	-934	***	-8.8
Southern (Region 5)[a]	3.522	9.709	10.510	-800	***	-7.6
Southeastern (Region 6)	2,802	8,691	9,809	-1,119	***	-11.4
White	2,715	8,081	8,903	-822	***	-9.2
African-American	4,891	9,522	10,397	-874	***	-8.4
Hispanic	7,079	9,032	10,211	-1,180	***	-11.6
Asian[b]	872	10.307	10.933	-626	** x	-5.7
Proficient in English[c]	12.513	8.865	9.842	-977	***	-9.9
Hispanic	4,861	8,809	9,984	-1,175	***	-11.8
Asian	410	8,306	8,335	-29		-0.3
Not proficient in English[d]	3.170	9.971	11.006	-1.034	***	-9.4
Hispanic	2,218	9,517	10,761	-1,243	***	-11.6
Asian	547	11,560	12,743	-1,183	***	-9.3
Has a high school diploma or GED	7,168	8,280	9,272	-992	***	-10.7
Does not have a high school diploma or GED	8,515	9,775	10,739	-964	***	-9.0
Applicant	561	7,158	7,665	-507		-6.6
Short-term recipient	3,699	7,373	8,229	-856	***	-10.4
Long-term recipient	11,423	9,742	10,776	-1,034	***	-9.6
Employed in year prior to random assignment	5,704	7,984	8,865	-881	***	-9.9
Not employed in year prior to random assignment	9,979	9,725	10,754	-1,029	***	-9.6
Most disadvantaged[e]	4,750	10,727	11,702	-975	***	-8.3

(continued)

Table 4.6 (continued)

Received AFDC/TANF in Quarter 9 (%)				
Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)	Region or Subgroup
61.3	66.1	-4.8 ***	-7.2	Regular enrollee
62.3	66.3	-4.0	-6.1	Early enrollee
57.9	61.3	-3.4	-5.5	San Fernando Valley (Region 2)
56.6	63.3	-6.8 ***	-10.7	San Gabriel Valley (Region 3)
69.5	72.8	-3.3	-4.5	Central (Region 4)
66.7	71.0	-4.2 **	-6.0	Southern (Region 5)[a]
58.4	64.0	-5.6 **	-8.8	Southeastern (Region 6)
51.9	55.1	-3.2	-5.8	White
68.5	72.6	-4.1 ***	-5.7	African-American
59.6	66.0	-6.4 ***	-9.6	Hispanic
67.7	66.9	0.8	1.2	Asian[b]
60.2	65.1	-4.9 ***	-7.5	Proficient in English[c]
57.8	65.0	-7.3 ***	-11.2	Hispanic
53.7	46.5	7.1	15.4	Asian
66.6	71.1	-4.6 **	-6.4	Not proficient in English[d]
63.6	68.7	-5.2 **	-7.5	Hispanic
76.2	84.4	-8.2 *	-9.7	Asian
55.7	61.4	-5.7 ***	-9.3	Has a high school diploma or GED
66.5	70.2	-3.7 ***	-5.3	Does not have a high school diploma or GED
45.6	46.9	-1.3	-2.9	Applicant
47.5	52.0	-4.4 **	-8.5	Short-term recipient
66.9	71.6	-4.7 ***	-6.6	Long-term recipient
54.9	58.8	-4.0 **	-6.7	Employed in year prior to random assignment
65.3	70.4	-5.1 ***	-7.2	Not employed in year prior to random assignment
72.4	75.5	-3.1 *	-4.1	Most disadvantaged[e]

(continued)

Table 4.6 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings or AFDC/TANF payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for AFDC-FG subgroups are weighted averages of impacts for regular enrollees and early enrollees in the subgroup: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG subgroup) + (early enrollee impact x percent of early enrollees in AFDC-FG subgroup).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

A homogeneity test was applied to variation in impacts across subgroups. Statistical significance levels are indicated above the set of subgroups to which they apply as: x = 10 percent; xx = 5 percent; and xxx = 1 percent. Zero "x"s means that variation in impacts did not achieve statistical significance.

The sample sizes of the ethnicity subgroups do not add up to the full sample size because results for Native Americans and Pacific Islanders are not presented. Their sample sizes were too small for reliable estimates.

The welfare history subgroups (applicants, short-term recipients, and long-term recipients) were defined through a combination of self-reported information and administrative records data.

The difference in impacts between AFDC-FGs proficient in English and AFDC-FGs not proficient in English was statistically significant at the 1 percent level for percentage ever employed in years 1 and 2. No other differences were statistically significant for these two subgroups. No tests of differences in impacts between racial/ethnic groups were performed within each subgroup defined by level of English proficiency. Tests of differences in impacts between Hispanics who were or were not proficient in English revealed no statistically significant differences. Tests of differences in impacts between Asians who were or were not proficient in English revealed statistically significant differences in receipt of AFDC/TANF in quarter 9 and in total AFDC/TANF amount received in years 1 and 2.

[a]This region serves the low-income communities of Watts, Compton, and North Long Beach.

[b]The Asian subgroup contains only regular enrollees because the sample size of early enrollees was very small.

[c]Includes outcomes for whites and African-Americans.

[d]Includes outcomes for African-Americans.

[e]The "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

AFDC/TANF payments for control group members ranged from $9,704 in the San Fernando Valley to $10,618 in the Central region. The proportion of control group members still on welfare at the end of year 2 ranged from 61 percent to 73 percent across regions.

Jobs-First GAIN increased employment by moderate to large amounts (8 to 12 percentage points) and earnings by moderate amounts ($1,400 to $1,800) in all regions during the follow-up period. The program also reduced AFDC/TANF payments by moderate to large amounts in all regions ($800 to $1,100, or 8 percent to 11 percent). Welfare receipt decreased in just three of the regions (San Gabriel Valley, Southern, and Southeastern), by small to moderate amounts (7, 4, and 6 percentage points, respectively).

C. Race/Ethnicity

This section discusses Jobs-First GAIN's impacts on the four main racial/ethnic subgroups in the single-parent sample: whites, African-Americans, Hispanics, and Asians. Differences between these subgroups in control group outcomes and program impacts could reflect a variety of factors, including differences in where members of the subgroups live (for example, the Southern region contains a high proportion of African-Americans and a low proportion of Hispanics, whereas the reverse is true of the Southeastern region), employer preferences for candidates of a particular race or ethnicity, and differences in the degree to which networks of family and friends helped welfare recipients find jobs or leave welfare. This section also presents Jobs-First GAIN's impacts on large subsamples of the racial/ethnic groups with different levels of English proficiency, in this case Hispanics and Asians.

In the two-year follow-up period, control group employment and earnings levels were lowest for Asians (42 percent and $4,400) and highest for African-Americans (62 percent and $6,900). Jobs-First GAIN boosted employment by large amounts for Hispanics and Asians and by moderate amounts for whites and African-Americans. Earnings gains ranged from $1,429 for African-Americans to $2,052 for Asians.

Among control group members, DPSS spent the most AFDC/TANF dollars in the two-year follow-up period on Asians ($10,900) and the least on whites ($8,900). Despite their relatively high two-year employment levels, African-Americans in the control group were most likely to be on AFDC/TANF at the end of follow-up: 73 percent of them received a welfare check in quarter 9. White control group members were at the low end of the range of AFDC/TANF receipt in quarter 9 (55 percent).

Jobs-First GAIN achieved large savings (12 percent) in AFDC/TANF dollars for Hispanics ($1,200), and moderate savings (6 percent to 9 percent) for the other three racial/ethnic subgroups ($600 to $900). However, the program reduced welfare receipt for only two of the four subgroups (4 percentage points for African-Americans and 6 percentage points for Hispanics). The program did not reduce the proportions of whites or Asians on the rolls in quarter 9.

1. Hispanics With or Without English Proficiency. Jobs-First GAIN was successful for all Hispanics, regardless of their level of English proficiency. Hispanic experimental group members with and without proficiency in English were more likely (by 12 percentage points for each subgroup) to have been employed in the follow-up period than members of the corresponding control groups. As ex-

pected, employment among Hispanic experimental group members without proficiency in English was lower than that among those proficient in English (73 percent versus 63 percent). Both Hispanic subgroups also achieved two-year earnings gains of more than $1,800 and reductions in two-year AFDC/TANF payments of about $1,200, or 12 percent. The program also reduced AFDC/TANF receipt at the end of follow-up by over 5 percentage points in each subgroup.

2. Asians With or Without English Proficiency. Jobs-First GAIN increased employment for Asians proficient in English by 10 percentage points. The program appeared to be even more successful in moving Asians not proficient in English into employment (18 percentage points), although the difference between the two impacts was not statistically significant. There was a large discrepancy between the two-year employment rate for Asian experimental group members who were proficient in English (68 percent) and that for those who were not (47 percent).

For Asians proficient in English, the program had no effect on earnings or AFDC/TANF payments and had a negative impact on AFDC/TANF receipt in quarter 9 of moderate size (an increase of 7 percentage points). For Asians not proficient in English, in contrast, it had moderate to large positive impacts on these three measures, producing a two-year earnings gain of $1,831, a reduction in two-year AFDC/TANF payments of $1,183 (9 percent), and an 8 percentage point reduction in AFDC/TANF receipt at the end of the follow-up period.

D. Educational Attainment

Table 4.6 also includes results for recipients who had a high school diploma or GED certificate at random assignment, referred to here as *graduates*, and for those who did not, referred to as *nongraduates*. It is particularly important to learn how Jobs-First GAIN affected nongraduates because, in an education-focused or a Work First mixed-services program, nongraduates would most likely have first attended an education or training activity, rather than a job search activity as in Jobs-First GAIN. Any differences in impacts between welfare-to-work approaches should therefore be most evident in this subgroup.

As shown in Table 4.6, Jobs-First GAIN raised employment and earnings and decreased welfare payments and receipt for nongraduates, demonstrating that job-search-first programs can work for recipients with low educational attainment.

Graduates in the control group were more likely than nongraduates in the control group to work in the two-year follow-up period (64 percent versus 52 percent), and their average two-year earnings were higher ($8,444 versus $4,647). Moreover, average AFDC/TANF payments for nongraduate control group members exceeded those for their graduate counterparts by about $1,500, and more nongraduates received a welfare check in the last quarter of follow-up (70 percent versus 61 percent). Despite these differences, the program produced similar impacts for graduates and nongraduates on employment (a gain of 9 percent versus 10 percent), earnings (a gain of $1,805 versus $1,481), and

AFDC/TANF payments (a reduction of $992 versus $964), and welfare receipt (a reduction of 6 versus 4 percentage points).[22]

E. Employment History

Of all background characteristics, employment history appears to be the strongest predictor of sample members' two-year employment and earnings whether they were in Jobs-First GAIN or not. Recipients who worked in the year prior to random assignment — that is, those with recent employment — can be considered the most job-ready, and those without recent employment can be considered the least job-ready. Table 4.6 shows that 82 percent of control group members with recent employment also worked in the two years after random assignment, whereas only 43 percent of control group members without recent employment worked in the same period. The average earnings of control group members with recent employment exceeded the earnings of those without recent employment by more than $7,500.

Jobs-First GAIN increased employment more for recipients without recent employment than it did for those with recent employment, probably because the latter were more likely to find work without the program's help.[23] Otherwise, impacts on the two subgroups were fairly similar. Both attained two-year earnings gains of more than $1,400 and two-year AFDC/TANF payment reductions of more than $850 (approximately 10 percent), and 4 to 5 percentage point reductions in AFDC/TANF receipt at the end of the follow-up period.

F. Welfare History

Table 4.6 also includes impacts for three subgroups defined by AFDC receipt: (1) newly approved *applicants*, who were receiving welfare at random assignment but reported that they had never received AFDC as an adult prior to random assignment; (2) *short-term recipients*, who reported being on welfare for one month to under two years cumulatively (on their own or a spouse's case) at some time before random assignment; and (3) *long-term recipients*, who had two or more years of cumulative prior receipt.[24] Long-term recipients are most at risk of exhausting their welfare eligibility in an era of time limits, so it is particularly important that their employment enable them to leave welfare before their clocks expire.

During the two-year follow-up period, applicant control group members were most likely to work (68 percent), followed by short-term (63 percent) and long-term (56 percent) recipient control group members. As expected, applicants in the control group earned the most, received the fewest AFDC/TANF dollars, and were the least likely to be on welfare at the end of year 2. Their long-term recipient counterparts earned the least, received the most AFDC/TANF dollars, and were the most likely to be on welfare at the end of year 2.

[22]None of the differences between impacts for graduates and nongraduates attained statistical significance.

[23]This difference was statistically significant.

[24]The welfare history subgroups were defined using a combination of self-reported information and administrative records data. See Freedman et al., 1999, Appendix B, for more details.

Jobs-First GAIN produced positive impacts on a variety of measures for short- and long-term recipients but had no impact on applicants' employment, earnings, or AFDC/TANF receipt or payments. Given the already high level of employment and earnings among applicants in the control group, this is not wholly surprising. The program led to moderate gains in employment and earnings among short-term recipients and to large increases among long-term recipients. Reductions in AFDC/TANF payments were large for both subgroups. At the end of year 2, both of these subgroups were also somewhat less likely (by 4 to 5 percentage points) to be on welfare than their counterparts in the control group.

G. The Most Disadvantaged

The *most disadvantaged* subgroup, the results for which are presented in Table 4.6, consists of nongraduate, long-term recipients who did not work in the year prior to random assignment. These people face more barriers to employment than nearly every other subgroup in this analysis.[25] In the two-year follow-up period, about 40 percent of the most disadvantaged control group members worked for pay. Two-year earnings and AFDC/TANF payments for control group members in this subgroup averaged $2,624 and $11,702, respectively. About three-quarters of these people were still on welfare at the end of year 2.

Jobs-First GAIN raised employment by a large amount (13 percentage points) and increased earnings by a moderate amount (more than $1,500) for the most disadvantaged group. The program also reduced AFDC/TANF expenditures and receipt by a moderate ($975, or 8 percent) and small (3 percentage points) amount, respectively. These results provide convincing evidence that even the most dependent welfare recipients with low educational attainment and no recent work history can benefit from a Work First program. Still, it is important to recognize that only half of the experimental group members classified as most disadvantaged ever worked during the two-year follow-up period.

[25]Asians who were not proficient in English had the lowest employment and highest welfare receipt of any subgroup. Many members of this subgroup were also in the most disadvantaged subgroup.

Chapter 5

Impacts on Self-Sufficiency, Income, and Material Well-Being for AFDC-FGs

This chapter begins the discussion of whether single parents (AFDC-FGs) became better off financially and in other ways as a result of their exposure to Jobs-First GAIN's services, messages, and mandates. The chapter first examines whether Jobs-First GAIN increased the proportion of sample members who were working and no longer receiving welfare by the end of year 2, an important indicator of self-sufficiency. The analysis also considers sample members with no recorded earnings or welfare payments at the end of year 2, exploring what other kinds of income they received. Based on calculations from administrative records and responses to the Two-Year Client Survey, the chapter next examines whether Jobs-First GAIN increased sample members' income in year 2. The chapter also looks at income from other household members and considers whether Jobs-First GAIN increased the likelihood of sample members' living with wage earners or with people who received income from other sources. An analysis of Jobs-First GAIN's effects on medical coverage and other noncash benefits comes next, followed by a summary of the program's effects on food insecurity, hunger, and other indicators of personal and family well-being.

Chapter 6 extends the analysis of family income and well-being by examining Jobs-First GAIN's effects on child care use and costs and on selected indicators of children's behavioral adjustment, school progress, and safety. Finally, the benefit-cost analysis in Chapter 8 provides a more complete accounting of the program's impacts on income and material resources, both during the two-year follow-up period and projected over three additional years.

All impact estimates discussed in the text of this chapter are statistically significant unless otherwise indicated.

I. Key Findings

- In year 2, experimental group members received 2 percent more income from earnings (minus payroll taxes), the Earned Income Tax Credit (EITC), AFDC/TANF, and Food Stamps than control group members. Jobs-First GAIN's effect on income may have grown stronger over time. Survey responses indicate that experimental group members received 9 percent more income than control group members at the end of year 2. The latter impact is based on income estimates that include child support payments, disability payments, and other source of income.

- California's relatively generous Work Pays financial incentives encouraged recipients to find work quickly, but also increased the likelihood of their remaining on welfare. At the end of year 2, Jobs-First GAIN produced a 7 percentage point increase in employment, but only a 3 percentage point increase in employment without welfare. Most experimental group members who were working at the end of year 2 also received a welfare check.

- More positively, the program increased sample members' reliance on earnings as a source of income. In year 2, earnings made up about 46 percent of experimental group members' total income from earnings (minus payroll taxes), the EITC, AFDC/TANF, and Food Stamps, compared with 38 percent of control group members' total income from the same sources.

- Jobs-First GAIN did not affect the proportion of sample members who lived with people who received income from earnings or from other sources. At the end of year 2, nearly 45 percent of both experimental and control group members were living with someone who received income. Nearly 30 percent of people in each research group lived with another wage earner.

- Jobs-First GAIN did not affect the proportion of sample members who received medical coverage, housing assistance, child support, or disability payments. In both research groups, about 90 percent of sample members and their children were covered by public or private medical insurance at the end of year 2.

- About half of survey respondents in both research groups indicated that they lacked money to buy food at some point in year 2. This level of food insecurity exceeds the national average for people who were living below the poverty threshold in 1998. Nearly 19 percent of experimental group members experienced a more severe type of food insecurity that involved adults' forgoing meals, compared with about 13 percent of control group members. Jobs-First GAIN did not affect other indicators of material well-being.

II. Analysis Issues

A. Defining Self-Sufficiency

All welfare-to-work programs seek to increase self-sufficiency, although this concept may take on different meanings. Attaining self-sufficiency can mean ending welfare dependency, the primary goal of many welfare-to-work programs. However, people who leave welfare do not always do so because they become employed; exits from welfare may occur for other reasons, such as marriage or new support from partners, family, and friends. In some instances, people who leave welfare without employment may experience severe financial hardship. Therefore, leaving welfare and being employed is a more positive indicator of self-sufficiency. Although welfare recipients may not initially receive more in earnings than they did from a welfare check, maximum welfare and Food Stamp grant amounts are set below the poverty threshold, which means that recipients can attain long-term economic security only by working for pay.

Self-sufficiency has also been defined in terms of income and financial security. At a minimum, welfare-to-work programs can make recipients more self-sufficient by increasing their income — ideally to a level above the poverty threshold — although, as in California, some programs may do so by encouraging recipients to combine work and welfare. Programs may also promote self-sufficiency by increasing welfare recipients' reliance on earnings (expressed in terms of earnings as a percentage of total

income) over time, even if they encourage people to combine work and welfare in the short term. Finally, programs can help welfare recipients achieve the highest standard of self-sufficiency by helping them find employment that provides them with income (perhaps supplemented by the EITC) sufficient to move them off welfare and out of poverty.

B. Direct and Indirect Effects on Self-Sufficiency and Income

Welfare-to-work programs can have both direct and indirect effects on self-sufficiency, income, and material well-being. Direct effects can result from programs' employment-preparation strategy — for example, whether a program encourages people to start working quickly or instead to wait for a better job. Programs may also affect these outcomes by implementing strategies aimed at reducing welfare receipt quickly or, alternatively, by encouraging recipients who find employment to combine work and welfare. The amount of effort program staff devote to helping recipients who enter employment apply for the EITC, maintain eligibility for Food Stamps, and obtain medical coverage and child care assistance may also have direct effects on self-sufficiency, income, and material well-being.

Indirect effects can result from changes in welfare recipients' social and family networks once they begin working. For example, welfare recipients who work for pay may be more likely to find spouses and partners who work, or may find job leads for other members of their household, thereby increasing the household's income and economic security. Increases in employment and income may also improve people's ability to purchase goods (like cars and clothing) and services (like reliable day care and health care) that support job retention and advancement and may help people obtain credit or save for the future. Alternatively, welfare-to-work programs that increase unstable employment or encourage recipients to leave welfare without employment may lead to immediate hardship and decrease people's ability to maintain the social and material supports needed to find employment in the future.

C. Measurement Issues

Like Chapter 4, this chapter analyzes outcomes using administrative records and data from the Two-Year Client Survey, which was administered to 746 AFDC-FGs at the end of year 2. As discussed in Chapter 4, each of these data sources has its advantages and limitations. Measures of employment and welfare status and year 2 income are calculated from statewide Unemployment Insurance (UI) earnings records and AFDC/TANF and Food Stamp payment records for all sample members. Estimates based on these administrative records are useful because they include all sample members, cover the entire follow-up period, and likely include the primary sources of income received by most sample members.[1] However, these records do not include earnings not reported to the UI system, child support, other types of transfer payments, income from other household members, or income from family and friends who live outside the household; therefore, on the basis of administrative records some sample members may be incorrectly classified as not employed or as having no income. The Two-Year Client Survey includes these other sources of earnings and income, but for a much smaller group of sample members and for only one month at the end of year 2. Further, like all survey-based data, reported earnings and income are subject to recall error, nonreporting, and exaggeration.

[1]See, for example, Table 5.3, which, based on survey data, displays income receipt at the end of year 2. Only around 10 percent of respondents reported receiving income from a source other than earnings, welfare, or Food Stamps at that time.

III. Impacts on Self-Sufficiency

A. Employment and Welfare Status

Figure 5.1 illustrates how Jobs-First GAIN affected self-sufficiency over time — specifically, at the start of follow-up (quarter 2), at the end of year 1 (quarter 5), and at the end of follow-up (quarter 9). It divides experimental and control members into four categories based on their employment and welfare status: employed and off AFDC/TANF, not employed and off AFDC/TANF, employed and on AFDC/TANF, and not employed and on AFDC/TANF. These categories can be thought of as lying on a self-sufficiency continuum. Sample members who were jobless and on AFDC/TANF can be considered the most dependent, those who combined work and welfare less dependent, and those who supported themselves through their own earnings and received no welfare payments the most self-sufficient. Sample members who were off welfare but not employed, who are discussed below, are harder to situate on the self-sufficiency continuum.

Members of both research groups moved toward greater self-sufficiency over the follow-up period. Nevertheless, only a small minority of each group attained the most self-sufficient status by the end of year 2 (quarter 9). Jobs-First GAIN had the largest effect on the proportion of sample members in the least self-sufficient group, that is, those who were not employed and on welfare. Notably, in the first quarter of follow-up (quarter 2), the program achieved a large decrease in this proportion, which was 73 percent for control group members and 63 percent for experimental group members. The experimental-control difference on this measure (10 percentage points) decreased only slightly over time, even as members of both groups moved into more self-sufficient statuses. In the last quarter of year 2 (quarter 9), about 37 percent of experimental group members received welfare and did not work for pay, 8 percentage points below the control group level.

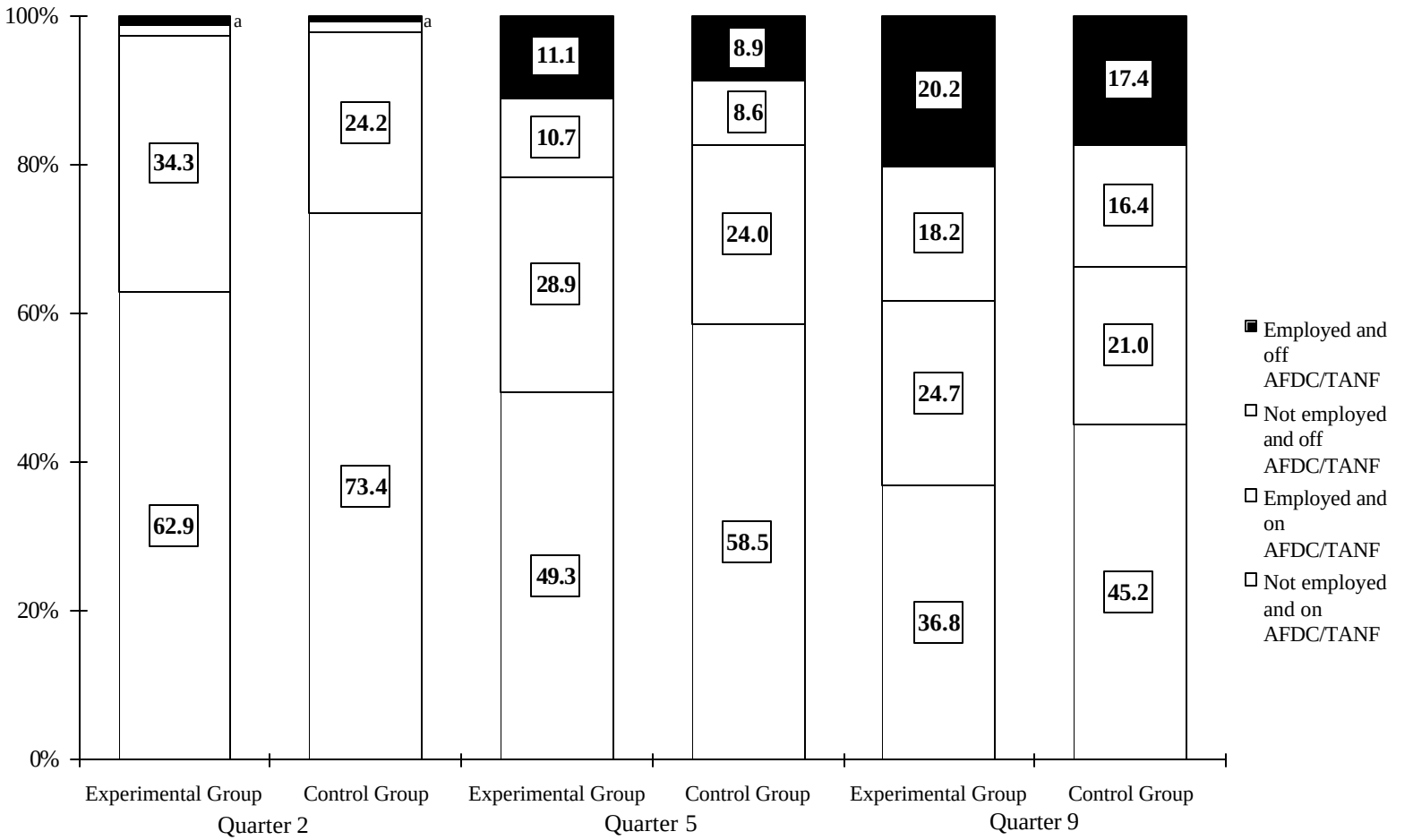
As noted previously, Jobs-First GAIN encouraged experimental group members to combine work and welfare in the short term. Jobs-First GAIN produced a large initial gain in the proportion who were employed and on welfare, perhaps as a result of the program's efforts to promote this route to self-sufficiency.[2] In the first quarter of follow-up (quarter 2), 34 percent of ex-

[2]Several other factors most likely contributed to the increase as well, including California's relatively high welfare grant levels, high earnings disregards, and the typically low starting wages earned by welfare recipients. In addition, this measure includes earnings and welfare payments paid at any time during a calendar quarter; some experimental group members may have stopped receiving welfare by the last month of the quarter after beginning to work.

Los Angeles Jobs-First GAIN Evaluation

Figure 5.1

Employment and AFDC/TANF Status of AFDC-FGs over Two Years



(continued)

-109-

Figure 5.1 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Exact figures under 3.0 percent are not shown.

-110-

perimental group members combined work and welfare, 10 percentage points above the control group level. At that point, almost no one in either group was working and off welfare. Over time, the proportion of experimental group members employed and on welfare shrank, as did the experimental-control difference on this measure. In the last quarter of follow-up (quarter 9), about a quarter of experimental group members combined work and welfare, a 4 percentage point increase relative to the control group level.

The proportion of experimental group members who worked for pay and did not receive welfare increased steadily over the follow-up period, from close to 0 percent at the beginning of follow-up (quarter 2) to 11 percent at the end of year 1 (quarter 5) to 20 percent a year later (quarter 9). The percentage of experimental group members in this category at the end of year 2 exceeded the control group level by 3 percentage points, indicating a small positive impact on this measure of self-sufficiency. Still, those who achieved the most self-sufficient status represent only a small fraction of all experimental group members. Moreover, at the end of year 2, a larger proportion of experimental group members combined work and welfare than relied on earnings alone (25 percent versus 20 percent).

As discussed in Chapter 1, CalWORKs, which succeeded Jobs-First GAIN, combines even more generous earnings disregards with time limits on eligibility for assistance. The findings for Jobs-First GAIN at the end of year 2 underscore the tension inherent in this approach. Earnings disregards encourage welfare recipients to work full time, yet increase the likelihood of recipients' remaining on welfare and bring recipients closer to the time limit on their eligibility. The challenge for DPSS will be to help recipients find employment with earnings high enough to support their families without welfare, or at least to help them find employment that sets them on the road to reaching this goal before their eligibility runs out.[3]

B. Sample Members Not Employed and Not on Welfare at the End of Year 2

By the end of year 2 (quarter 9), 18 percent of experimental group members neither worked for pay nor received a welfare check, a 2 percentage point increase relative to the control group. Sample members who lacked both a job and a welfare check in quarter 9 are somewhat harder to place on the continuum of self-sufficiency than those in the other three categories in Figure 5.1. They could have left welfare only to become desperately poor and without medical coverage, in which case they would most likely have relied on other forms of public assistance for survival. On the other hand, they could have made up for lost AFDC/TANF dollars with income from a family member or another nongovernment source. Moreover, some sample members who were not employed and off AFDC/TANF could have received earnings in quarter 9 that were not reported to the state unemployment insurance office (and hence were not captured by UI records).

Responses to the Two-Year Client Survey provide additional information on the sources of income on which sample members relied (see Table 5.1). In the month before interview, about 15 percent

[3]At the end of the follow-up period, a mother with two children could earn up to $1,353 per month ($7.81 per hour for a 40-hour work week) before losing her welfare eligibility. This calculation is based on the maximum aid payment of $565 and the CalWORKs grant calculation rules, which went into effect in January 1998. Under CalWORKs, the first $225 of monthly earnings plus one half of the remainder are disregarded in welfare grant calculations.

of experimental group respondents and 14 percent of control group respondents reported being off welfare without employment (the difference was not statistically significant).[4] Most respondents in this category reported receiving no additional income from Food Stamps, Supplemental Security Income (SSI) or other disability assistance, Social Security or a pension, or from any other source. Most, however, reported living in a household with another adult who received income, usually from employment.

C. Respondent and Household Employment

As noted above, welfare-to-work programs may affect the likelihood of enrollees' living in households with another wage earner. As for many non-welfare recipients in the U.S., welfare recipients' best chance of attaining economic security may occur when they and another member of their household work for pay and contribute to the support of the children in the household.

The bottom panel of Table 5.1 shows the proportion of survey respondents in the experimental and control groups in each of the following household employment statuses at the end of year 2: neither the sample member nor another household member is employed, only other household members are employed, only the sample member is employed, and both the sample member and at least one other household member are employed.

Households with no wage earners are the least self-sufficient and most susceptible to long-term hardship. Jobs-First GAIN reduced the proportion of sample members in this status at the end of year 2 by 8 percentage points relative to the control group level of 43 percent. The program also increased the percentage of sample members who were the sole wage earner in their household, a more self-sufficient status, from 29 percent to 35 percent. A fairly large proportion of respondents, just under 30 percent in each research group, lived in a household with a wage earner. About half of experimental group members with another wage earner in the household (14 percent of the full experimental group) also worked for pay at the end of year 2, a small and not statistically significant increase relative to the control group level of 12 percent. Jobs-First GAIN produced a similarly small (2 percentage point) and not statistically significant reduction in the proportion of respondents not employed and living in a household in which someone else was working.

IV. Impacts on Income

Welfare-to-work programs can also enhance self-sufficiency by increasing enrollees' income. At a minimum, such programs aim to raise income levels relative to what people would have attained had they not enrolled. Welfare-to-work programs can also increase the proportion

[4]These percentages are slightly lower than those recorded in administrative records for the full sample. Experimental and control group survey respondents also reported slightly higher employment rates. These differences may reflect work in jobs not recorded in California's UI system, as well as expected variation in results for subsamples of the research sample.

Los Angeles Jobs-First GAIN Evaluation

Table 5.1
Impacts on Employment and AFDC/TANF Status of AFDC-FGs and on Measured Income from Other Household Members at the End of Year 2

Outcome (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Respondent employment and AFDC/TANF status				
Employed, not on AFDC/TANF	24.5	21.6	2.9	13.5
Employed, on AFDC/TANF	25.3	18.7	6.6 **	35.0
Not employed, on AFDC/TANF	35.5	45.7	-10.2 ***	-22.3
Not employed, not on AFDC/TANF	14.7	14.0	0.7	5.2
And received no other income	11.4	9.0	2.4	26.7
And received income from other sources	3.3	5.0	-1.7	-33.6
And reported no household income	3.7	3.0	0.6	20.6
And reported that other household members received income	11.0	10.9	0.1	0.9
And reported that other household members received income from employment	8.7	6.6	2.2	33.2
Respondent and household employment status				
Only respondent employed	35.3	28.5	6.8 **	24.0
Only other household member employed	15.0	16.6	-1.7	-10.0
Respondent and other household member employed	14.4	11.8	2.6	22.3
Respondent and other household members not employed	35.2	43.0	-7.8 **	-18.1
Sample size	372	374		

SOURCES: MDRC calculations from the Two-Year Client Survey and LA DPSS Integrated Benefits Payment System AFDC/TANF and Food Stamp payment records.

NOTES: Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

A two-tailed test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

The survey directly asked about respondents' and other household members' income from earnings, AFDC/TANF, Food Stamps, child support payments, Supplemental Security Income (SSI) or other disability benefits, Social Security or pension benefits, and "any other" source. In calculations of respondent income, AFDC/TANF data were obtained from payment records rather than from survey responses.

of income that comes from earnings. Ideally, however, these programs help enrollees attain sufficient income to move out of poverty.

A. Income in Year 2

In year 2, experimental group members achieved earnings gains that exceeded reductions in AFDC/TANF and Food Stamp expenditures by a small amount. Experimental group members received an average of $10,056 in income from earnings, AFDC/TANF, and Food Stamps combined, $136 (or 1 percent) above the control group average; the difference was not statistically significant (results not shown). Most likely, this impact somewhat underestimates Jobs-First GAIN's effects on income. A better estimate would include the program's effects on the EITC (which increases income), as well as its impact on payroll taxes (which reduce income).

It was beyond the scope of this evaluation to measure the EITC and payroll taxes directly. Instead, these outcomes were estimated on the basis of sample members' measured earnings in year 2, rules for calculating the EITC and taxes, and assumptions about the percentage of sample members who applied for the EITC on their federal income tax return. Including these measures in the calculation of total income for both research groups raises the average income of experimental group members in year 2 by $412 — to $10,468 — and increases Jobs-First GAIN's impact on income in year 2 to $206 (a 2 percent increase).[5]

Further, Jobs-First GAIN increased earnings expressed as a percentage of total income, another positive impact on self-sufficiency. As shown in Table 4.1, experimental group members earned an average of $4,807 in year 2, or about 46 percent of their total income in year 2 ($4,806 divided by $10,468). In contrast, control group members earned an average of $3,938, or only 38 percent of their total income ($3,938 divided by $10,262).

Another way to assess whether Jobs-First GAIN improved self-sufficiency is to compare the proportions of experimental and control group members whose income from earnings (minus payroll taxes), the EITC, welfare, and Food Stamps exceeded the federal poverty threshold.[6] The program produced mixed effects on this measure (see Figure 5.2). As illustrated by the third pair of bars in Figure 5.2, 29 percent of experimental group members attained this income level in year 2, a 5 percentage point gain relative to the control group level. On the other hand, Jobs-First GAIN also increased the proportion of sample members with incomes below 50 percent of the poverty threshold by 3 percentage points.

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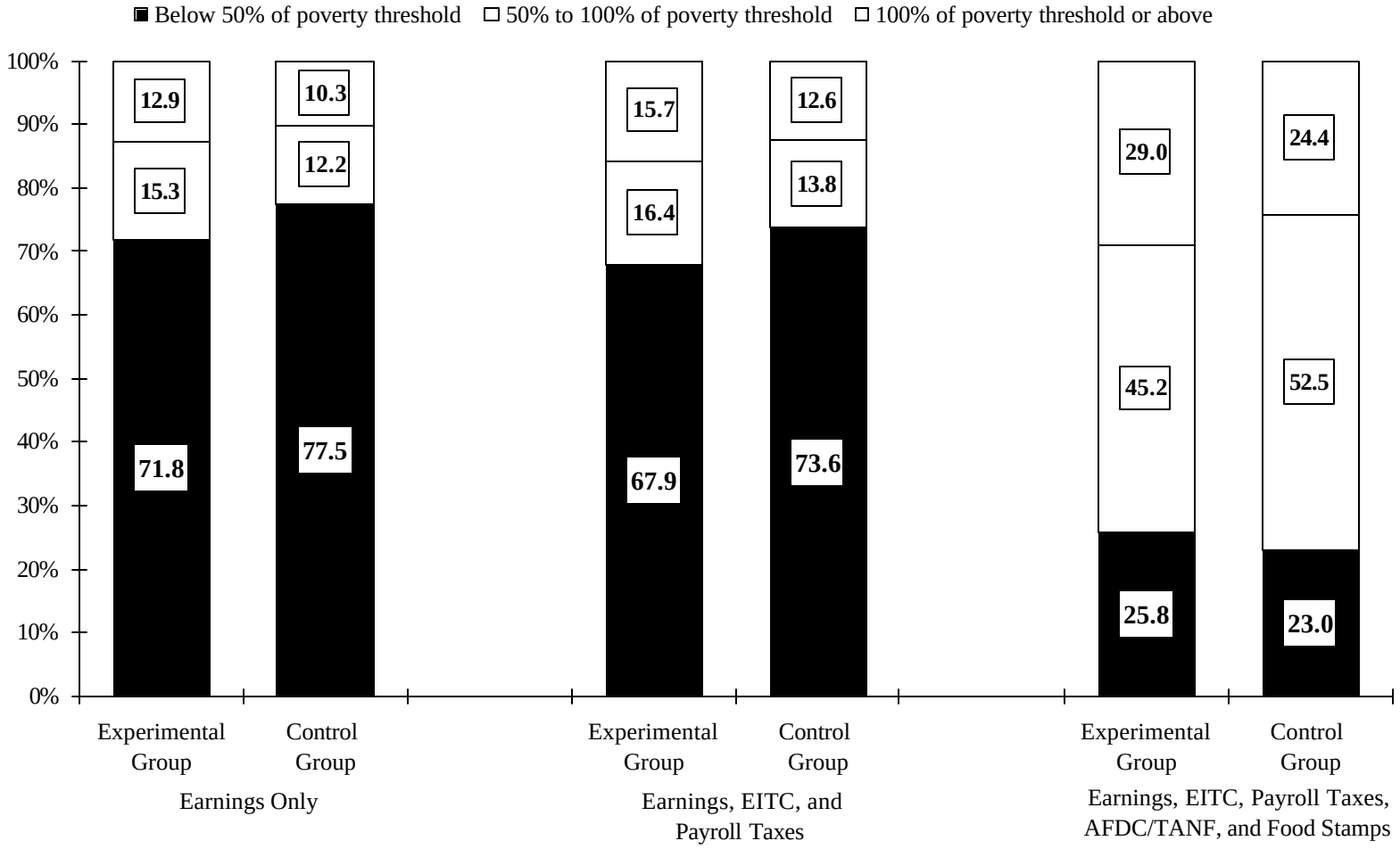
[5]The calculations of EITC payments use 1998 tax rules and assume an 80 percent take-up rate (see Scholz, 1996). Estimated EITC amounts based on year 2 earnings are included in the estimates of total income, although some sample members actually received the EITC as a tax refund in year 3. The estimated payroll taxes were calculated by multiplying earnings by the 1998 tax rate, 7.65 percent.

[6]U.S. Census Bureau website. For each sample member, total income was compared to the 1998 poverty threshold for the sample member's family size: $11,235 for two people, $13,133 for three people, and $16,588 for four people. Income for sample members with more than three children was compared to the poverty threshold for four people. It should be noted that these figures differ from official estimates because here income includes Food Stamps and payroll taxes, which are left out of official income calculations used to determine the poverty threshold, and excludes other sources of income that are typically counted.

Los Angeles Jobs-First GAIN Evaluation

Figure 5.2

Distribution of AFDC-FGs on Measures of Year 2 Income Relative to the Poverty Threshold



(continued)

-109-

Figure 5.2 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records, LA DPSS Integrated Benefits Payment System AFDC/TANF and Food Stamp payment records, and the U.S. Census Bureau web site.

NOTES: Impacts for AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Calculations of EITC payments use 1998 tax rules and assume an 80 percent take-up rate (see Scholz, 1996). Estimated EITC amounts based on year 2 earnings are included in the estimates of total income, although some sample members actually received EITC as a tax refund during year 3. Estimated payroll taxes were calculated by multiplying earnings by the 1998 tax rate, 7.65 percent.

Measured income was compared to the U.S. Census Bureau 1998 poverty threshold for each sample member's family size: $11,235 (two people), $13,133 (three people), or $16,588 (four people). Income for sample members with more than three children was compared to the poverty threshold for four people. These figures differ from official estimates because here income includes Food Stamps and payroll taxes, which are left out of official income calculations used to determine poverty threshold, and exclude other sources of income that are typically counted.

-110-

As shown in Figure 5.2 (the first pair of bars), fewer than half of experimental group members (13 percent divided by 29 percent) and control group members (10 percent divided by 24 percent) who attained incomes above the poverty threshold received all their income from earnings. Including an EITC estimate (see middle pair of bars) raises this proportion slightly. Jobs-First GAIN raised the proportion of sample members who attained this relatively high level of self-sufficiency by about 3 percentage points, a positive effect. Still, these findings suggest that DPSS continues to face the challenge of implementing strategies that promote welfare recipients' long-term economic security.

B. Respondent and Household Income at the End of Year 2

An alternative estimate of total income at the end of year 2, calculated from a combination of survey responses and administrative data, shows Jobs-First GAIN's effect on income to be larger and more positive.[7] This estimate includes child support payments, SSI and disability benefits, Social Security and pension benefits, and any other reported income (see Table 5.2). By this measure, Jobs-First GAIN increased total income by $86 (equivalent to $1,034 per year), 9 percent above the control group average of $1,001 (equivalent to $12,006 per year). The program also had a strong impact on the proportion of sample members who attained a monthly income that put them above the poverty threshold, raising it by 10 percentage points relative to the control group level of 32 percent.[8]

Notably, experimental group members' income from earnings and the EITC account for all of the increase in this most inclusive measure of income. From 2 percent to 5 percent of experimental group members reported receiving income from each of the following sources: child support, disability benefits, pensions, or "other" sources (see Table 5.3); about the same percentages of control group members reported receiving income from these sources. Similarly, Jobs-First GAIN did not affect the likelihood of sample members' living with household members who received income from earnings, welfare, or other sources.[9]

V. Impacts on Health Coverage, SSI, and Noncash Benefits

Work First programs often encourage enrollees to begin working quickly, even at jobs that pay little and provide few, if any, employee benefits. In some situations, these programs may move people off welfare and Medicaid without providing them with alternative sources of medical coverage. This section explores this issue in two ways. First, it estimates the experimental-control difference in months of eligibility for Medi-Cal (California's Medicaid program) over two years. Jobs-First GAIN's impacts on this measure were calculated for all members of the research sample, based on AFDC/TANF payment records and statewide automated Medi-Cal eli-

[7]AFDC/TANF and Food Stamp payment records from DPSS's automated Integrated Benefits Payment System were used in these income calculations. Other outcomes were estimated from survey responses.

[8]Yearly equivalents provide context for understanding the magnitude of impacts in a single month. It is problematic, however, to assume that experimental group members experienced gains of comparable size in every month of year 2.

[9]Respondents were not asked to estimate the amount of income that other household members received.

Table 5.2
Impacts on Measured Income at the End of Year 2 for AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Income ($)				
Earnings	585	432	153 ***	35.3
AFDC/TANF	278	336	-58 ***	-17.2
Food Stamps	122	138	-16 *	-11.7
Child Support	17	15	2	11.4
Supplementary Security Income/Disability	9	6	3	47.5
Social Security/Pension	13	15	-2	-14.4
Other	27	28	-1	-5.1
Total from seven sources above	1,051	971	79	8.2
Estimated EITC	81	62	18 ***	29.5
Estimated payroll taxes	-45	-33	-12	35.3
Total from all sources	1,087	1,001	86 *	8.6
Percentage of poverty threshold (%)				
Below 50	18.5	17.7	0.9	4.9
50-99	39.3	49.9	-10.6 ***	-21.2
100 or above	42.1	32.4	9.7 ***	30.0
Sample size	372	374		

(continued)

Table 5.2 (continued)

SOURCES: MDRC calculations from the Two-Year Client Survey and California Employment Development Department Unemployment Insurance earnings records, LA DPSS Integrated Benefits Payment System AFDC/TANF and Food Stamp payment records, and U.S. Census Bureau web site.

NOTES: Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

The survey directly asked about respondents' and other household members' income from earnings, AFDC/TANF, Food Stamps, child support payments, Supplemental Security Income (SSI) or other disability benefits, Social Security or pension benefits, and "any other" source. In calculations of respondent income, AFDC/TANF and Food Stamp data were obtained from payment records rather than survey responses.

Calculations of EITC payments apply 1998 tax rules to annualized reported monthly earnings and assume an 80 percent take-up rate (see Scholz, 1996). Estimated payroll taxes were calculated by multiplying earnings by the 1998 tax rate, 7.65 percent.

Measured income annualized was compared to the U.S. Census Bureau 1998 poverty threshold for each sample member's family size: $11,235 (two people), $13,133 (three people), or $16,588 (four people). Income for sample members with more than three children was compared to the poverty threshold for four people. The calculations presented in this table differ from the official estimates of poverty because they include Food Stamps and payroll taxes, which are left out of official poverty estimates, and exclude other sources of income that are typically counted.

Table 5.3
Impacts on Receipt of Various Types of Income for AFDC-FG Respondents and Other Household Members at the End of Year 2

Received income (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Any household member	96.3	97.0	-0.6	-0.6
Respondent	88.6	91.0	-2.4	-2.6
Earnings	49.8	40.3	9.5 **	23.5
AFDC/TANF	60.8	64.4	-3.6	-5.7
Food Stamps	62.1	63.9	-1.8	-2.8
Child Support	5.2	7.1	-1.9	-26.3
Supplementary Security Income/Disability	1.6	1.0	0.6	60.1
Social Security/Pension	1.8	2.4	-0.6	-24.6
Other	2.9	4.0	-1.1	-27.2
Other household member	43.5	42.7	0.8	1.9
Earnings	29.4	28.5	1.0	3.4
AFDC/TANF	7.5	6.2	1.4	22.3
Food Stamps	7.3	7.1	0.2	2.9
Child Support	0.0	0.0	0.0	0.0
Supplementary Security Income/Disability	7.6	7.6	0.0	-0.3
Social Security/Pension	4.8	5.6	-0.7	-13.3
Other	0.0	0.0	0.0	0.0
Sample size	372	374		

SOURCES: MDRC Calculations from the Two-Year Client Survey and LA DPSS Integrated Benefits Payment System AFDC/TANF and Food Stamp payment records.

NOTES: Impacts for AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

The survey directly asked about respondents' income and other household members' income from earnings, AFDC/TANF, Food Stamps, child support payments, Supplemental Security Income (SSI) or other disability benefits, Social Security or pension benefits, and "any other" source. AFDC/TANF and Food Stamp payment records were used instead of survey responses in calculations of respondent income.

gibility records (see Table 5.4, top panel).[10] Second, the section estimates the experimental-control difference in months of medical coverage from any public or private provider at the end of year 2, based on a combination of survey responses and administrative data.

Welfare recipients are automatically eligible for Medi-Cal. Every sample member was receiving welfare benefits at the time of random assignment; therefore, 100 percent of each research group was covered. Coverage rates are expected to decrease over time, as sample members leave welfare. However, some sample members retained coverage through a variety of other state and federal programs, including Transitional Medi-Cal (for recipients whose earnings exceed the maximum level for welfare eligibility), SSI for poor and disabled adults and children, and Medi-Cal Medically Needy for people not on welfare but found to be too poor to afford private insurance.

As noted in Chapter 4, Jobs-First GAIN reduced the total months of welfare receipt by a little over one month over the two-year follow-up period. The program reduced Medi-Cal coverage by a slightly smaller amount, 0.89 month (4 percent), relative to the control group average of 21.23 months. At the end of year 2 (quarter 9), about three-quarters of experimental group members remained eligible for Medi-Cal, a reduction of 4 percentage points relative to the control group level (Table 5.4).

Members of both research groups maintained Medi-Cal coverage for about three months longer than they received welfare. Given Jobs-First GAIN's large employment effect, one might expect the program to have increased the proportion of sample members who received Transitional Medi-Cal, a program that provides up to two years of medical coverage to former recipients whose earnings disqualify them for welfare. According to Medi-Cal eligibility records, however, only 3 percent of each research group became eligible for Transitional Medi-Cal during follow-up, well below the proportion who left welfare for employment (see Table 5.4 and Figure 5.1).[11] An even smaller proportion of sample members left welfare and then received coverage under the SSI program.

Jobs-First GAIN did not affect survey respondents' medical coverage at the end of year 2 (Table 5.4). About 92 percent of experimental group members reported receiving coverage for themselves from Medi-Cal, from their employer, or from another source — 1 percentage point below the control group level (the difference was not statistically significant). Coverage levels were

[10]A very similar estimate of Medi-Cal coverage can be calculated from eligibility records alone. Occasionally, however, the records showed a sample member to be ineligible for coverage during a month in which she received an AFDC/TANF payment (which automatically qualified her for Medi-Cal). For this analysis, a sample member was considered to have Medi-Cal coverage during any month in which she received an AFDC/TANF payment, irrespective of her eligibility status according to her Medi-Cal record.

[11]Welfare recipients need to apply for Transitional Medi-Cal after they begin working. Some sample members may have forgone Medi-Cal coverage despite their eligibility — for example, by ceasing to communicate with the welfare department after they began working. Others received one to three months of extended coverage (after commencing employment or for other reasons) through a court-ordered administrative provision, *Edwards v. Kizer*. Under this ruling, the welfare department maintains a former recipient's Medi-Cal eligibility until it determines that she no longer qualifies for Medi-Cal coverage of any sort. Months of eligibility owing to *Edwards v. Kizer* were included in the "Other" total.

Table 5.4
Impacts on Medical Coverage and Receipt of Noncash Benefits for AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Medical coverage/basis for eligibility				
Ever covered by Medi-Cal in years 1-2 (%)[a]	99.7	99.8	-0.1	-0.1
Received AFDC/TANF	97.7	98.0	-0.3	-0.3
AFDC/TANF eligibility in other counties	4.3	4.2	0.1	2.2
Transitional Medi-Cal	3.1	3.0	0.0	1.5
Supplemental Security Income	1.6	1.5	0.0	0.9
Other reason	52.3	34.0	18.3 ***	53.8
Months of Medi-Cal coverage in years 1-2	20.33	21.23	-0.89 ***	-4.2
Received AFDC/TANF	17.41	18.53	-1.12 ***	-6.0
AFDC/TANF eligibility in other counties	0.24	0.26	-0.01	-5.4
Transitional Medi-Cal	0.25	0.27	-0.02	-6.2
Supplemental Security Income	0.21	0.22	-0.01	-4.3
Other reason	2.22	1.95	0.27	13.7
Covered by Medi-Cal at end of year 2 (%)	75.3	79.6	-4.3 ***	-5.4
Received AFDC/TANF	61.5	66.2	-4.6 ***	-7.0
Any medical coverage at end of year 2 (%)[b]				
Respondent	92.1	93.4	-1.3	-1.4
Respondent's children	92.6	92.9	-0.3	-0.3
Both respondent and children	90.2	91.5	-1.3	-1.4
Other noncash benefits (%)				
Housing assistance at end of year 2	26.1	23.8	2.3	9.6
Public housing	16.6	16.1	0.5	2.9
Subsidized housing	9.5	7.7	1.8	24.0
Heating assistance sometime in year 2	9.0	9.5	-0.4	-4.4
Federally subsidized school lunch or breakfast sometime in year 2	68.8	66.3	2.4	3.7
Sample size	(varies)	(varies)		

(continued)

Table 5.4 (continued)

SOURCES: MDRC calculations from California Department of Health Services Medi-Cal Eligibility Determination System (MEDS) eligibility records, LA DPSS Integrated Benefits Payment System AFDC/TANF payment records, and the Two-Year Client Survey.

NOTES: MEDS eligibility data and AFDC/TANF payment records were used to estimate effects on Medi-CAL coverage for the full sample (N=15,683). MEDS data, AFDC/TANF payment records, and survey responses were also used to estimate effects on any medical coverage at the end of year 2 for the survey sample (N=746). Survey responses were also used to estimate effects on other noncash benefits (N=746).

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]Estimated from MEDS eligibility records and from AFDC/TANF payment records for the full sample.

[b]Estimated from MEDS eligibility records, AFDC/TANF payment records, and survey responses for the Two-Year Client Survey sample.

similar for respondents' children and slightly lower (around 90 percent) for both respondents and their children.[12] Despite Jobs-First GAIN's employment effect, the relatively high proportion of respondents who combined work and welfare helped keep Medi-Cal coverage levels high. In addition, a higher proportion of experimental than control group members accepted medical coverage from their employers (see Table 4.3). Still, it may be cause for concern that nearly 10 percent of respondents lacked medical coverage at the end of year 2.

Similarly, Jobs-First GAIN did not change levels of receipt of other types of noncash assistance (see Table 5.4). In year 2, about two-thirds of survey respondents in each research group reported having a child who participated in the federally subsidized school lunch and/or breakfast program — another indication that a large majority of them remained below the poverty threshold. About a quarter of each group reported living in public housing or receiving a government rent subsidy. Just under 10 percent of each group reported receiving energy assistance.

VI. Impacts on Other Indicators of Well-Being

A. Food Insecurity and Hunger

One might expect that Jobs-First GAIN's modest income gains would enable experimental group members to purchase more necessities like food and clothing for themselves and their families. Surprisingly, this seemed not to be the case, at least not with respect to food. For this analysis, survey respondents were asked a series of six questions concerning their ability to obtain adequate and nutritious food in year 2. These questions (based on the Household Food Security Scale, administered by the U.S. Census Bureau as part of the Current Population Survey) measure both the frequency and severity of respondents' "food insecurity."[13] In the most severe type of food insecurity, respondents reported that they or other adults in the household had to forgo eating for at least a day because of lack of money to buy food. In keeping with research guidelines for using the six-question version of the Household Food Security Scale,[14] respondents who reported such problems in their answers to two or more questions were considered to have encountered food insecurity, whereas those who reported problems in response to five or all six questions were considered to have suffered from food insecurity with hunger.

[12]For this analysis, a respondent was considered to have coverage for herself if she met any of the following conditions during the month before interview: (1) received AFDC/TANF according to administrative records, (2) was eligible for Medi-Cal according to administrative records, (3) reported that everyone in her household had coverage or that the person not covered was someone other than herself, or (4) reported that she had accepted medical coverage from her employer. A respondent's children were considered to be covered if the respondent was covered through Medi-Cal (see first two reasons above), or if she reported that everyone in the family was covered or that the person not covered was someone other than a child of hers.

[13]The Life Sciences Research Office, Federation of American Societies for Experimental Biology, defines food insecurity as occurring "whenever the availability of nutritionally adequate and safe foods or the ability to acquire acceptable foods in socially acceptable ways is limited or uncertain" (quoted in Blumberg et al., 1999, p. 1231).

[14]Blumberg et al. (1999) conclude that a six-item short form (very similar in content to the questions on food insecurity included in the Two-Year Client Survey) can be substituted with confidence for the longer questionnaire.

Respondents' answers to these questions suggest that a large proportion of sample members and their families experienced hardship, although only a relatively small proportion faced the most severe type of food insecurity (see Table 5.5). Just over half (53 percent) of experimental group respondents encountered food insecurity in year 2. In the 1998 Current Population Survey, in contrast, 10 percent of U.S. households and 35 percent of households with incomes below the poverty threshold were food insecure. Further, about 19 percent of experimental group members reported experiencing food insecurity with hunger, compared with 4 percent nationally.[15] The proportion of experimental group members who experienced each of these levels of insecurity exceeded the corresponding proportion in the control group by about 5 percentage points; however, only the impact on food insecurity with hunger was statistically significant. It is unclear why Jobs-First GAIN produced this negative effect.

B. Housing and Health

Jobs-First GAIN did not have any other statistically significant effect on indicators of health and well-being (see Table 5.5). The vast majority of experimental and control group respondents indicated that they rented their home or apartment or lived with family or friends and contributed to the rent. The program did not increase home ownership, nor did it increase the percentage of respondents who indicated that they were living in a precarious housing situation (for instance, were paying no rent, living in a group shelter, or homeless).[16] More positively, a higher proportion of experimental group respondents than control group respondents gave a positive description of their neighborhood, but the difference was not statistically significant. Further, the program led to a small and not statistically significant decrease in the proportion of respondents who described themselves as having a health or emotional problem that made it difficult to work, and a similar, also not statistically significant reduction in the proportion who complained of having a severe family problem that made it difficult to work.

[15]Bickel et al., 1999, quoted in Polit, London, and Martinez, 2000, p. 13.

[16]The incidence of living in precarious housing situations might have been higher among members of the survey sample who could not be located or refused to be interviewed. It seems unlikely, however, that Jobs-First GAIN would have affected the proportion of nonrespondents who experienced this problem.

Table 5.5
Impacts on Housing Situation, Food Insecurity, and Quality of Life of AFDC-FGs in Year 2

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Housing situation at end of year 2 (%)[a]				
Own home	2.0	1.4	0.6	41.0
Pay rent	67.0	68.9	-1.9	-2.7
Live with friends or family and contribute rent	26.3	26.7	-0.4	-1.5
At-risk housing situation[b]	4.3	2.6	1.7	66.4
Food insecurity and hunger in year 2 (%)				
Sometimes or often did not have enough to eat	26.9	23.2	3.7	16.0
Sometimes or often food bought just didn't last and there was no money to pay for more	66.1	59.7	6.4 *	10.6
Sometimes or often couldn't afford to eat balanced meals	50.7	46.1	4.6	9.9
Adults had to cut size of or skip own meals at least once	33.8	28.6	5.2	18.1
Cut size or skipped meals during three or more months	26.6	21.1	5.5 *	26.2
Respondent or other adults did not eat for a whole day because there was not enough money to buy food	12.1	6.1	6.0 ***	99.5
Experienced food insecurity (two or more problems)	53.1	48.6	4.5	9.3
Experienced food insecurity with hunger (five or more problems)	18.8	13.3	5.5 **	41.3

(continued)

Table 5.5 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Neighborhood (%)				
Good place to raise children	68.7	63.2	5.5	8.6
Bad place to raise children	27.7	32.1	-4.4	-13.7
Safe for children to play outside	72.7	68.6	4.2	6.1
Unsafe for children to play outside	23.9	27.0	-3.1	-11.5
Agreed with the following statements on personal and family problems (%)				
It is so inconvenient to travel to and from work that it makes it difficult for me to work	31.9	34.6	-2.8	-7.9
Finding someone I trust to take care of my children makes it difficult for me to work	45.3	47.1	-1.8	-3.9
My family has so many problems that it makes it difficult for me to work.	18.4	20.8	-2.4	-11.6
I have a health or emotional problem that makes it difficult for me to work	16.6	19.3	-2.7	-13.9
Sample size	372	374		

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Subgroup percentages do not add to 100 percent because of missing data.

[b]"At-risk housing situations" include living with family or friends and paying no rent, living in a group shelter, living alone and rent free, being homeless, being in jail, and living in "other" housing situations.

Chapter 6

Impacts on Child Care, Home Environment, and Child Outcomes for Children of AFDC-FGs

As discussed in the earlier chapters of this report, Jobs-First GAIN significantly increased employment and earnings among single parents (AFDC-FGs). These impacts and other aspects of the Jobs-First GAIN program model may have affected a number of family and child outcomes that are not easily captured by administrative records data. Based on data collected from the Two-Year Client Survey, which was administered to a subsample of 746 single parents at the end of the two-year follow-up period, this chapter presents Jobs-First GAIN's impacts on child care, home environment, and child outcomes.

The first two sections of this chapter examine impacts on child care, household composition, and selected aspects of children's learning experiences. Each of these outcomes may influence children's well-being, as well as play an important role in affecting the lives of single parents. For example, key to the success of working mothers' ability to achieve self-sufficiency is affordable, reliable, and high-quality child care.

The last section of this chapter examines Jobs-First GAIN's impacts on selected child outcomes. Unless otherwise noted, all impact findings in the text are statistically significant. As will be described in more detail, though Jobs-First GAIN did not provide any direct services targeted to children (such as immunization or schooling programs), its goal of promoting single parents' employment may affect children in many ways. For example, increased maternal employment may reduce the time available for parents to spend with children, lead to children's being placed in poor-quality child care, or increase maternal stress, which in turn may negatively affect parent-child interaction. On the other hand, children may benefit from maternal employment, as working mothers may serve as important role models and bring more income into the household.

I. Key Findings

- Jobs-First GAIN increased the amount of both paid and unpaid child care used while parents were employed, especially among families whose youngest child was preschool-aged. Most respondents who used paid child care paid out of pocket. Both experimental and control group members reported very little use or receipt of subsidized child care from a public agency or from family or friends and little use of transitional child care benefits.

- Jobs-First GAIN increased the likelihood that an experimental group member missed or was late to work because of child care problems by the same amount that it increased employment. Thus, among experimental group members the increased

use of child care while employed was mostly of child care arrangements that were unreliable.

- The program had no effect on marriage or the current household composition in terms of adults, on having a baby during the follow-up period, or on children's moving into or out of the household during the follow-up period.

- Jobs-First GAIN had no effect on the amount of time parents spent playing with their children or on the frequency with which they engaged children in learning experiences, such as taking them to museums or shows.

- Jobs-First GAIN had no systematic effect on overall child outcomes, or on girls' or boys' outcomes when examined separately. Of the ten child outcomes examined for all children in the full sample, Jobs-First GAIN had a significant impact only on the proportion of children who were expelled or suspended from school, decreasing this proportion among children in the experimental group.

- There is some evidence that Jobs-First GAIN negatively affected preschool-aged children, though the extent of the program's impacts on these children is difficult to assess without a broader range of child outcomes. In the experimental group, children aged 4 to 5 at the time of random assignment were more likely than their counterparts in the control group to repeat a grade once they entered school and to have a condition that made the parent's going to work difficult; however, the number of children actually affected was quite small. Jobs-First GAIN had no systematic effect on school-aged children's or adolescents' academic achievement and schooling, behavioral and emotional adjustment, or safety.

II. Child Care

0 A. Background and Key Questions

This section presents Jobs-First GAIN's impacts on the use, cost, and reliability of child care. Specifically, it focuses on the program's impacts on child care used in the month prior to the interview for any reason and its impacts on child care used while parents were working at their current or most recent job during the follow-up period (the latter is hereafter referred to in the text as *child care for employment*). Child care plays a dual role in programs, such as Jobs-First GAIN, that aim to move welfare recipients from welfare to work. Child care (and child participation in out-of-school activities) can enhance parents' self-sufficiency by facilitating employment. Child care choices and the child care environment may also affect the cognitive, social, and behavioral development of recipients' children (Lamb, 1998). A context for understanding the effects of child care on children will be provided in Section IV.

The key questions for this section are:

- Did Jobs-First GAIN increase the use of child care or the use of child care for employment?
- Did the program affect the cost of child care, the use of subsidized care, or the use of child care transitional benefits?
- Did experimental group members in Jobs-First GAIN report more instances of unreliable child care?
- Did Jobs-First GAIN's impacts vary by age of the youngest child in the household?

The relevant context for the child care information presented in this section includes both CalWORKs and Jobs-First GAIN because of the timing of CalWORKs implementation and the time period for which child care use was examined in this evaluation (for example, the most recent job could have been held prior to April 1998). As described in Chapter 1, prior to the implementation of CalWORKs in April 1998, employed welfare recipients paid their child care costs out of pocket and then submitted their expenses to DPSS. DPSS reimbursed recipients for their child care costs by increasing their welfare grant. This procedure for subsidizing child care was changed under CalWORKs (Moreno et al., 1999); employed recipients may now arrange to have the welfare department pay child care providers directly. CalWORKs also subsidizes child care for two years after recipients leave welfare for employment. Previously, transitional child care benefits were available for only one year after people left welfare.

There are a number of reasons why Jobs-First GAIN may have affected the child care choices made by experimental group members in general or by working experimental group members in particular relative to their counterparts in the control group. With its requirements to participate in employment-related activities, Jobs-First GAIN increased employment among welfare recipients who would otherwise not have been employed. Among welfare recipients who worked during the follow-up period, those who worked because of Jobs-First GAIN may have characteristics very different from those of recipients who worked in the absence of a mandatory work program. For example, the newly employed mothers in Jobs-First GAIN may have been more likely to have young children or children with specific child care needs than newly employed mothers in the control group. In addition, Jobs-First GAIN may have affected the type of employment or quality of job obtained. For instance, experimental group members were more likely to enter full-time employment and to increase their hours of employment, which would result in a higher proportion of experimental group members' seeking out child care to cover these hours of work. If the job obtained did not have a fixed schedule or if employment occurred during the evening or weekend, this added need would likely be for child care at off hours or at variable times.

Increased income from employment owing to Jobs First-GAIN may also have affected child care choices. Experimental group members may have been more likely than control group members to pay for child care or to place their children in formal or high-quality child care arrangements. Finally, services offered through Jobs-First GAIN and the messages about child care communicated through the program may have encouraged experimental group members to use different types of child care than control group members who worked at similar types of jobs. By lowering the cost of child care to par-

ents and providing information about child care, child care assistance has been shown to increase the probability of maternal employment (for example, Blau and Robins, 1988; Averett et al., 1997) and of using paid care (Hotz and Kilburn, 1992; Ribar, 1995; Blau and Hagy, 1998), and to affect the quality of care purchased.

B. Analysis Issues

Two different types of child care information were collected in the Two-Year Client Survey. Some information was collected about child care used for any reason at least once a week during the month prior to the survey interview. More extensive information was collected about child care used for employment at any time during the two-year follow-up period for any child for whom the respondent was responsible. There are a number of reasons why impacts on child care used for any reason during the month prior to the survey may differ from impacts on child care for employment. First, the respondent may not have been employed at the time of the survey and therefore not needed child care, but may have been employed earlier in the follow-up period and therefore needed child care at that time. Second, a respondent may have used child care for reasons other than to cover hours while working for pay, for example, because she was in school or receiving unpaid training.

Jobs-First GAIN's impacts on child care outcomes were calculated for all survey sample members. Impacts on child care for employment include care used by survey sample members who worked for pay but did not use child care for employment, as well as by those who never worked for pay. Because Jobs-First GAIN was designed to increase employment, the experimental-control differences, or the program's impacts, on child care for employment may be interpreted in two ways: (1) as a joint experimental impact on employment and child care use, or (2) as a difference in child care use between working parents in the experimental and control groups that may or may not stem from Jobs-First GAIN. For instance, the difference in child care use between working parents in the experimental and control groups may be driven by characteristics associated with employment — such as needing time to commute to a job or having had previous experiences with poor-quality child care — other than Jobs-First GAIN.

Child care use is defined as use of regular child care (for example, from a day care center, nursery school, babysitter, or relative) for any child under 13 years of age. Child care for employment excludes child care that supported other activities, such as education or unpaid training. Child care arrangements are categorized as either paid or unpaid. Paid care is defined as child care financed by the respondent and/or by another party, such as the welfare department, an employer, or family member. If a respondent reported using child care but did not report a payee, then this child care was considered unpaid. Paid child care is a proxy for child care that is more structured — for instance, because a payment schedule has been set up with the caregiver — and can include formal arrangements such as child care centers as well as care by provided relatives or babysitters in or outside the home.[1]

[1]According to national estimates from the Survey of Income and Program Participation, slightly over half of all child care arrangements for preschoolers while their mothers were working required a cash payment in 1993. In 1993, over 80 percent of child care arrangements in organized child care facilities, family day care settings, and provided by in-home babysitters required cash payments (Casper, 1995).

In this analysis, survey respondents who used paid child care are split according to type of payment into the following subgroups: (1) those who paid some or all of their child care expenses; and (2) those whose child care expenses were fully subsidized, that is, for whom another party paid all their child care expenses either directly to the child care provider or via reimbursements to the respondent.[2,3] Note that respondents who were indirectly reimbursed by having their child care costs deducted from their earnings prior to determination of their welfare benefit level could fall in either of these categories, depending upon how much of their child care costs were reimbursed. For example, if all of their child care costs were reimbursed, then they would be categorized as fully subsidized.

Two measures of child care cost were constructed. The first is the total weekly cost of child care, which includes the amount paid by the respondent as well as that paid by any welfare agency or family member.[4] The second is the weekly cost of child care to the respondent — also referred to as the out-of-pocket child care payment — which is defined as the weekly payment made by the respondent for child care after reimbursement of child care expenses is taken into account. Note that out-of-pocket costs for child care used for any reason could not be constructed because this section of the survey did not request information about reimbursement amounts. In the tables in this chapter, out-of-pocket child care costs are presented as the average of individual families' average cost per child.

Finally, measures were constructed to capture the reliability of child care and whether or not child care acted as a barrier to employment. For respondents who used child care for employment during their current or most recent job, two outcome measures were constructed: one to determine whether the respondent missed work or was late for work at least once during an average month because of child care problems, and another to determine whether the respondent missed work or was late for work three or more times in an average month during the follow-up period because of child care problems. For all respondents (including those not employed), two measures were constructed to capture whether child care acted as a barrier to getting or keeping a job during the follow-up period. The first measures whether the respondent ever quit a job, dropped out of school, or ended a job search or training activity because of problems making or keeping a child care arrangement. The second measures whether the respondent was ever unable to take a job or engage in an employment-related activity because of problems making or keeping a child care arrangement.

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[2]The outcomes related to type of payment for child care used for any reason in the prior month are based on responses to yes-no questions about subsidy receipt. The outcomes related to type of payment for child care used for employment are based on questions about the actual amount paid and reimbursed. The former measures are less precise than the latter because some respondents who received a subsidy may have been fully reimbursed, whereas others may have only been partly reimbursed.

[3]These types of payment outcomes were constructed from survey questions that first asked "How much do/did you or your household usually pay out per week for child care when you were working whether or not you were paid back?" and then asked the following series of questions about reimbursement: "Did anyone else pay for part or all of the cost of this child care [such as a government agency, your employer or someone else outside your household]?" "Who or what agency helped pay for child care?" "Were you reimbursed or paid back, did they pay the child care provider directly, or both?" and "How much were you reimbursed?"

[4]The actual amount paid was unknown for approximately 1 percent of respondents who reported using paid child care.

The impacts on child care for employment are then examined separately for families whose youngest child was under 6 at the time of random assignment and families whose youngest child was 6 or over. The age of the youngest child affects the type, quantity, and cost of child care that respondents used. Respondents with full-time jobs and an infant or toddler need full-time care, whereas respondents with school-aged children may require only after-school care. Moreover, the care required for an infant or toddler is likely to be more costly than the care required for school-aged children.

C. Jobs-First GAIN's Impacts on Child Care

The top panel in Table 6.1 presents Jobs-First GAIN's impacts on child care used for any reason during the month prior to the survey interview. Regular child care — defined as at least one arrangement used at least once a week during the prior month — might have been used for a number of reasons, including employment, job search, or education. Experimental group members were nearly 10 percentage points more likely than control group members to be employed during the month prior to the survey interview (see Table 5.3). Though Jobs-First GAIN had no significant impact on child care used for any reason, experimental group members were 5 percentage points, or 30 percent, more likely to be employed and use child care during the month prior to the interview.

Experimental group members were also 7 percentage points more likely than control group members to pay for child care without assistance from a welfare agency or family member. On average, experimental group members paid $4 more per week for child care than control group members (including parents in both groups who did not use child care).[5] Despite this difference in cost, the proportion of income allocated to child care by survey sample members, including those who did not use child care (between 3 and 4 percent), was quite low. However, the proportion of income allocated to child care by those who did not receive a child care subsidy — 16 percent for the experimental group and 13 percent for the control group — is close to national averages for poor families.[6]

The second panel of Table 6.1 presents Jobs-First GAIN's impacts on child care use, cost, and reliability. Chapter 4 showed that Jobs-First GAIN significantly increased employment rates over the two-year follow-up period. Nearly all of the increase in employment was in full-time employment, primarily at jobs with a fixed weekday schedule. Jobs-First GAIN increased the use of child care for employment by 13 percentage points, or 37 percent, relative to the control group level. All of the increased use of child care for employment was of child care for full-time employment: Experimental group members were 13 percentage points more likely than control

[5]As previously noted, the child care costs of some employed respondents, who may have been reimbursed indirectly owing to the disregard of child care costs in their welfare grant calculation, will not be fully captured by these measures if this type of child care reimbursement was not always reported. It is unlikely that that this would affect the impact of Jobs-First GAIN, however, because this type of misreporting should equally affect experimental and control group members.

[6]About 18 percent of the income of families below the poverty threshold and 7 percent of the income of families above the poverty threshold is allocated to child care (Casper, 1995). Some of this discrepancy may reflect differential access to subsidies and subsidized care in the welfare population.

Los Angeles Jobs-First GAIN Evaluation

Table 6.1
Impacts on Use and Cost of Child Care and Child Care Assistance for AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
During month prior to interview				
Ever used child care (%)	32.9	28.3	4.6	16.3
Ever used child care and was employed (%)	23.2	17.8	5.4 *	30.0
Ever used paid child care (%)	28.2	23.2	5.0	21.4
Paid for child care and did not receive subsidy (%)	23.6	17.1	6.5 **	38.0
Used completely or partially subsidized child care (%)	4.6	6.1	-1.5	-24.8
Ever used unpaid child care (%)	4.6	5.0	-0.4	-7.5
Average weekly out-of-pocket cost of child care ($)	12.05	8.28	3.77 *	45.5
Proportion of monthly income used for out-of-pocket child care expenses (%)	4.1	2.9	1.2 *	43.1
For those who paid for child care out of pocket				
Proportion of monthly income used for out-of-pocket child care expenses (%)	*16.0*	*12.9*	*3.1*	*23.6*
During most recent or current job				
Ever used child care (%)	47.7	34.9	12.8 ***	36.8
Working full time and used child care (%)	38.3	25.2	13.1 ***	52.1
Working part time and used child care (%)	9.0	9.2	-0.2	-2.2
Ever used paid child care (%)	32.8	25.9	6.9 **	26.6
Made payment for some child care out of pocket (%)	29.3	23.2	6.1 *	26.2
Child care completely subsidized (%)	3.5	2.7	0.8	29.6
Ever used unpaid child care (%)	14.9	9.0	5.9 **	66.3
Average weekly cost of child care ($)	21.71	17.36	4.35	25.0
Average weekly out-of-pocket cost of child care ($)	20.70	17.13	3.58	20.9
Average weekly out-of-pocket cost of child care per child ($)	13.48	12.62	0.86	6.8

(continued)

Table 6.1 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
For those who used paid child care				
Average weekly cost of child care ($)	*66.16*	*66.98*	*-0.81*	*-1.2*
Average weekly out-of-pocket cost of child care ($)	*63.09*	*66.07*	*-2.97*	*-4.5*
Average weekly out-of-pocket cost of child care per child ($)	*41.08*	*48.67*	*-7.59*	*-15.6*
Reliability of child care during most recent or current job				
In average month, ever missed work or was late due to child care problems (%)	27.3	16.8	10.5 ***	62.6
In average month, missed work or was late three or more times due to child care problems (%)	13.2	8.5	4.6 **	54.4
At any time since random assignment				
Ever quit job due to child care problems (%)	17.6	15.6	2.0	12.8
Ever unable to take job due to child care problems (%)	24.3	26.8	-2.5	-9.3
Sample size	372	374		

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Full-sample impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Subgroup perentages may not sum to the total percentage because of missing data.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Unless shown in italics, dollar averages include zero values for sample members not employed and for sample members not using child care.

Italicized estimates pertain only to sample members who used paid child care or who paid for child care out of pocket. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons; statistical tests were not performed.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

group members to use child care while they worked full time. Thus, the increased employment among experimental group members increased their use of child care.

Roughly half of the increased use of child care for employment by the experimental group was of paid child care arrangements (the 7 percentage point increase in use of paid child care divided by the 13 percentage point increase in child care used). The other half of the increase was in unpaid child care arrangements. The vast majority of respondents were not subsidized for the cost of child care: Only 4 percent of experimental group members and 3 percent of control group members used paid care and were fully subsidized for the cost of that care. These proportions change only slightly when respondents who reported receiving a partial reimbursement are included. An equally low proportion of sample members reported using transitional child care benefits once they stopped receiving AFDC/TANF because of a new job or an earnings increase.[7] Experimental group members were 6 percentage points, or 26 percent, more likely than control group members to pay for at least some of their child care expenses out of pocket. In fact, most of the increased use of paid child care was of child care that the respondent paid for alone (result not shown).

Jobs-First GAIN did not significantly affect the actual cost of child care used. This is not surprising because the increased use of paid care owing to Jobs-First GAIN was counterbalanced by the increased use of unpaid care owing to Jobs-First GAIN. The average weekly cost was lower for experimental group members than for control group members who used paid care; in particular, the average weekly out-of-pocket cost of care per child was $41 among experimental group members who used paid care and approximately $49 among control group members who used paid care.[8]

Though similar proportions of experimental and control group members reported quitting a job or being unable to take a job because of child care problems, a significantly higher proportion of experimental group members reported missing or being late for work because of child care problems during the follow-up period. Approximately 17 percent of control group members reported missing or being late for work at least once and 9 percent reported missing or being late for work three or more times in an average month because of child care problems. In the experimental group, there was a 11 percentage point, or 63 percent, greater chance of missing or being late for work at least once, and a 5 percentage point, or 54 percent, greater chance of missing or being late for work three or more times during an average month. Thus, much of the increased use of child care by experimental group members was of child care that was not reliable, which may have implications for sustaining employment as well

[7]Information was collected about transitional benefits for those sample members who stopped receiving AFDC/TANF because of a new job or an earnings increase. Two outcome measures were constructed from this information, and impacts on these measures were calculated for all survey sample members, including those who did not stop receiving AFDC/TANF and those who did not need child care. In addition, nonexperimental outcomes were examined for those who stopped receiving AFDC/TANF and needed child care. There was a very low incidence of receipt of transitional benefits: Only 3 percent of survey sample respondents used transitional child care benefits after exiting AFDC/TANF because of a new job or an earnings increase.

[8]Recall that this average cost of care pertains only to the period during which the respondent held her current or most recent job, the length of which may vary across respondents; thus, this average cost may differ from the "overall" average cost during a well-defined period of time in the follow-up period. For example, the cost of care in an average month over six months of employment may differ from the cost of care in an average month over two months of employment.

as for protecting child well-being. Unreliable child care could affect employment if frequent tardiness leads to job termination, or if frequent changes in child care arrangements disrupt employment patterns. Instability of child care arrangements will also affect children.[9] It is unclear whether experimental group members' increased use of unreliable child care is linked to their low receipt of child care subsidies.

Table 6.2 presents Jobs-First GAIN's impacts on child care for respondents whose youngest child was under 6 at random assignment and for respondents whose youngest child was 6 or over at random assignment. Not surprisingly, control group members with at least one very young child were more likely to use child care for employment (44 percent) and to use paid child care for employment (32 percent) than control group members whose youngest child was school-aged (23 percent and 17 percent, respectively). In addition, the average weekly out-of-pocket cost of care for control group members with at least one child under 6 was double that of control group members whose youngest child was school-aged. This finding likely reflects the higher cost of care for younger children. Among respondents whose youngest child was under 6, Jobs-First GAIN increased the use of child care for employment by 14 percentage points and the use of child care for employment full time by 17 percentage points. More than half of this increased use of child care for employment was of paid care (the 8 percentage point increase in use of paid care divided by the 14 percentage point increase in use of care). Experimental and control group members who paid for care out of pocket spent about $75 per week. Jobs-First GAIN did not affect the average weekly out-of-pocket cost (result not shown).

Experimental group members with at least one child under 6 were also more likely to miss or be late for work three or more times in an average month during the follow-up period than their control group counterparts. These effects were most pronounced among experimental group members whose youngest child was aged 3 to 5 at random assignment (result not shown), which makes sense in light of the fact that experimental group members whose youngest child was 3 or under were exempt from participating in employment-related activities. Again, note that the increased use of child care for employment was of child care that was unreliable, that is, that sometimes caused experimental group members to miss or be late for work.

There were fewer impacts on child care use for employment among respondents whose youngest child was school-aged (though these impacts' lack of statistical significance may stem partly from the smaller sample size). For example, experimental group members in this subgroup were still 11 percentage points more likely to use child care for employment. Moreover, the percentage point increases in paid child care and unpaid child care were nearly as large as the percentage point increases in these same outcomes for the subgroup of respondents with children under 6.

The most striking difference in child care use for employment between the age-of-youngest-child subgroups in Table 6.2 is the reliability of child care. Respondents whose youngest child was under 6 were 15 percentage points more likely to report missing or being late for

[9]Unreliable child care is not necessarily unstable child care. The same child care provider may be used over a long period of time, yet be unreliable in providing that care (for instance, show up late for babysitting).

Table 6.2
Use, Cost, and Reliability of Child Care for AFDC-FGs, by Age of Youngest Child

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Youngest child under 6 at random assignment				
During most recent or current job				
Ever used child care (%)	58.2	44.0	14.2 ***	32.3
Was working full time and used child care (%)	48.5	31.5	17.1 ***	54.2
Was working part time and used child care (%)	9.7	12.0	-2.3	-19.4
Ever used paid child care (%)	40.4	32.2	8.3 *	25.7
Ever used unpaid child care (%)	17.8	11.8	5.9 *	50.2
Average weekly out-of-pocket cost of child care ($)	26.63	22.14	4.49	20.3
Average weekly out-of-pocket cost of child care per child ($)	16.78	16.37	0.41	2.5
In average month, ever missed work or was late due to child care problems (%)	35.0	19.6	15.4 ***	78.5
In average month, missed work or was late three or more times due to child care problems (%)	19.3	9.4	9.9 ***	105.4
At any time since random assignment				
Ever quit job due to child care problems (%)	22.7	20.3	2.5	12.1
Ever unable to take job due to child care problems (%)	31.0	31.8	-0.8	-2.5
Sample size	215	218		
Youngest child 6 or over at random assignment				
During most recent or current job				
Ever used child care (%)	33.3	22.5	10.9 **	48.3
Was working full time and used child care (%)	24.4	16.6	7.8	46.8
Was working part time and used child care (%)	8.0	5.5	2.5	45.0
Ever used paid child care (%)	23.1	16.6	6.4	38.7
Ever used unpaid child care (%)	10.2	5.8	4.4	75.9
Average weekly out-of-pocket cost of child care ($)	11.71	11.08	0.64	5.7
Average weekly out-of-pocket cost of child care per child ($)	8.23	8.19	0.04	0.5
In average month, ever missed work or was late due to child care problems (%)	18.3	11.2	7.1	63.3
In average month, ever missed work or was late three or more times due to child care problems (%)	5.9	6.3	-0.4	-5.7

(continued)

Table 6.2 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
At any time since random assignment				
Ever quit job due to child care problems (%)	11.7	8.0	3.6	45.1
Ever unable to take job due to child care problems (%)	17.6	17.6	-0.1	-0.3
Sample size	156	156		

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Subgroup impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

work at least once and 10 percentage points more likely to report missing or being late for work three or more times during an average month because of child care problems. These impacts also hold up when the combination of missing work and being late because of child care problems is used as a measure: Those who missed work because of child care problems were often the same people who were late for work because of child care problems. In contrast, there was no statistically significant difference between the experimental group and the control group in the proportion of respondents whose youngest child was school-aged who reported missing or being late for work because of child care problems. In summary, experimental group members increased their employment and primarily paid out of pocket for child care to accommodate their increased hours of employment. However, some of this child care, particularly that for very young children, was not reliable.

III. Household Composition, Fertility, and Home Environment

A. Background and Key Questions

This section presents Jobs-First GAIN's impacts on household composition, fertility, and children's home environment. The presence of a spouse or of extended family members in the household may provide important support, particularly in the form of care for children, for mothers who enter employment or increase their hours of employment. The financial contribution of other members of the family or household may also help a family stay above the poverty threshold and achieve long-term self-sufficiency.

The key questions in this section are:

- Did Jobs-First GAIN affect marriage or the presence of extended family members or unrelated adults?
- Did the program affect the likelihood of having a child or the household composition in terms of children?
- Did Jobs-First GAIN affect the frequency with which parents provided learning experiences to their children?

There are a number of ways in which Jobs-First GAIN may have affected household composition and fertility. First, the program could have encouraged or discouraged marriage through its effects on employment. On the one hand, increased employment may increase the likelihood of marriage by expanding a single mother's social network or by increasing her self-esteem and attractiveness to a potential partner. On the other hand, increased employment may decrease the likelihood of marriage because it leaves the single mother less time to search for a partner. Experimental group members may have chosen marriage as a way of becoming financially independent of welfare and of avoiding Jobs-First GAIN's participation requirements.

Programmatic aspects of Jobs-First GAIN as well as the program's impacts on employment may also have affected fertility decisions or the household composition in terms of children. Single mothers in employment or training pay a higher cost for becoming pregnant than single mothers not in em-

ployment or training; mothers who become pregnant while not employed or in training do not risk losing their jobs or missing out on earnings growth. On the other hand, experimental group members may choose to have a baby as a way of becoming exempt from mandated employment activities. Finally, increased employment may have opposite effects on the presence of children in the household. Children who were previously not in the home for economic or other reasons may be able to return to the home if increased employment boosts earnings or self-sufficiency, or experimental group members may marry people who have children from a previous marriage. Alternatively, children may move out or be taken out of the home if single mothers can no longer adequately supervise their children, especially unruly teenagers, owing to employment.

Jobs-First GAIN may have affected the amount of time parents spent with children in activities such as playing or taking them to museums or live shows. Because of the demands of being employed and balancing work and family, experimental group members may have had less time to play with their children, to take them on educational excursions, or even to arrange to have them taken on educational excursions.

B. Analysis Issues

Information about marriage and household composition was collected from survey questions about respondents' marital status and the relationship of household members to the respondent. Information about the respondent's marital status, the presence of extended family members in the household, and the presence of unrelated adults in the household is based on the month prior to the interview. In this context, extended family members include parents, grandparents, siblings, uncles and aunts, nephews and nieces, and in-laws. Fertility and the household composition in terms of children were inferred by comparing the birth dates of each biological child with the random assignment date (plus nine months) and by comparing the number of children in the household at random assignment with the number in the household at survey.

The Two-Year Client Survey asked respondents to provide information about selected types of learning experiences provided to those of their children who were living in the home. This information includes the frequency with which the respondent played with her children and three measures of the frequency with which the respondent took her children or arranged for her children to go to museums, live shows, or other educational activities. Respondents with at least one child aged at least 5 at the time of the interview answered on a scale with a range from 1 (never) to 5 (every day or about once a week or more often). These measures are very similar to a small subset of items used to construct the cognitive stimulation HOME subscale in the National Longitudinal Survey of Youth (Caldwell and Bradley, 1984).[10]

[10]As in an earlier evaluation, responses to these items were recoded to take values ranging from 1 to 3, where 3 indicates more positive or more frequent interaction (Polit, 1996). The frequency with which the respondent played with her children was dichotomously coded on a scale on which "100" meant very frequently and "0" meant not frequently at all. Each survey sample member's responses to the three items about making or arranging various excursions were summed to create a scale with a range of 3 to 9; the Cronbach coefficient alpha of this scale given three items is 0.53.

(continued)

C. Jobs-First GAIN's Impacts on Household Composition and Home Environment

Table 6.3 presents Jobs-First GAIN's impacts on household composition and home environment. During the month prior to interview, nearly 15 percent of control group members were married and living with a spouse or a partner and just over one-fifth lived with extended family members. Furthermore, 8 percent of families in the control group had a child join the household during the follow-up period. Some of these "new" children may have been stepchildren or children of new spouses. Finally, approximately 43 percent of control group members stated that they frequently played with their children, that is, every day of the week. A higher proportion of families with a child under 6 at random assignment (48 percent) than of families with all school-aged or adolescent children (37 percent) reported that they played frequently with their children. Table 6.3 indicates that Jobs-First GAIN had no impact on marriage, living with extended family members or unrelated adults, fertility, the family or household composition in terms of children, or the frequency with which learning experiences were provided to children. There also were no impacts on these outcomes for families with children in different age groups (results not shown).

IV. Jobs-First GAIN's Impacts on Child Outcomes

A. Background and Key Questions

Though Jobs-First GAIN did not provide services directly targeted to children, children may have been affected by the program in many ways, particularly through Jobs-First GAIN's effects on maternal employment.[11] A conceptual model presenting the hypothesized ways in which Jobs-First GAIN may affect child outcomes is presented in Figure 6.1. The first column is meant to depict the primary components of the Jobs-First GAIN welfare-to-work model: mandatory participation in employment or an employment-related activity, a Work First message, intensive program orientation, and a tough enforcement policy. As discussed in Chapter 1, experimental group members were also exposed to a strong pro-work message and were encouraged to take advantage of California's Work Pays earnings disregards. The primary goal of Jobs-First GAIN was to boost employment and earnings and to reduce welfare expenditures. It is through changes in these targeted outcomes that children would most likely be affected.[12]

Theories about how Jobs-First GAIN may have affected children can be depicted in terms of two primary pathways: resources and socialization (see Figure 6.1). In the resources pathway, changes in employment and income or in the provision of benefits and services might lead to changes in access to material and nonmaterial resources. For example, with increased income parents might be able to buy more or better food or books and other educational materials, or might invest in their children's education. In the socialization pathway, changes in employment

[11]All survey respondents were female; therefore, this section focuses on the effects of maternal employment on child well-being.

[12]Jobs-First GAIN could have affected children even if it had no impact on employment, earnings, or income. For example, experimental group members could have felt more stressed or anxious than control group members from being exposed to the program's Work First message, especially if they were unable to find or sustain employment. This stress could have affected parent-child interaction, which, in turn, could have affected child well-being.

Los Angeles Jobs-First GAIN Evaluation

Table 6.3
Impacts on Household Composition and Home Environment for AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Household composition of adults in month prior to interview (%)				
Married and living with spouse	9.0	6.9	2.2	31.7
Living with a partner	7.4	8.5	-1.1	-12.8
Single head of household	83.0	84.1	-1.1	-1.3
Living with extended family	24.0	22.1	1.9	8.5
Living with unrelated adult	10.3	8.6	1.7	19.8
Changes in household composition of children since random assignment (%)				
Had child	9.1	9.3	-0.2	-2.1
Child age less than 19 joined household	7.9	7.5	0.4	4.9
Child age less than 19 left household	5.1	3.6	1.5	42.4
Learning experiences[a]				
Learning experiences scale[b]	5.9	5.8	0.1	1.7
Plays frequently with child (%)	40.3	43.1	-2.7	-6.3
Sample size	369	371		

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Full-sample impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

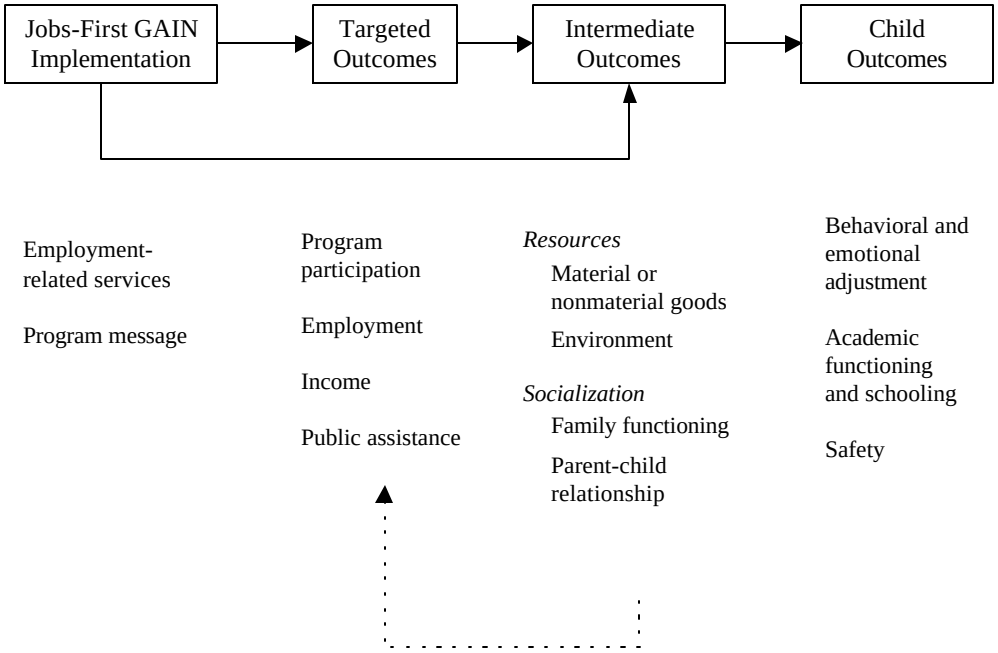
[a]Sample sizes for these measures are smaller than those presented because this question was only asked of those respondents with children.

[b]This measure is a composite of answers to three questions about learning experiences. Scores on this measure range from 3 (infrequent learning experiences) to 9 (frequent learning experiences).

Los Angeles Jobs-First GAIN Evaluation

Figure 6.1

Conceptual Model of the Possible Effects of Jobs-First GAIN on Child Outcomes



and income and the provision of benefits or services might lead to changes in family functioning, parenting practices, and the presence of role models. For example, increased stress might accompany the demands of balancing work and family, which in turn might cause changes in parenting. The outcomes that are affected via the resources pathway and the socialization pathway are depicted as *intermediate outcomes*. Some of the intermediate outcomes measured in this evaluation include material resources, child care, and family structure. Many types of parent-child interaction, however, are not measured. Although some intermediate outcomes may come into play in only one of these pathways, in some instances they may affect children via both pathways. For example, household composition may affect children by changing the availability of material resources in the home as well as by affecting the parent-child relationship. These intermediate outcomes in turn may affect direct measures of children's well-being (depicted in the last column of Figure 6.1).

This conceptual model is a simplified representation of the ways in which Jobs-First GAIN may affect these outcomes and the interactions and influences these outcomes may have on each other. In reality, the pathways between outcomes are complex and may influence the targets of Jobs-First GAIN — for instance, child care may affect employment as well as child well-being. The primary goal of this section is to assess whether Jobs-First GAIN alone has an experimental impact on child outcomes. The analysis cannot conclusively determine how Jobs-First GAIN affected child outcomes, but the impacts are expected to shed light on some of the probable causal pathways. The key questions in this section are:

- Did Jobs-First GAIN affect children's academic achievement and schooling, behavioral and emotional adjustment, or safety?
- If Jobs-First GAIN affected child outcomes, did the effects vary by age or child gender?

As depicted in Figure 6.1, the extent to which Jobs-First GAIN affected children depends, in part, on the program's effects on maternal employment and family income. As discussed in Chapters 4 and 5, Jobs-First GAIN significantly increased full-time employment and earnings in the follow-up period. Though earnings increases were offset by decreases in welfare receipt — generally resulting in no net change in income — calculations of income adjusted for EITC payments and payroll taxes show that Jobs-First GAIN increased sample members' income by a small but significant amount. (A more positive effect was seen at the end of year 2.) And, as reported in this chapter, Jobs-First GAIN significantly increased use of child care for employment but had no impact on household composition or children's learning experiences.

Results emerging from other experimental evaluations of welfare-to-work programs provide a benchmark for predicting how Jobs-First GAIN affected children. Jobs-First GAIN most closely resembles the Labor Force Attachment (LFA) programs evaluated in the National Evaluation of Welfare-to-Work Strategies (NEWWS). Two-year findings show that NEWWS significantly increased employment in all sites that implemented an LFA program model. There were few impacts on children at the end of the two-year follow-up period (Hamilton, 2000; McGroder et al., 2000). Other experimental programs that increased family income as well as employment, such as the Milwaukee New Hope Evaluation for low-income families, the Minnesota Family Investment Program (MFIP), and the Cana-

dian Self-Sufficiency Project (SSP), generally found a positive impact on young school-aged children (Bos et al., 1999; Gennetian and Miller, 2000; Morris and Michalopolous, 2000).

Other research has generally found that maternal employment has few detrimental effects on child outcomes (Baydar and Brooks-Gunn, 1991; Desai, Chase-Lansdale, and Michael, 1989; Harvey, 1999; Haveman and Wolfe, 1995; Blau and Grossberg, 1992; Desai et al., 1989). For some children, such as those in low-income families or in families headed by single mothers, maternal employment is associated with positive effects on child outcomes (Harvey, 1999; Moore and Driscoll, 1997; Zaslow and Emig, 1997). However, longer hours of employment when a child is very young, employment that is not voluntary, and employment in jobs that are of low quality (for instance, pay a low wage) are associated with negative effects on children (Harvey, 1999; Farel, 1980; Alvarez, 1985; Parcel and Menaghan, 1994, 1997). At the same time, increased employment may lead to increased family income. Research on the effects of family income on children has found that reducing or eliminating the time a child lives in poverty, especially during the early childhood years, may have large and lasting benefits (Smith, Brooks-Gunn, and Klebanov, 1997; Duncan, Brooks-Gunn, and Klebanov, 1994; Duncan and Brooks-Gunn, 1997).

Finally, maternal employment may affect child well-being through increased use of child care or out-of-school activities. Nonmaternal child care, such as that provided by compensatory education programs such as Head Start, during a child's infant and preschool years is associated with more behavioral problems and improved cognitive functioning (Caughy, DiPietro, and Strobino, 1994; Currie and Thomas, 1995; Lamb, 1998; McLloyd, 1998). Children, particularly children from low-income families, may benefit from high-quality care (Blau, 1997; Lamb, 1998; NICHD Early Child Care Research Network, 1998) and child care that is stable (Clarke-Stewart, 1991). Those of school age may additionally benefit from formal after-school activities that provide stimulating academic environments (Posner and Vandell, 1994, 1999; Pettit, Bates, Dodge, and Meece, 1999).

B. Analysis Issues

The measures of child well-being analyzed in this section were constructed from maternal responses to the Two-Year Client Survey. Note that many of the outcomes discussed in earlier chapters may also be broadly construed as child outcomes. Examples include food insecurity, health insurance coverage, and neighborhood quality. This section focuses on more direct measures of children's development and safety. Mothers were asked about each of their children's academic achievement, schooling, behavioral and emotional adjustment, and safety. Each respondent answered for all her own children — whether biological children, legally adopted children, or stepchildren — under the age of 19.[13] Thus, unlike most of the information collected in the survey, these outcomes are specific to a child within

[13]For these measures, each respondent reported on all her children, whether they lived with her during the entire follow-up period or not. Jobs-First GAIN had no significant impacts on the residential status or movement of children into or out of the household during the follow-up period.

a family; that is, each child in a family is represented in the impact analysis.[14] The 715 families in the survey sample had a total of 1,577 children.[15]

The first set of measures pertain to children's attendance and performance in school. Average academic performance — the mean of a mother's rating of how her child performed on a scale of 1 (not well at all) to 5 (very well) — was analyzed only for the subset of children who were age-eligible to attend school and were in first grade or higher.[16] Additional measures were derived from this measure to capture the percentage of children who performed below average or not well at all and the percentage of children who performed well or very well.

The second set of measures pertain to whether or not, since random assignment, the child had ever been on the honor roll or received a special award; repeated a grade; been suspended, excluded, or expelled from school; or dropped out. These outcomes were analyzed for three subsamples of children: children who were eligible for school, including those in preschool or kindergarten; children who were in school but whose performance was not graded; and children who were no longer in school at the time of interview, but were in school for more than three months of the follow-up period.[17]

The third set of measures serve as a rough proxy for children's emotional and behavioral adjustment: whether the child attended a special class or special school to get help for any physical, emotional, or mental condition; and whether the child had a physical, emotional, or mental condition that demanded a lot of attention and made it difficult for the respondent to attend work or school.

The last outcome — whether a child had an accident, injury or poisoning requiring a visit to a hospital emergency room or clinic — is a proxy for child safety. On the one hand, this measure should reflect neglect if children are experiencing more accidents or injuries. On the other hand, it may simply reflect parents' ability to purchase medical care.

Although the outcomes covered in this section provide important information about child well-being, they have a number of limitations. First, all of them are based on maternal reports, and maternal perceptions of children may have been affected by Jobs-First GAIN or may differ from more objective assessments.[18] Second, the outcomes only provide a snapshot of particular domains of children's development. Children's problem behavior, such as their expressions of anxiety, depression, or aggression, and positive behavior, such as their interaction with peers and others, are not adequately captured by

[14]The standard errors were adjusted so that the impact estimates would take into account the presence of multiple children or siblings within a family.

[15]The majority of the respondents had between one and three children in the family: 230 families had one child, 247 families had two children, 140 families had three children, 67 families had four children, 21 families had five children, seven families had six children, one family had seven children, and two families had nine children.

[16]Children who at the time of interview were under 5, had not yet started school for other reasons, were in preschool or kindergarten, were in school but not graded, and/or were no longer in school were excluded. The final sample for this measure is 553 families with 1,061 children. Jobs-First GAIN had no significant impact on children's being eligible for school yet not attending school.

[17]The final sample for these outcomes is 604 families with 1,195 children.

[18]The New Chance and New Hope evaluations found that maternal reports of children's behavior and academic performance differed from teachers' reports of these outcomes (Quint et al., 1997; Bos et al., 1999).

maternal reports. Research on the effects of maternal employment and child care suggest that it is these types of behavior that Jobs-First GAIN was most likely to affect. Third, the majority of the child outcomes analyzed here focus on school behavior and are only valid for children who have entered school; this leaves the well-being of toddlers and preschool-aged children, as well as that of older adolescents, who may be engaging in risky behaviors such as criminal activity or drug abuse outside school, largely unexamined.

Impacts are presented for children overall, for girls and boys, and for children in the following three age groups at the time of random assignment: 3 to 5 (5 to 7 at follow-up), 6 to 9 (8 to 11 at follow-up), and 10 to 18 (12 to 20 at follow-up). There are two main reasons for analyzing children's outcomes by these age subgroups. First, because the majority of the outcomes concern academic achievement, they will be most relevant for those children who are eligible to attend school. Second, Jobs-First GAIN may affect children differently at different points in their development. For example, infants, toddlers, and preschool-aged children may be the most vulnerable to the negative effects of maternal employment, particularly if they are placed in poor-quality child care. Adolescents, in contrast, may have the most to gain if they are placed in enriching after-school programs. In addition, older children may take on more responsibilities at home as mothers join the work force.

Families with children in different age groups may differ on a number of characteristics other than child age. As a result, Jobs-First GAIN's different impacts on children in different age groups may reflect Jobs-First GAIN's impacts on single parents with specific characteristics that are associated with child age rather than with child age itself. For example, mothers of infants and toddlers were younger than mothers of children aged 6 or over. Mothers of infants and toddlers also had fewer children on average and were less likely to have ever been married than mothers of school-aged children. Surprisingly, mothers in these two subgroups were very similar with respect to welfare history and work history (results not shown). Thus, if Jobs-First GAIN affected single parents who had never been married differently from single parents who had ever been married, then Jobs-First GAIN's impacts by child age may have nothing to do with the age of a child in the family but rather the parent's marital history.

C. Jobs-First GAIN's Impacts on Child Outcomes

Table 6.4 presents Jobs-First GAIN's impacts on children's academic achievement and schooling, behavioral and emotional adjustment, and safety. Across all age groups, Jobs-First GAIN had an impact on only one of the ten child outcomes examined. Specifically, the program decreased the proportion of children who were expelled or suspended from school during follow-up by 4 percentage points, or 28 percent. Jobs-First GAIN had no impact on child outcomes when impacts were analyzed at the family level; for instance, it had no impact on the proportion of families who had at least one child who performed very well in school or who had at least one child who repeated a grade (results not shown).

Los Angeles Jobs-First GAIN Evaluation

Table 6.4
Impacts on Maternal Reports of Child Outcomes for Children of AFDC-FGs

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Academic functioning and schooling				
Average school performance[a]	3.8	3.8	0.0	0.4
Performed well or very well in school (%)	62.2	60.2	2.0	3.3
Performed below average or not well at all in school (%)	12.8	12.9	-0.1	-0.9
Ever on honor roll or received special award (%)	45.6	47.3	-1.7	-3.7
Ever repeated a grade (%)	4.8	5.7	-0.9	-15.8
Ever dropped out of school (%)	1.8	2.0	-0.2	-10.1
Ever suspended or expelled from school (%)	9.3	12.9	-3.6 *	-27.7
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)	11.8	10.3	1.6	15.3
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	6.7	4.9	1.7	35.3
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	6.9	6.5	0.4	6.1
Sample size	771	806		

SOURCE: MDRC calculations from The Two-Year Client Survey.

NOTES: Full-sample impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. Standard errors have been adjusted to account for the presence of multiple siblings within a family.

[a]Scores on this measure range from 1 (performing not well at all in school) to 5 (performing very well in school).

Table 6.5 presents Jobs-First GAIN's impacts on child outcomes by age group.[19] Because most of the 3-year-olds in the survey sample had not started school by the end of follow-up, the impacts on grade repetition and ever attending a special class are only presented for the small sample of children who were 4 to 5 years old at the time of random assignment, that is, were in first or second grade by the end of follow-up. These results show that children in the experimental group who were aged 4 to 5 at the time of random assignment were nearly 6 percentage points more likely to repeat a grade than their counterparts in the control group. Children in the experimental group who had started school during the follow-up period may have been more likely to be held back a grade for two reasons related to maternal employment: (1) their mothers may have enrolled them in school at too early a developmental stage because school can substitute for child care; or (2) their mothers may have spent less time reading to them or engaging in other cognitive activities with them that are essential for early school preparedness. Further analyses suggest that there was no difference in age at first entry into school that could explain the difference between the experimental and the control groups in grade repetition among 4- to 5-year-olds. It is important to keep in mind that the actual number of children aged 4 to 5 at the time of random assignment who repeated a grade during the two-year follow-up period is very small.

Jobs-First GAIN also had a 4 percentage point impact on the percentage of preschool-aged children whose mothers reported that their preschool-aged child had a physical, emotional, or mental condition that required their attention or made it difficult for them to go to work. This impact also holds up for the subset of preschool-aged children who were 4 to 5 years old at the time of random assignment. This impact should be interpreted carefully because it may reflect higher employment rates among experimental group members rather than a higher incidence of problems among their children. Consistent with this hypothesis, in the control group there was a much higher incidence of having preschool-aged children in a special class because of a physical, emotional, or mental condition than having preschool-aged children with a special condition that made going to work difficult.

Jobs-First GAIN had little effect on young school-aged children and adolescents. The only exception is a 6 percentage point increase in young school-aged children's attending a special class because of a physical, emotional, or mental condition.

Table 6.6 presents Jobs-First GAIN's impacts on child outcomes by child gender. Increased employment owing to Jobs-First GAIN may have affected girls differently than boys. For example, girls, especially school-aged girls, may have benefited more from having a working mother as a role model, while some research has found that boys, especially infant and toddler boys, are particularly negatively affected by maternal employment (Desai, Chase-Lansdale, and Michael, 1989). As it turned out, Jobs-First GAIN had no impact on child outcomes when

[19]Note that results for infants and toddlers, who were under 3 at random assignment, are not presented for three reasons. First, the sample size is quite small (96 in the experimental group and 92 in the control group). Second, there are only two outcomes for this age group because these children did not reach school age by the end of the follow-up period, and most of the available child outcomes are school-related. Finally, infants and toddlers should have been little affected by Jobs-First GAIN because their mothers were exempt from Jobs-First GAIN's participation requirements.

Los Angeles Jobs-First GAIN Evaluation

Table 6.5
Impacts on Maternal Reports of Child Outcomes for Children of AFDC-FGs, by Child Age

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Children aged 3 to 5 at random assignment				
Academic functioning and schooling				
Ever repeated a grade (%)[a]	6.2	0.4	5.9 ***	1569.0
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)[a]	12.4	10.3	2.2	21.2
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	10.2	5.8	4.4 *	76.1
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	9.3	8.1	1.2	14.5
Sample size	222	239		
Children aged 6 to 9 at random assignment				
Academic functioning and schooling				
Average school performance[b]	3.9	3.8	0.1	2.6
Performed well or very well in school (%)	63.6	60.1	3.5	5.8
Performed below average or not well at all in school (%)	8.9	11.8	-3.0	-25.1
Ever on honor roll or received special award (%)	53.6	57.4	-3.8	-6.6
Ever repeated a grade (%)	6.1	6.6	-0.5	-7.9
Ever suspended or expelled from school (%)	4.8	8.4	-3.6	-42.8
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)	15.5	9.8	5.6 *	57.3
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	5.5	5.7	-0.3	-4.9
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	7.3	7.6	-0.3	-4.5
Sample size	208	221		

(continued)

Table 6.5 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Children aged 10 to 18 at random assignment				
Academic functioning and schooling				
Average school performance[b]	3.7	3.7	0.0	-1.0
Performed well or very well in school (%)	56.9	56.8	0.1	0.2
Performed below average or not well at all in school (%)	15.9	13.4	2.5	18.5
Ever on honor roll or received special award (%)	33.9	36.9	-3.0	-8.2
Ever repeated a grade (%)	4.0	7.3	-3.3	-44.8
Ever dropped out of school (%)	4.2	4.7	-0.5	-10.3
Ever suspended or expelled from school (%)	17.5	21.2	-3.7	-17.3
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)	11.6	9.2	2.4	25.9
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	6.4	3.6	2.7	75.9
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	4.3	5.3	-1.0	-18.3
Sample size	245	254		

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Subgroup impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. Standard errors have been adjusted to account for the presence of multiple siblings within a family.

[a]These measures were calculated only for children aged 4 to 5 (125 in the experimental group and 125 in the control group) because 3-year-olds were unlikely to have begun elementary school during follow-up.

[b]Scores on this measure range from 1 (performing not well at all in school) to 5 (performing very well in school).

Table 6.6
Impacts on Maternal Reports of Child Outcomes for Children of AFDC-FGs, by Child Gender

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Male children				
Academic functioning and schooling				
Average school performance[a]	3.6	3.6	-0.1	-1.9
Performed well or very well in school (%)	54.8	51.8	3.0	5.7
Performed below average or not well at all in school (%)	17.9	17.2	0.7	4.3
Ever on honor roll or received special award (%)	42.1	46.2	-4.1	-8.8
Ever repeated a grade (%)	6.2	6.9	-0.7	-10.0
Ever dropped out of school (%)	2.8	1.8	1.0	55.9
Ever suspended or expelled from school (%)	14.8	17.5	-2.8	-15.7
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)	15.1	13.5	1.6	11.7
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	8.6	7.1	1.5	21.9
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	7.9	8.2	-0.4	-4.7
Sample size	391	416		
Female children				
Academic functioning and schooling				
Average school performance[a]	4.0	4.0	0.1	1.3
Performed well or very well in school (%)	69.3	69.1	0.1	0.2
Performed below average or not well at all in school (%)	8.2	8.0	0.2	2.0
Ever on honor roll or received special award (%)	48.7	48.9	-0.2	-0.4
Ever repeated a grade (%)	3.4	4.4	-1.0	-22.7
Ever dropped out of school (%)	0.8	2.3	-1.4	-62.9
Ever suspended or expelled from school (%)	4.1	7.6	-3.4	-45.2
Behavioral and emotional adjustment				
Ever attended a special class for physical, emotional, or mental condition (%)	8.4	6.9	1.5	21.3
Ever had special physical, emotional, or mental condition that made parents' work difficult (%)	4.7	2.6	2.1	78.9
Safety				
Ever had accident, injury, or poisoning requiring emergency room visit (%)	5.5	4.9	0.6	12.1
Sample size	380	390		

(continued)

Table 6.6 (continued)

SOURCE: MDRC calculations from the Two-Year Client Survey.

NOTES: Subgroup impacts are weighted averages of impacts for regular and early enrollees: Impact = (regular enrollee impact x percent of regular enrollees) + (early enrollee impact x percent of early enrollees).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. Standard errors have been adjusted to account for the presence of multiple siblings within a family.

[a]Scores on this measure range from 1 (performing not well at all in school) to 5 (performing very well in school).

examined separately for girls or boys. Note that the subgroups are too small to allow examination of different age groups within each gender group.

V. Conclusions

Jobs-First GAIN increased the use of child care, the use of paid child care, and the cost of child care paid out of pocket. The program's impacts on child care are related to its impacts on employment, particularly full-time employment. Although experimental group members with very young children and those with school-aged children were equally likely to increase their use of child care, the child care used by experimental group members with very young children was less reliable; that is, experimental group members with very young children were more likely than those with school-aged children to miss or be late for work because of child care problems. Jobs-First GAIN had no impact on family structure or the learning experiences provided to children, and had few impacts on child outcomes overall.

Even though Jobs-First GAIN equally affected the employment of mothers with preschool-aged children and that of mothers of school-aged children (result not shown), the effects of maternal employment were expected to be more dramatic for a preschool-aged than a school-aged child because mothers were significantly more likely to place preschool-aged than school-aged children in child care. The impacts on child care use, particularly the reliability of child care, were indeed most pronounced for experimental group members whose youngest child was in the preschool age group, and suggest that Jobs-First GAIN had some detrimental effect on preschool-aged children's well-being through child care for employment that may also have been unstable or of low quality. Unfortunately, it is difficult to assess the extent of Jobs-First GAIN's impacts on preschool-aged children without examining a broader range of child outcomes, particularly measures of children's behavior, and without more accurate measures of child care stability or quality.

Additional research is also needed to conclude whether or even how Jobs-First GAIN affected children's well-being. Though few systematic effects were found for child outcomes overall, Jobs-First GAIN may have had important effects on children in particular types of families. For example, the extent of Jobs-First GAIN's impacts on employment or income for the most disadvantaged families — who face multiple barriers to employment — may differ from its impacts for the full sample. Children in the most disadvantaged families may be affected differently, for example, by Jobs-First GAIN's impacts on their parents' employment. Alternatively, Jobs-First GAIN's's impacts on child care or household composition may vary by racial or ethnic group. Moreover, the follow-up period for this study was relatively short. Child effects, and even effects on demographic outcomes that were not directly targeted by Jobs-First GAIN, such as marriage, may take longer to manifest themselves.

Chapter 7

Impacts for AFDC-Us

This chapter describes the impacts of Jobs-First GAIN on members of two-parent households (AFDC-Us). It addresses the same key questions as Chapter 4, which was devoted to the program's impacts on single parents, but does not include survey data or formal comparisons between Jobs-First GAIN's effects and those of previously evaluated programs. The subgroup analysis in this chapter also differs slightly from that in Chapter 4; whereas this chapter examines whether the program's impacts differed for male and female AFDC-U recipients, a question of less relevance for AFDC-FGs because the vast majority of them are women, it does not compare program effects for early versus regular enrollees.[1]

The impacts presented below, all of which are statistically significant unless otherwise noted, gain particular importance in light of TANF's work requirements, which are much stricter for AFDC-Us than for single parents. TANF requires a higher percentage of two-parent families to have at least one parent working or participating in employment-related activities (in 1998, 75 percent of two-parent families versus 30 percent of single parents) and requires this parent to work more hours per week in order to be counted as a welfare-to-work program participant (35 hours versus 20 hours).[2] If states are to meet these tough federal regulations and avoid financial penalties, welfare-to-work programs must succeed for two-parent families.

As Table 1.4 shows, the AFDC-U sample is composed of welfare recipients from a variety of racial and ethnic backgrounds, many of whom are recent immigrants.[3] About half of sample members lack proficiency in English (compared with 20 percent of AFDC-FGs). Therefore, the results for two-parent families will shed light on how well a large urban labor market supports employment for groups with different national origins and different languages and whether Work First programs can be effective in boosting their employment.

I. Key Findings

- Approximately two-thirds of experimental group members found employment in the two-year follow-up period (a similar proportion to that among AFDC-FGs). Jobs-

[1]The AFDC-U sample contains both regular and early enrollees, but the early enrollee AFDC-U subgroup is too small for separate analysis.

[2]For a two-parent family to be counted in the participation rate, one or both parents must have participated for a combined total of at least 35 hours per week. If a two-parent family is receiving federally funded child care assistance and no adult in the family is disabled or caring for a disabled child, then both parents must participate for a combined total of at least 55 hours per week. See Bloom, 1997, pp. 114-115.

[3]Although no data were available on immigrant status, it is assumed that most sample members who lacked proficiency in English were recent immigrants.

First GAIN produced large two-year impacts on both employment and earnings — 10 percentage points and $2,050, respectively.

- Jobs-First GAIN decreased the average length of AFDC/TANF receipt by a little over a month (7 percent) and reduced welfare expenditures by $1,429 per experimental group member (12 percent) over the two-year follow-up period. Reductions in Food Stamp receipt and expenditures were similar in size.

- The two-year earnings gain for the full AFDC-U sample was offset by reductions in AFDC/TANF and Food Stamp payments. As a result, Jobs-First GAIN did not change sample members' combined income from these sources.

- Jobs-First GAIN led to employment and earnings gains and welfare reductions for both AFDC-U males and AFDC-U females. Impacts on employment were larger for women (12 percentage points compared with 8 percentage points for men), whereas men experienced a larger two-year earnings increase ($2,645 versus $1,486 for women). The average two-year reduction in welfare expenditures was also larger for AFDC-U males than females: $1,750 (14 percent) versus $1,005 (9 percent).

- Jobs-First GAIN achieved substantial earnings gains and welfare savings for several subgroups of AFDC-Us, but these impacts were less robust than for AFDC-FGs. Remarkably, Jobs-First GAIN increased two-year total earnings by over $2,000 for the "most disadvantaged" recipients (sample members who were long-term welfare recipients, had no high school diploma or GED at random assignment, and were not employed in the year prior to random assignment), as well as for Hispanics and Asians not proficient in English. The program did not increase earnings for several other subgroups of AFDC-Us, including whites, high school graduates and GED recipients, and sample members residing in two of the five regions of Los Angeles County.

II. Background Information for Interpreting Results

All of the analysis issues presented in Chapter 4 also apply to this chapter. In addition, the following issues should be kept in mind when interpreting results for two-parent families:

- potential differences in impacts for AFDC-Us and AFDC-FGs;

- implications of the AFDC-U random assignment design;

- elimination of the "100-hour rule";

- limitations of the AFDC-U analysis.

A. Potential Differences in Impacts for AFDC-Us and AFDC-FGs

Much less is known about the effects of welfare-to-work programs for AFDC-Us than for single-parent welfare recipients because few previous evaluations of welfare-to-work programs have findings on AFDC-Us. The few that did include two-parent families mostly tracked primary wage earners, the vast majority of whom were men, because only primary wage earners were required to participate.[4] These evaluations showed that program impacts for members of two-parent families can differ from those for single parents, most likely because of differences between the two groups in factors such as employment experience, gender, child care responsibility, and family size. The previous Los Angeles GAIN program produced larger impacts on employment, earnings, and welfare payments for AFDC-Us than for AFDC-FGs (although overall income for AFDC-Us decreased, because their welfare losses exceeded their earnings gains). Evaluations of three other programs that included AFDC-Us — Riverside GAIN, San Diego GAIN, and the San Diego Saturation Work Initiative Model (SWIM) — found that earnings gains were smaller for members of two-parent families than for single parents, but that reductions in welfare payments were similar. These programs reduced overall income for AFDC-Us but not for AFDC-FGs.[5]

Impacts for AFDC-Us may differ from those for AFDC-FGs in part because AFDC-Us share parenting responsibilities with another adult. Therefore, lack of child care may be less of a barrier to employment for them, at least until both parents find employment. In the Jobs-First GAIN Evaluation, however, more AFDC-Us than AFDC-FGs had very young children (under 3 years old), so their child care needs may have been greater than those of AFDC-FGs. Family size could also underlie impact differences between single parents and members of two-parent families. AFDC-Us in the Jobs-First GAIN sample have larger families on average; not only do they have a second parent on assistance, but they have more children. As a result, average welfare expenditures for AFDC-U experimental and control group members exceed those of their AFDC-FG counterparts.[6] Therefore, dollar reductions in welfare payments — but not necessarily percentage reductions — are expected to be larger for members of two-parent families.

B. Implications of the AFDC-U Random Assignment Design

For a two-parent family to be eligible for AFDC/TANF, at least one parent had to have worked in six of the 13 quarters prior to their application for assistance. (No work history restrictions applied to single parents.) Both parents, however, were required to participate in Jobs-First GAIN. The AFDC-U sample analyzed in this report includes one parent per family — specifically, the first parent to show up at a Jobs-First GAIN office during the months of random assignment. In other words, either the primary wage earner (whose work history qualified the family for assistance) or the other parent — but not both — was randomly assigned to a research group in the Jobs-First GAIN Evaluation. As a result of this design, the AFDC-U sample contains a mix of primary wage earners and people without recent employment, as well as relatively equal proportions of men and women.

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[4]In the six counties in the GAIN Evaluation, the proportion of men in the AFDC-U samples ranged from 79 percent to 96 percent; see Riccio et al., 1994.

[5]See Riccio et al., 1994, Tables 4.1 and 6.1; and Friedlander and Hamilton, 1993, Tables 4.1 and 4.4.

[6]In the quarter of random assignment, welfare payments averaged about $2,000 for both AFDC-U research groups versus about $1,700 for both AFDC-FG research groups (results not shown).

As expected, AFDC-U fathers were more likely than AFDC-U mothers to have been the primary wage earner. Approximately one-half of fathers versus about one-fourth of mothers had a job sometime in the three years prior to random assignment (results not shown).[7] Therefore, findings for female AFDC-Us can shed light on a group of recipients who have not been studied much in the past: mothers who previously stayed at home as full-time caregivers and relied on their spouse's or partner's earnings in addition to public assistance. In addition, the Jobs-First GAIN Evaluation's findings for male AFDC-Us can reveal whether a Work First program can boost employment and earnings in a subgroup whose members are relatively likely to find work on their own.

C. Elimination of the "100-Hour Rule"

The Jobs-First GAIN Evaluation is one of the first to analyze two-parent families in California after the state eliminated the "100-hour rule" in December 1992. This rule called for the termination of welfare benefits for two-parent families when the primary wage earner worked 100 hours or more per month, regardless of how much he or she earned.[8] The 100-hour rule discouraged primary wage earners from working full time. Its elimination removed this work disincentive, making it easier for recipients to combine work and welfare and to raise their total income.

It is important to note that the abolition of the 100-hour rule affected both experimental and control group members in the AFDC-U sample, although experimental group members may have derived greater benefits from having no restrictions placed on the number of hours they could work. For instance, as discussed in Chapter 4, Jobs-First GAIN's combination of services, participation mandate, pro-work message, and Work Pays earnings disregards increased full-time employment among AFDC-FGs, a group never subject to limits on work hours. This effect may also occur for AFDC-Us.[9]

D. Limitations of the AFDC-U Analysis

The AFDC-U analysis is limited in some ways. First, while AFDC/TANF and Food Stamp records are available for the entire family,[10] employment and earnings are measured for just one parent per family, so the program's effects on these measures may be underestimated. If Jobs-First GAIN helped both parents find jobs, this effect would be revealed for only one parent.[11] Second, while this chapter presents subgroup impacts, it does not explore the complex interactions among subgroups. For example, it does not investigate whether the difference between the graduate and nongraduate subgroups in the percentages of males and females underlies the differences in Jobs-First GAIN's impacts on these two subgroups.

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[7]See Freedman et al., 1999, Appendix Table B.5, pp. 124-126, for these and other background characteristics of AFDC-U men and women.

[8]Becerra et al., 1996, p. 2. The findings from previous evaluations of AFDC-Us mentioned above apply to the era of the 100-hour rule.

[9]Because AFDC-Us were not included in the Two-Year Client Survey sample, effects on full-time employment can be seen only indirectly — for example, in the form of an increase in average earnings per quarter of employment as captured by Unemployment Insurance (UI) earnings records.

[10]The evaluation does not track the incidence of household break-ups among AFDC-Us. In these situations, the custodial parent (usually, but not always, the mother) retains eligibility for welfare as an AFDC-FG.

[11]Less than 10 percent of AFDC-U experimental group members had a spouse or partner who participated in an employment-related activity during the follow-up period.

III. Impacts on Employment and Earnings

A. Effects over Two Years

Jobs-First GAIN produced large increases in employment and earnings for the full AFDC-U sample. In the two-year follow-up period, 55 percent of control group members worked for pay (see Table 7.1). The average control group member was employed for a total of eight months (2.64 quarters) and earned $6,598 (zeros for people who never worked are averaged into these measures). These outcomes fall below those for AFDC-U control group members in most previous evaluations, possibly because previous studies included only primary wage earners.[12] Jobs-First GAIN produced a 10 percentage point increase in employment, an increase of more than two months in the average length of employment, and an earnings gain of over $2,000. As was the case for single parents, a very high percentage of AFDC-U experimental group members who found employment (54 percent out of 65 percent) did so in the first year of follow-up.

On average, experimental group members found jobs somewhat sooner than control group members and remained employed slightly longer. The average control group member who worked began employment in quarter 3 (after 1.83 quarters) and had a first employment spell of somewhat more than one year (4.80 quarters). Jobs-First GAIN decreased the time to first job by about six weeks (0.47 quarter) and increased employment duration by a slightly smaller amount (0.41 quarter, or about five weeks).

B. Trends

Experimental-control differences in employment declined over the follow-up period, but remained substantial in quarter 9, when 46 percent of experimental group members versus 38 percent of control group members had a job, a difference of 8 percentage points (see Table 7.1).

Figure 7.1 presents quarterly earnings impacts for the AFDC-U sample. From quarter 2 ($295) to quarter 9 ($241), earnings gains remained fairly stable at or above 20 percent per quarter. Thus, employment and earnings will most likely continue through year 3.

C. Employment Stability and Employment with High Earnings

Like many single-parent families, many two-parent families faced serious barriers to self-sufficiency despite their initial success in finding employment. Approximately one-third of those who found employment during follow-up were no longer working in quarter 9. Similarly, only 32 percent of experimental group members were employed in all four quarters of year 2 (results not shown). Low earnings were also very common. In the second year of follow-up, for instance, only 18 percent of experimental group members earned $10,000 or more (result not shown).

As described in Chapter 4, employment and earnings impacts can result from increased job finding, decreased time to first job, greater employment stability, and, for the earnings impacts, higher earnings on the job. Most of the employment and earnings gains (64 percent and 57

[12]Four of the six counties in the GAIN evaluation — Butte, Riverside, San Diego, and Tulare — had higher control group employment and earnings levels in years 1-2 (after inflation adjustment). See Riccio et al., 1994, Table 6.1.

Los Angeles Jobs-First GAIN Evaluation

Table 7.1
Two-Year Impacts on Employment, Earnings, AFDC/TANF, Food Stamps, and Combined Income for AFDC-Us

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever employed in years 1-2 (%)	64.7	55.0	9.7 ***	17.6
Year 1 (quarters 2-5)	53.7	42.0	11.6 ***	27.7
Year 2 (quarters 6-9)	56.5	49.0	7.5 ***	15.2
Quarters employed in years 1-2	3.37	2.64	0.73 ***	27.6
Year 1 (quarters 2-5)	1.60	1.18	0.42 ***	35.8
Year 2 (quarters 6-9)	1.77	1.47	0.31 ***	21.1
Employed (%)				
Quarter 2	37.4	25.1	12.3 ***	49.0
Quarter 3	39.4	29.0	10.4 ***	35.7
Quarter 4	40.8	30.3	10.5 ***	34.6
Quarter 5	42.0	33.1	8.9 ***	27.0
Quarter 6	43.0	34.3	8.8 ***	25.6
Quarter 7	44.0	36.8	7.2 ***	19.7
Quarter 8	44.4	37.3	7.1 ***	19.1
Quarter 9	46.0	38.2	7.7 ***	20.2
Earnings in years 1-2 ($)	8,648	6,598	2,050 ***	31.1
Year 1 (quarters 2-5)	3,553	2,486	1,067 ***	42.9
Year 2 (quarters 6-9)	5,095	4,111	984 ***	23.9
Quarter 2	700	404	295 ***	73.1
Quarter 3	853	587	267 ***	45.5
Quarter 4	938	714	224 ***	31.4
Quarter 5	1,061	781	280 ***	35.9
Quarter 6	1,146	901	245 ***	27.1
Quarter 7	1,232	964	268 ***	27.8
Quarter 8	1,294	1,064	230 ***	21.6
Quarter 9	1,423	1,182	241 ***	20.4
For those employed in years 1-2				
Quarters to first job [a]	*1.36*	*1.83*	*-0.47*	*-25.8*
Quarters employed	*5.21*	*4.80*	*0.41*	*8.5*
Percentage of quarters employed from quarter of first job to end of year 2 [b]	*78.4*	*77.8*	*0.6*	*0.8*
Average earnings per quarter employed ($)				
Years 1-2	*2,566*	*2,498*	*67*	*2.7*

(continued)

Table 7.1 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever received AFDC/TANF in years 1-2 (%)	97.0	98.2	-1.2 **	-1.2
Year 1 (quarters 2-5)	96.8	98.1	-1.3 **	-1.3
Year 2 (quarters 6-9)	73.6	79.6	-6.0 ***	-7.6
Months received AFDC/TANF in years 1-2	17.27	18.61	-1.33 ***	-7.2
Year 1 (quarters 2-5)	9.87	10.46	-0.59 ***	-5.6
Year 2 (quarters 6-9)	7.40	8.15	-0.75 ***	-9.2
Received AFDC/TANF (%)				
Quarter 2	96.4	97.7	-1.3 **	-1.3
Quarter 3	89.5	93.3	-3.8 ***	-4.1
Quarter 4	82.7	88.3	-5.6 ***	-6.3
Quarter 5	77.3	82.7	-5.4 ***	-6.5
Quarter 6	71.9	78.5	-6.6 ***	-8.5
Quarter 7	67.8	72.4	-4.6 ***	-6.4
Quarter 8	63.9	70.0	-6.1 ***	-8.7
Quarter 9	59.7	65.9	-6.3 ***	-9.5
AFDC/TANF amount received in years 1-2 ($)	10,303	11,732	-1,429 ***	-12.2
Year 1 (quarters 2-5)	6,180	6,847	-667 ***	-9.7
Year 2 (quarters 6-9)	4,123	4,885	-762 ***	-15.6
Quarter 2	1,821	1,916	-95 ***	-5.0
Quarter 3	1,602	1,774	-173 ***	-9.7
Quarter 4	1,434	1,632	-198 ***	-12.1
Quarter 5	1,323	1,524	-201 ***	-13.2
Quarter 6	1,205	1,390	-186 ***	-13.4
Quarter 7	1,087	1,261	-175 ***	-13.8
Quarter 8	967	1,161	-194 ***	-16.7
Quarter 9	865	1,072	-208 ***	-19.4

(continued)

Table 7.1 (continued)

Outcome	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Ever received Food Stamps in years 1-2 (%)	96.0	97.6	-1.6 **	-1.6
Year 1 (quarters 2-5)	95.8	97.4	-1.6 **	-1.7
Year 2 (quarters 6-9)	73.5	79.7	-6.2 ***	-7.7
Months received Food Stamps in years 1-2	17.56	18.90	-1.35 ***	-7.1
Year 1 (quarters 2-5)	9.94	10.56	-0.62 ***	-5.9
Year 2 (quarters 6-9)	7.61	8.34	-0.73 ***	-8.7
Received Food Stamps (%)				
Quarter 2	95.0	97.0	-1.9 ***	-2.0
Quarter 3	88.8	93.2	-4.4 ***	-4.7
Quarter 4	82.3	88.6	-6.3 ***	-7.1
Quarter 5	77.7	83.3	-5.6 ***	-6.7
Quarter 6	72.0	78.2	-6.2 ***	-7.9
Quarter 7	68.0	73.0	-5.0 ***	-6.9
Quarter 8	63.9	70.2	-6.2 ***	-8.9
Quarter 9	60.3	66.7	-6.4 ***	-9.6
Food Stamp amount received in years 1-2 ($)	4,145	4,751	-606 ***	-12.7
Year 1 (quarters 2-5)	2,449	2,759	-310 ***	-11.2
Year 2 (quarters 6-9)	1,696	1,992	-296 ***	-14.9
Quarter 2	698	750	-52 ***	-7.0
Quarter 3	632	718	-86 ***	-12.0
Quarter 4	590	678	-88 ***	-13.0
Quarter 5	529	612	-83 ***	-13.5
Quarter 6	458	530	-72 ***	-13.6
Quarter 7	429	499	-69 ***	-13.9
Quarter 8	415	495	-79 ***	-16.0
Quarter 9	393	468	-75 ***	-16.1
Average combined income in years 1-2 ($)[c]	23,096	23,080	16	0.1
Sample size	4,039	1,009		

(continued)

Table 7.1 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF and Food Stamp payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for all AFDC-Us are weighted averages of impacts for regular enrollees and early enrollees: AFDC-U impact = (regular enrollee impact x percent of regular enrollees in AFDC-U sample) + (early enrollee impact x percent of early enrollees in AFDC-U sample).

Unless shown in italics, dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Italicized estimates pertain only to periods of employment. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons; statistical tests were not performed.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

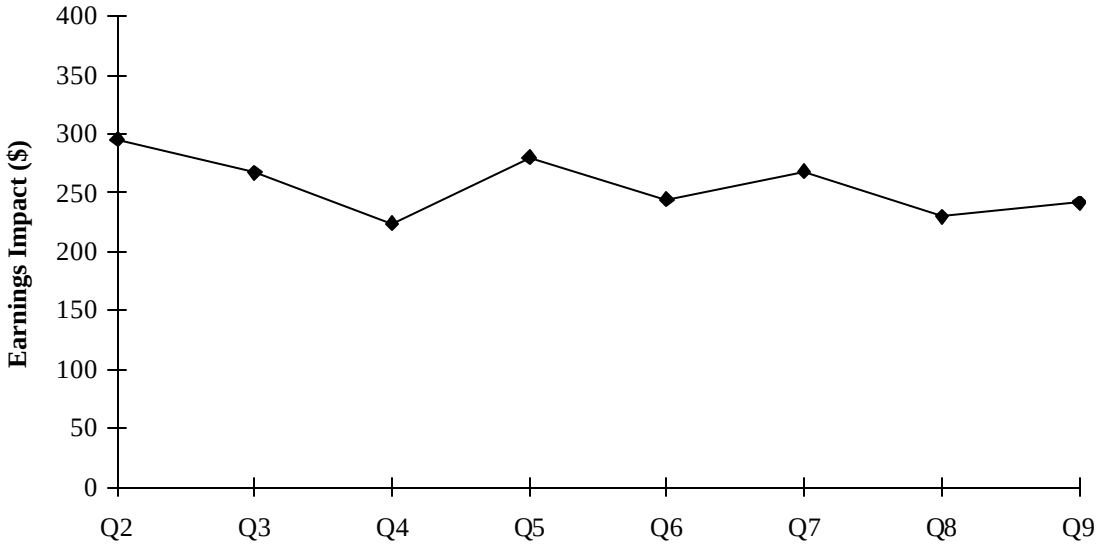
[a]"Quarters to first job" is defined as the number of quarters between quarter 2 and the first quarter with earnings. Sample members who began working in quarter 2 have 0 quarters for this measure.

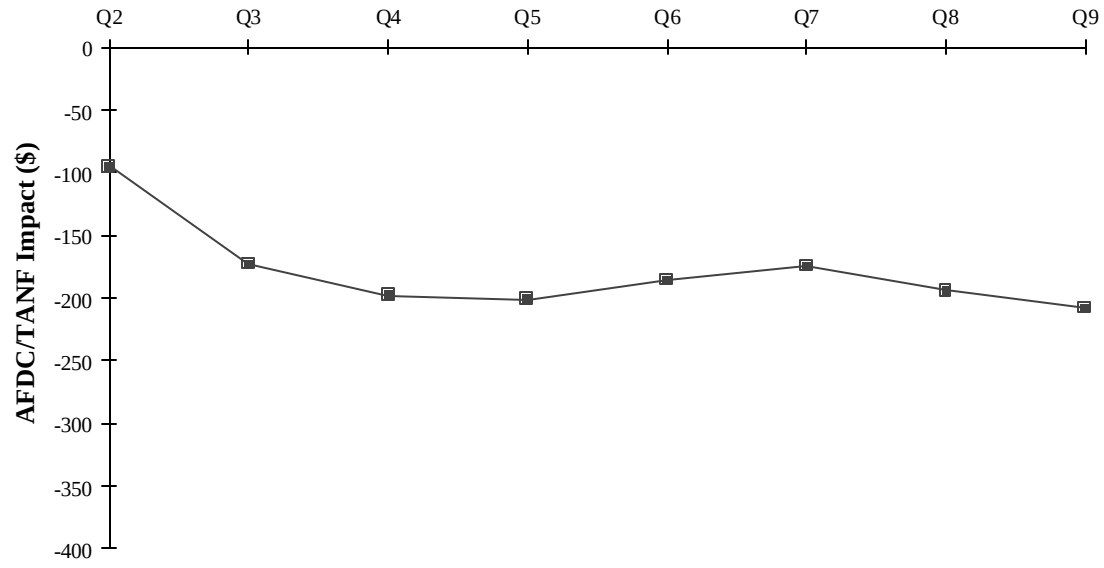
[b]"Percentage of quarters employed from quarter of first job to end of year 2" = quarters employed / (8 minus quarters to first job) x 100.

[c]"Combined income" is income from earnings, AFDC/TANF, and Food Stamps.

Los Angeles Jobs-First GAIN Evaluation

Figure 7.1
Quarterly Impacts on Earnings and AFDC/TANF Payments for AFDC-Us





(continued)

Figure 7.1 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings and AFDC/TANF payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

percent, respectively; see Figure 7.2) can be accounted for by increased job finding — that is, Jobs-First GAIN's impact on the percentage of people ever employed during follow-up. However, the contribution of job finding to each outcome was slightly lower for AFDC-Us than for AFDC-FGs (compare Figures 7.2 and 4.2). The remainder resulted primarily from decreased time to first job (approximately 25 percent) and, for the earnings impact, higher average earnings among experimental group members with jobs (9 percent). Unlike for the AFDC-FG sample, the effect of employment stability was positive, although it too was small (3 percent).

Table 7.2 presents the program's impacts on additional measures of employment stability and earnings growth in year 2. Jobs-First GAIN achieved a small net gain in stable employment; that is, it produced somewhat larger impacts on measures of employment stability than on comparable measures of employment instability. For example, Jobs-First GAIN increased the percentage of sample members who were ever employed in year 1 and were employed in all four quarters of year 2 (a measure of employment stability) by 7 percentage points. It also increased the percentage of those who were employed in less than four quarters of year 2 (a measure of employment instability) by 4 percentage points.

Results were not as positive for a measure of relatively high earnings in year 2. Jobs-First GAIN increased the proportion of sample members who began working for pay in year 1 and then earned $10,000 or more in year 2 by 4 percentage points above the control group level of 14 percent (see Table 7.2). However, this impact was exceeded by an increase of 8 percentage points in the proportion of sample members who worked in year 1 and earned less than $10,000 in year 2 (36 percent versus 28 percent). Based on an analysis of administrative records data for AFDC-Us, there is little evidence that the full sample of AFDC-Us in Jobs-First GAIN attained better jobs than members of the control group.

IV. Impacts on Public Assistance

A. AFDC/TANF Receipt and Payments

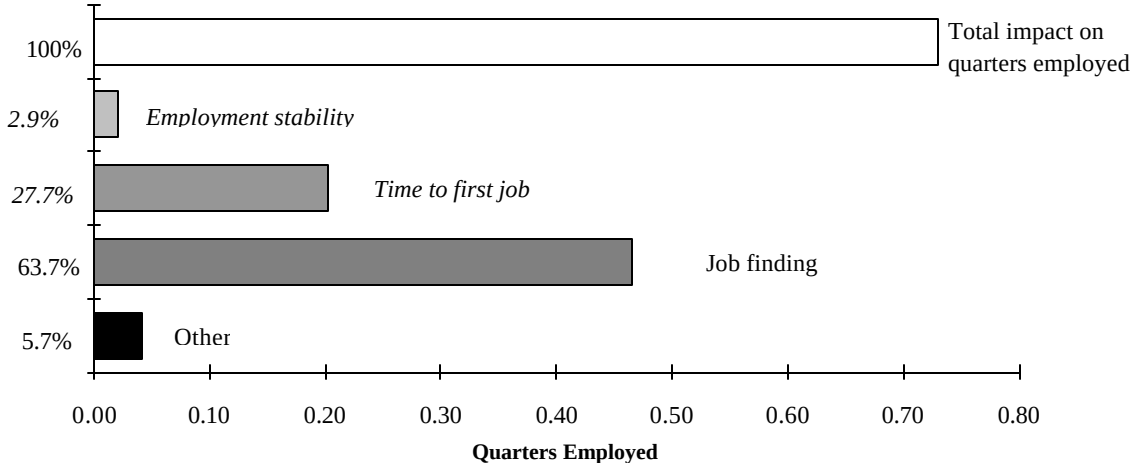
In the two-year follow-up period, AFDC-U control group members spent an average of 18.6 months on AFDC/TANF, nearly the same amount of time as their single-parent counterparts (compare Tables 7.1 and 4.1). Jobs-First GAIN shortened the length of welfare receipt by over one month, a moderate reduction of 7 percent relative to the control group. At the end of year 2 (quarter 9), 60 percent of experimental group members versus 66 percent of control group members were on welfare (a moderate decrease). Further, more than 50 percent of them received welfare continuously for two years (result not shown), suggesting the Jobs-First GAIN faces a significant challenge in trying to move two-parent families off welfare.

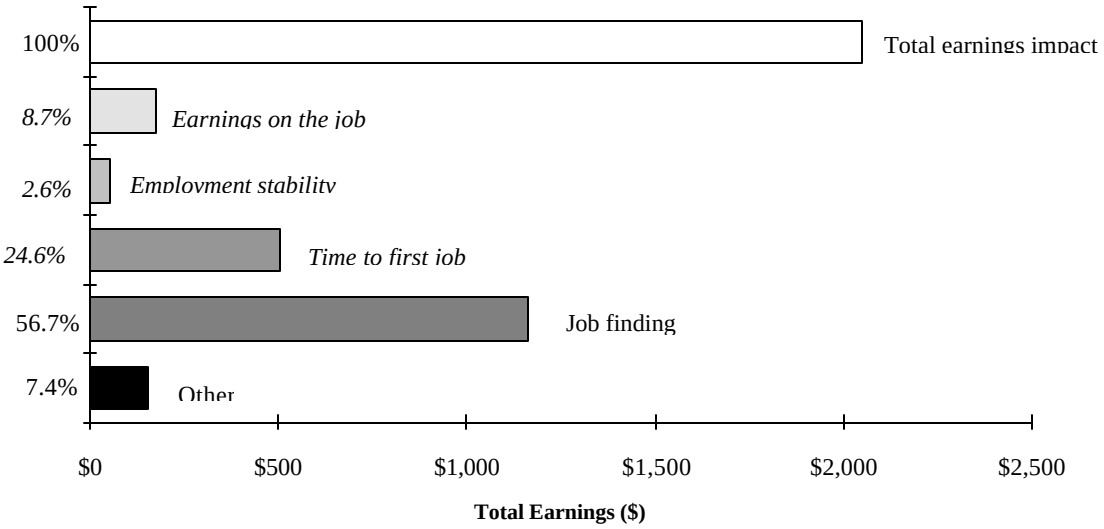
AFDC/TANF expenditures totaled $11,732 per control group member in years 1 and 2 (Table 7.1), $1,668 more than what was spent on single parents. The program saved $1,429 (12 percent) per experimental group member in welfare payments, a large impact exceeding the single-parent impact. Reductions in average monthly grants for those still on welfare, which may have resulted from combining work and welfare or from sanctioning, accounted for 41 percent of

Los Angeles Jobs-First GAIN Evaluation

Figure 7.2

Relative Contributions of Key Employment and Earnings Effects to the Two-Year Impacts on Employment Duration and Total Earnings for AFDC-Us





(continued)

Figure 7.2 (continued)

SOURCE: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records.

NOTES: Relative contributions to the impact on quarters employed were determined by dividing the percentage change in each contributing factor by the percentage change in total quarters of employment. The resulting percentage contribution (displayed next to each bar) was then multiplied by the impact on quarters employed. "Other" represents interactions among the three contributing factors shown.

Relative contributions to the impact on total earnings were determined by dividing the percentage change in each contributing factor by the percentage change in total earnings. The resulting percentage contribution (displayed next to each bar) was then multiplied by the total earnings impact. "Other" represents interactions among the other four contributing factors shown.

Differences between the experimental and control groups in "Time to first job," "Employment stability," and "Earnings on the job" (converted here into relative contributions to the total earnings impact) are shown in italics to indicate that they are not true experimental differences.

Dollar values of each contributing factor may not sum to the total earnings impact because of rounding.

Los Angeles Jobs-First GAIN Evaluation

Table 7.2

Impacts on Measures of Employment Stability and Earnings Growth in Years 1 and 2 for AFDC-Us

Outcome (%)	Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
Not employed	46.3	58.0	-11.6 ***	-20.1
Ever employed	53.7	42.0	11.6 ***	27.7
Ever employed in year 1				
No longer employed in quarter 9	15.9	13.1	2.8 **	21.2
Employed in quarter 9	37.8	28.9	8.9 ***	30.6
First employment spell lasted one quarter	8.3	8.3	0.0	0.0
First employment spell lasted two to three quarters	10.1	7.1	3.0 ***	42.2
First employment spell lasted four or more quarters	35.2	26.6	8.6 ***	32.4
Never employed in year 2	8.3	6.0	2.2 **	37.0
Employed one to three quarters in year 2	15.3	13.1	2.2 *	16.7
Employed in all four quarters in year 2	30.1	22.9	7.2 ***	31.5
Earned less than $10,000 in year 2	36.1	28.1	8.1 ***	28.7
Earned $10,000 or more in year 2	17.5	14.0	3.6 ***	25.5
Sample size	4,039	1,009		

SOURCE: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

these savings.[13] This proportion slightly exceeds the proportion for AFDC-FGs and, compared with those in previously evaluated Work First programs, is fairly large (not surprisingly, considering that the abolition of the 100-hour rule encouraged combining work and welfare). It is important to note, however, that AFDC-Us have larger families, on average, than AFDC-FGs, which means that they must attain higher earnings before losing welfare eligibility.

Figure 7.1 illustrates how dollar reductions in AFDC/TANF payments grew during most of year 1 and remained fairly stable in year 2. Savings in the last quarter of year 2 were about $208, or 19 percent. This large impact suggests that welfare savings will continue at least into year 3.

B. Food Stamp Receipt and Payments

During the two-year follow-up period, experimental group members received Food Stamps for an average of 17.5 months, about five and one-half weeks less than control group members (a 7 percent reduction; see Table 7.1). Jobs-First GAIN also lowered Food Stamp expenditures from $4,751 to $4,145, a decrease of $606 (13 percent). Percentage reductions in Food Stamp expenditures were as large as those in AFDC/TANF payments.

During the last quarter of year 2, 67 percent of control group members received Food Stamps (the same percentage who received AFDC/TANF). Jobs-First GAIN reduced this proportion by a moderate amount, 6 percentage points (see Table 7.1). These results indicate that Food Stamp savings will likely continue through year 3.

V. Impacts on Employment and Welfare Status After Two Years

As explained in Chapter 5, enrollees in welfare-to-work programs may attain varying degrees of self-sufficiency. In general, those who remain jobless and on welfare can be considered the most dependent, those who combine work and welfare somewhat more self-sufficient, and those who work for pay and are off the rolls to have achieved the greatest degree of self-sufficiency. Figure 7.3 presents a breakdown of sample members by research group and employment and welfare status in the last quarter of year 2 (quarter 9). It shows that, of AFDC-U control group members, 43 percent were jobless and on AFDC/TANF, 23 percent combined work and welfare, 15 percent worked without welfare, and 19 percent lacked both a job and a welfare check.

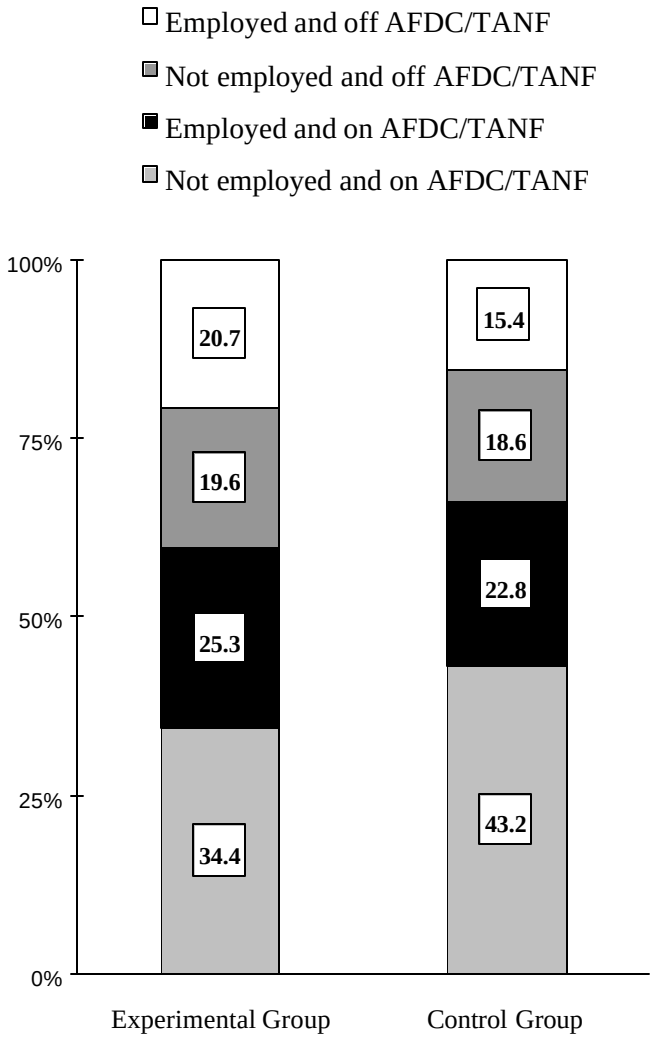
Jobs-First GAIN lowered the proportion in the least self-sufficient group by 9 percentage points and increased the proportions in the remaining categories (the increase in the percentage who were jobless and off welfare, however, was not statistically significant). The overall employment gain in quarter 9 resulted partly from the program's moderate impact on employment without welfare (a 5 percentage point increase) and partly from its small impact on combining

[13]Household break-ups, which reduce the number of people on an AFDC/TANF case, may have also contributed to the lower average monthly grant for those still on welfare. As noted earlier, however, the incidence of household break-ups was not tracked, so this analysis cannot explore the role that they may have played in welfare savings.

Los Angeles Jobs-First GAIN Evaluation

Figure 7.3

Employment and AFDC/TANF Status at the End of Year 2 for AFDC-Us



SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

work and welfare (a 3 percentage point increase). The majority of employed sample members in both research groups combined work and welfare.

VI. Impacts on Combined Income from Earnings, AFDC/TANF, and Food Stamps

In the two-year follow-up period, Jobs-First GAIN replaced welfare dollars with earnings, but did not raise average combined income for members of two-parent families. As shown in the bottom row of Table 7.1, both experimental and control group members received an average of about $23,000 over two years in earnings, AFDC/TANF payments, and Food Stamps. (This measure of income includes earnings only from the research sample member, not from the other parent on the case.) Impacts are similar when estimated EITC payments and payroll taxes are included in calculations of sample members' combined income. In view of the fact that previously evaluated programs tended to decrease AFDC-Us' overall income, this result is relatively positive.

VII. Subgroup Impacts

This section presents Jobs-First GAIN's impacts on selected subgroups of AFDC-U recipients. As illustrated below, the program increased employment and earnings and reduced AFDC/TANF payments for a variety of subgroups, including the most disadvantaged recipients. Most of the results discussed in this section are presented in Table 7.3.

A. Men and Women

As expected, more male than female control group members worked during the two-year follow-up period: about two-thirds versus one-half.[14] On average, men earned more than twice as much as women in that period: $8,748 versus $4,139 (zero earnings for jobless sample members are averaged into both of these measures).

There was a large (12 percentage point) increase in the proportion of AFDC-U women who were employed during follow-up, whereas the impact for males was moderate (8 percentage points). However, men's two-year earnings gain was much larger ($2,645 compared with $1,486). The contributors to the earnings gains differed across subgroups as well. AFDC-U women's earnings gain resulted primarily from increased job finding (74 percent) and less so from decreased time to first job (23 percent; see Figure 7.4). In contrast, the earnings gain for AFDC-U men resulted from a combination of job finding (39 percent), decreased time to first job (26 percent), as well as increased earnings on the job (21 percent; see Figure 7.5). Employed female experimental group members earned slightly less per quarter than their control group counterparts, whereas employed male experimental group members earned about 6 percent ($168) more (results not shown).

[14]Employment in the AFDC-FG control group (58 percent) fell between these proportions.

Los Angeles Jobs-First GAIN Evaluation

Table 7.3
Impacts on Employment, Earnings, and AFDC/TANF Payments and Receipt for AFDC-Us, by Region and Subgroup

Region or Subgroup	Sample Size	Ever Employed in Years 1 and 2 (%): Experimental Group	Control Group	Difference (Impact)	Percentage Change (%)
San Fernando Valley (Region 2)	1,507	57.0	46.4	10.6 ***	22.9
San Gabriel Valley (Region 3)	1,375	69.3	58.5	10.9 ***	18.6
Central (Region 4)	591	62.3	57.0	5.3	9.3
Southern (Region 5)[a]	611	67.5	57.1	10.5 **	18.3
Southeastern (Region 6)	963	70.1	60.6	9.5 ***	15.6
Female	2,393	56.4	44.6	11.9 ***	26.6
Male	2,655	72.2	64.6	7.5 ***	11.7
				xx	
White	1,420	54.3	44.9	9.4 ***	20.9
Hispanic	2,362	70.7	60.1	10.6 ***	17.6
Asian	990	64.1	55.5	8.6 ***	15.5
Proficient in English[b]	2,438	70.3	62.1	8.1 ***	13.0
White	716	63.5	52.4	11.1 **	21.2
Hispanic	1,203	75.6	68.4	7.2 **	10.5
Asian	262	62.9	59.7	3.2	5.3
Not proficient in English[b]	2,610	59.7	47.9	11.7 ***	24.5
White	704	44.9	37.1	7.8 *	21.1
Hispanic	1,159	65.6	51.2	14.3 ***	28.0
Asian	728	64.5	54.0	10.5 ***	19.5
Has a high school diploma or GED	2,044	63.8	56.6	7.2 ***	12.6
Does not have a high school diploma or GED	3,004	65.4	53.9	11.5 ***	21.4
Applicant	142	74.3	69.6	4.7 [u]	6.8
Short-term recipient	1,454	70.5	57.1	13.5 ***	23.6
Long-term recipient	3,452	62.0	53.1	9.0 ***	16.9
Employed in year prior to random assignment	1,745	88.3	82.9	5.5 ***	6.6
Not employed in year prior to random assignment	3,303	52.3	40.2	12.1 ***	30.0
				xx	
Most disadvantaged[c]	1,499	51.1	38.0	13.1 ***	34.4

(continued)

Table 7.3 (continued)

Average Total Earnings in Years 1 and 2 ($)					
Experimental Group	Control Group	Difference (Impact)		Percentage Change (%)	Region or Subgroup
6,913	5,422	1,491	**	27.5	San Fernando Valley (Region 2)
8,772	6,307	2,465	***	39.1	San Gabriel Valley (Region 3)
7,546	7,288	258		3.5	Central (Region 4)
10,238	8,639	1,598		18.5	Southern (Region 5)[a]
10,880	6,884	3,996	***	58.0	Southeastern (Region 6)
			x		
5,625	4,139	1,486	***	35.9	Female
11,392	8,748	2,645	***	30.2	Male
			xx		
6,006	5,779	228		3.9	White
10,578	6,754	3,824	***	56.6	Hispanic
7,354	5,925	1,429	**	24.1	Asian
			xxx		
10,429	8,392	2,037	***	24.3	Proficient in English[b]
8,429	8,062	367		4.6	White
12,104	7,714	4,389	***	56.9	Hispanic
8,020	8,673	-653		-7.5	Asian
6,984	4,918	2,066	***	42.0	Not proficient in English[b]
3,660	2,939	721		24.5	White
9,009	5,733	3,275	***	57.1	Hispanic
7,086	5,086	2,001	***	39.3	Asian
9,159	8,056	1,103		13.7	Has a high school diploma or GED
8,297	5,654	2,643	***	46.8	Does not have a high school diploma or GED
			x		
13,614	8,565	5,048	* [u]	58.9	Applicant
11,281	7,737	3,544	***	45.8	Short-term recipient
7,353	5,969	1,384	***	23.2	Long-term recipient
			xx		
14,733	11,287	3,446	***	30.5	Employed in year prior to random assignment
5,433	4,086	1,348	***	33.0	Not employed in year prior to random assignment
			xx		
4,981	2,876	2,105	***	73.2	Most disadvantaged[c]

(continued)

Table 7.3 (continued)

Region or Subgroup	Sample Size	Average Total AFDC/TANF Payments in Years 1and 2 ($): Experimental Group	Control Group	Difference (Impact)		Percentage Change (%)
San Fernando Valley (Region 2)	1,507	11,065	11,686	-621	**	-5.3
San Gabriel Valley (Region 3)	1,375	9,990	11,788	-1,798	***	-15.3
Central (Region 4)	591	11,258	12,146	-889	*	-7.3
Southern (Region 5)[a]	611	10,927	12,311	-1,384	***	-11.2
Southeastern (Region 6)	963	8,655	10,815	-2,160	***	-20.0
					xx	
Female	2,393	10,100	11,106	-1,005	***	-9.1
Male	2,655	10,496	12,246	-1,750	***	-14.3
					xx	
White	1,420	11,336	12,242	-906	***	-7.4
Hispanic	2,362	8,969	10,709	-1,740	***	-16.2
Asian	990	11,961	13,413	-1,452	***	-10.8
Proficient in English[b]	2,438	9,284	10,500	-1,216	***	-11.6
White	716	9,527	10,897	-1,370	***	-12.6
Hispanic	1,203	8,683	9,859	-1,176	***	-11.9
Asian	262	10,387	11,211	-823		-7.3
Not proficient in English[b]	2,610	11,244	12,931	-1,687	***	-13.0
White	704	13,131	13,777	-646	*	-4.7
Hispanic	1,159	9,262	11,646	-2,384	***	-20.5
Asian	728	12,546	14,127	-1,581	***	-11.2
Has a high school diploma or GED	2,044	10,226	11,166	-940	***	-8.4
Does not have a high school diploma or GED	3,004	10,368	12,048	-1,680	***	-13.9
					xx	
Applicant	142	7,287	8,210	-923	*u*	-11.2
Short-term recipient	1,454	7,900	9,974	-2,074	***	-20.8
Long-term recipient	3,452	11,442	12,614	-1,171	***	-9.3
					x	
Employed in year prior to random assignment	1,745	9,025	11,112	-2,087	***	-18.8
Not employed in year prior to random assignment	3,303	10,969	12,113	-1,144	***	-9.4
					xx	
Most disadvantaged[c]	1,499	11,729	13,384	-1,655	***	-12.4

(continued)

Table 7.3 (continued)

Received AFDC/TANF in Quarter 9 (%)					
Experimental Group	Control Group	Difference (Impact)		Percentage Change (%)	Region or Subgroup
65.8	64.9	0.9		1.4	San Fernando Valley (Region 2)
58.8	67.1	-8.3	***	-12.4	San Gabriel Valley (Region 3)
67.2	67.1	0.1		0.1	Central (Region 4)
59.0	70.1	-11.1	**	-15.8	Southern (Region 5)[a]
48.2	58.1	-10.0	**	-17.1	Southeastern (Region 6)
			xx		
59.2	63.2	-4.0	*	-6.3	Female
60.1	68.1	-7.9	***	-11.7	Male
			xxx		
68.0	69.5	-1.4		-2.0	White
49.5	59.8	-10.2	***	-17.1	Hispanic
72.4	76.9	-4.5		-5.9	Asian
			x		
51.2	57.1	-5.9	**	-10.3	Proficient in English[b]
53.7	59.7	-6.0		-10.0	White
47.4	54.6	-7.2	**	-13.2	Hispanic
56.6	57.8	-1.2		-2.1	Asian
67.5	74.2	-6.7	***	-9.0	Not proficient in English[b]
82.3	80.6	1.6		2.0	White
51.8	64.9	-13.1	***	-20.1	Hispanic
78.1	83.7	-5.7		-6.8	Asian
58.9	61.4	-2.5		-4.0	Has a high school diploma or GED
60.3	68.3	-8.0	***	-11.6	Does not have a high school diploma or GED
			x		
37.8	44.8	-6.9	*u*	-15.5	Applicant
43.1	53.5	-10.5	***	-19.5	Short-term recipient
67.5	72.1	-4.6	**	-6.3	Long-term recipient
52.4	65.1	-12.7	***	-19.6	Employed in year prior to random assignment
63.5	66.7	-3.3		-4.9	Not employed in year prior to random assignment
			xxx		
67.4	76.4	-8.9	***	-11.7	Most disadvantaged[c]

(continued)

Table 7.3 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings or AFDC/TANF payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

"Percentage change" equals 100 times "difference" divided by "control group."

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

A homogeneity test was applied to variation in impacts across subgroups. Statistical significance levels are indicated above the set of subgroups to which they apply as: x = 10 percent; xx = 5 percent; and xxx = 1 percent. Zero "x"s means that variation in impacts did not achieve statistical significance.

The sample sizes of the ethnicity subgroups do not add up to the full sample size because results for African-Americans, Native Americans, and Pacific Islanders are not presented. Their sample sizes were too small for reliable estimates.

The welfare history subgroups (applicants, short-term recipients, and long-term recipients) was defined through a combination of self-reported information and administrative records data.

The difference in impacts between those proficient in English and those not proficient in English was not statistically significant for any measure. Tests of differences in impacts within English proficiency but across racial/ethnic groups were not performed. Tests of differences in impacts within racial/ethnic groups and across English proficiency yielded statistically significant differences in impacts among Hispanics in total AFDC/TANF receipt in years 1 and 2.

[a]This region serves the low-income communities of Watts, Compton, and North Long Beach.

[b]Includes outcomes for African-Americans.

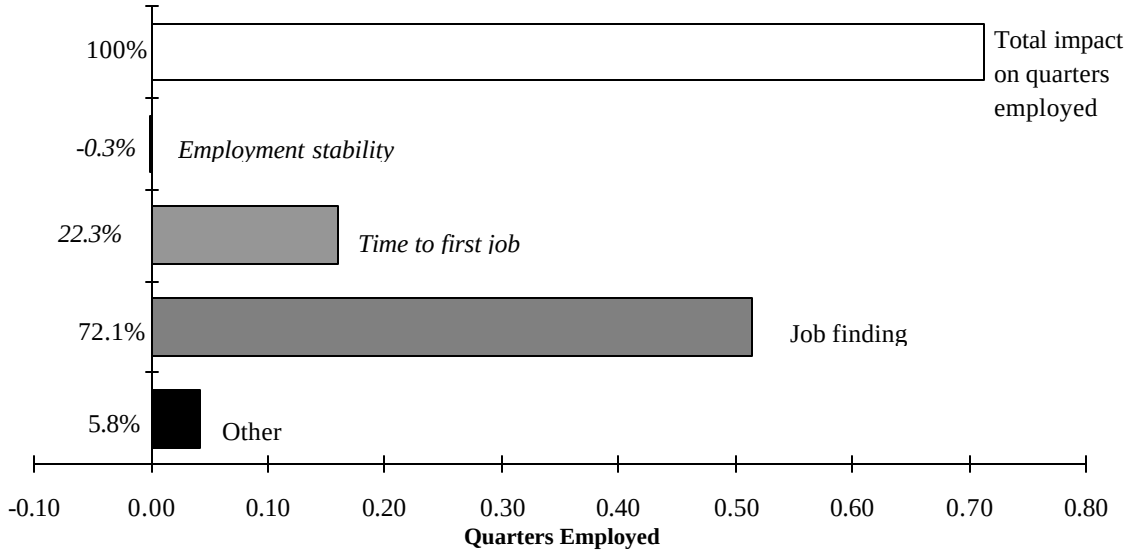
[c]The "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

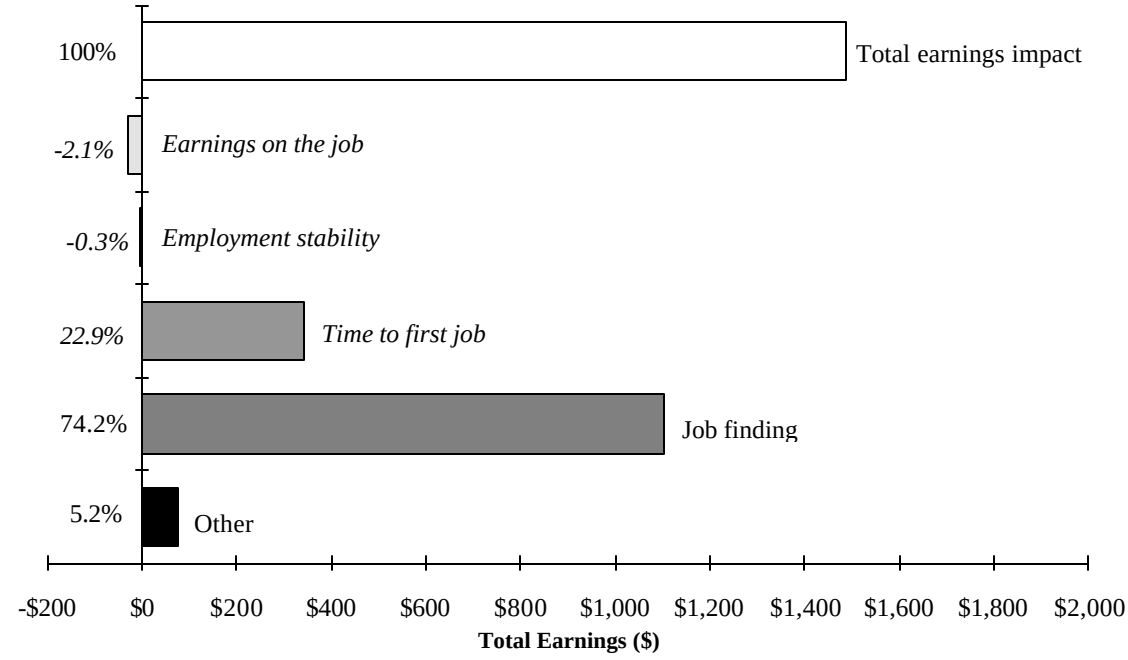
[u]The *u* indicates that, because of the very small sample size, the impact estimate shown is unreliable.

Los Angeles Jobs-First GAIN Evaluation

Figure 7.4

Relative Contributions of Key Employment and Earnings Effects to the Two-Year Impacts on Employment Duration and Total Earnings for AFDC-U Females



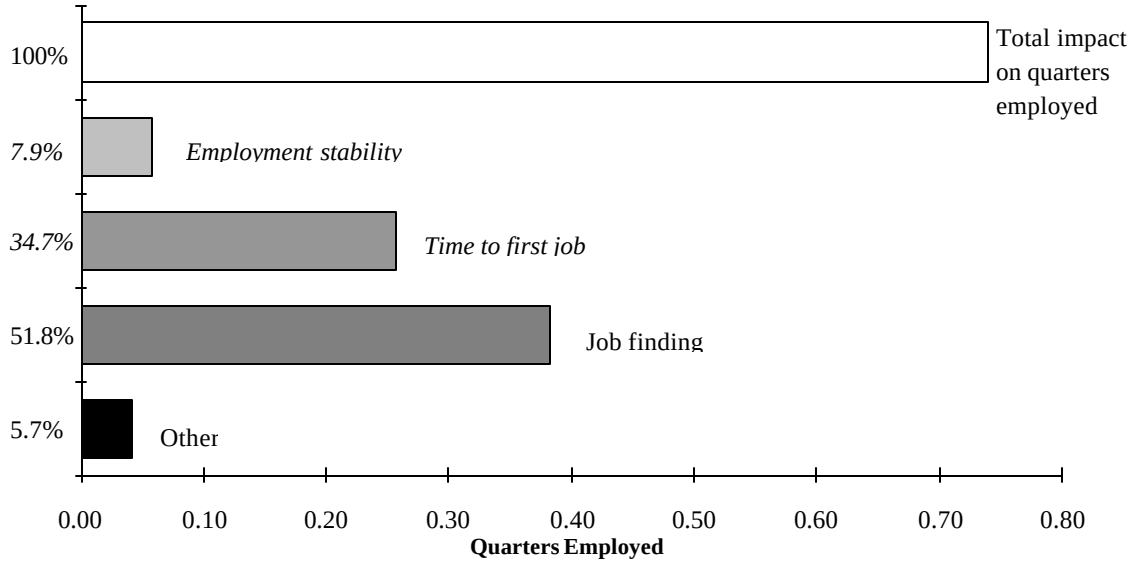


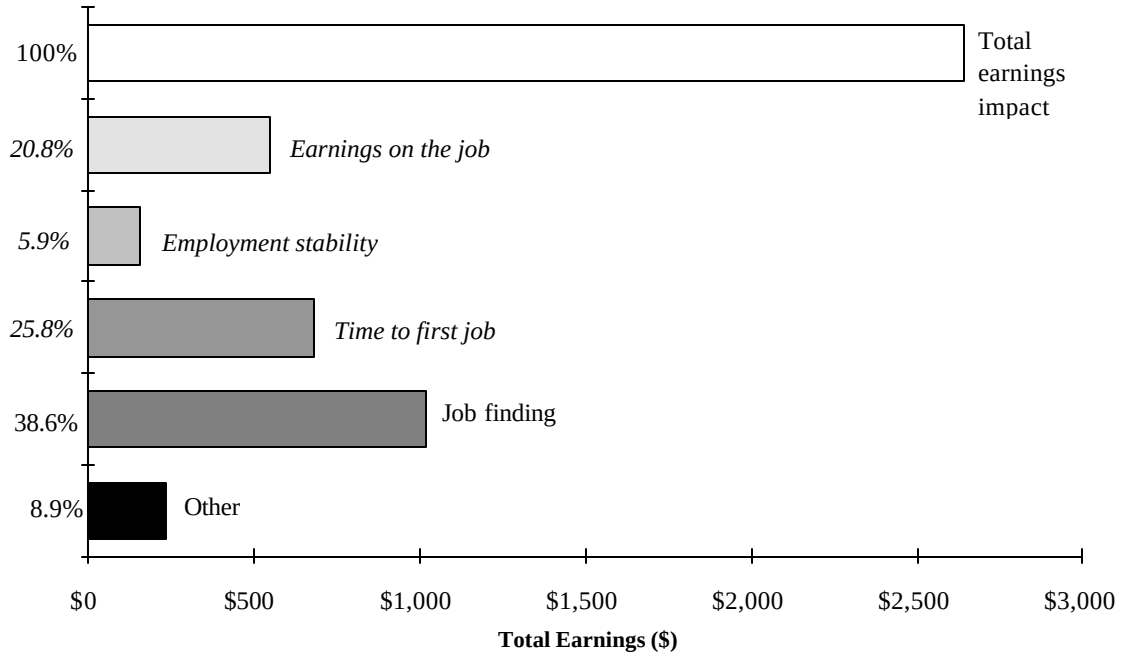
SOURCE and NOTES: See Figure 7.2.

Los Angeles Jobs-First GAIN Evaluation

Figure 7.5

Relative Contributions of Key Employment and Earnings Effects to the Two-Year Impacts on Employment Duration and Total Earnings for AFDC-U Males





SOURCE and NOTES: See Figure 7.2.

Despite their higher earnings levels, on average male control group members received more AFDC/TANF dollars during follow-up than their female counterparts: $12,246 versus $11,106 (see Table 7.3). The reason for this apparent inconsistency is unclear; it cannot be attributed to a difference in family size because both male and female AFDC-Us had an average of 2.4 children.[15] In addition, males were more likely to be on welfare in quarter 9: 68 percent of men, compared with 63 percent of women, received cash assistance in the last quarter of follow-up.

Jobs-First GAIN reduced two-year AFDC/TANF payments by a large amount for men ($1,750, or 14 percent) and a moderate amount for women ($1,005, or 9 percent). The causes of these savings did not differ much by gender: 40 percent of men's and 44 percent of women's savings resulted from lower average monthly grants for those still on assistance. The program decreased the proportion of men on welfare at the end of year 2 by 8 percentage points, a moderate impact, and by a smaller amount (4 percentage points) for women. For both subgroups, percentage reductions in AFDC/TANF payments grew over follow-up, indicating that savings will continue into year 3.

B. Regions[16]

Over two years of follow-up, control group employment levels ranged from 46 percent in the San Fernando Valley to 61 percent in the Southeastern region (see Table 7.3). Average earnings for control group members were lowest in the San Fernando Valley ($5,422) and highest in the Southern region ($8,639).

Jobs-First GAIN generated moderate to large employment gains in all five regions: from 5 percentage points (not statistically significant) in the Central region to 11 percentage points in the San Gabriel Valley. Average earnings increased by $1,500 or more in four of the five regions (all but the Central region), although the impact in the Southern region was not statistically significant. In the Southeastern region, in which over half the sample lacked English proficiency, experimental group members experienced an unusually large earnings boost, earning $3,996 more (on average) than control group members. These results show that Work First programs can succeed in neighborhoods with large immigrant populations and high concentrations of poverty.

During the two-year follow-up period, control group members received between $10,815 (in the Southeastern region) and $12,311 (in the Southern region) in AFDC/TANF payments. The percentage of control group members still on welfare at the end of year 2 ranged from 58 percent (in the Southeastern region) to 70 percent (in the Southern region).

Jobs-First GAIN lowered welfare expenditures in all five regions (by between $621 and $2,160) and produced large savings in three of the five regions (San Gabriel, Southern, and Southeastern). Impacts on AFDC/TANF receipt were less consistent. The program reduced the percentage of

[15]See Freedman et al., 1999, Appendix Table B.5, pp. 124-126.

[16]The difference between the proportions of men and women reached statistical significance in three regions: the San Fernando Valley (41 percent male), the Central region (69 percent male), and the Southeastern region (56 percent male). A higher proportion of men did not necessarily mean larger program effects: Although the Southeastern region enjoyed some of the largest effects, the Central region experienced some of the smallest. In addition, employment and earnings gains in the San Fernando Valley exceeded those of the Central region.

sample members on welfare in quarter 9 by a large amount in the Southern (11 percentage points) and Southeastern (10 percentage points) regions, and by a moderate amount in the San Gabriel Valley (8 percentage points). In the other two regions, experimental group members were as likely as control group members to receive cash assistance in quarter 9.

C. Race/Ethnicity

Jobs-First GAIN positively affected welfare recipients in each of the three main racial/ethnic groups in the AFDC-U sample: whites, Hispanics, and Asians (Table 7.3).[17] (There were not enough African-Americans in the AFDC-U sample for reliable analysis.) Hispanics experienced the largest, most consistent impacts. The results presented below appear more impressive in light of the fact that about half of white and Hispanic AFDC-Us, and almost three-fourths of Asian AFDC-Us, lacked English proficiency at random assignment. In comparison, many fewer white single parents (11 percent) and somewhat fewer Hispanic and Asian single parents (32 percent and 57 percent, respectively) had limited English. As in Chapter 4, impacts are presented by race/ethnicity and English proficiency at random assignment.

Among AFDC-U control group members, the proportion ever employed in the two-year follow-up period ranged from 45 percent for whites to 60 percent for Hispanics, and two-year earnings averaged from $5,779 for whites to $6,754 for Hispanics. Welfare receipt and expenditures were lowest for Hispanics and highest for Asians.

Hispanics' two-year employment and earnings gains were particularly large (11 percentage points and $3,824, respectively), as were their welfare savings (16 percent). At the end of year 2, 50 percent of Hispanic experimental group members received AFDC/TANF compared with 60 percent of their control group counterparts (a 10 percentage point difference). Hispanics were the only racial/ethnic subgroup to achieve a decrease on this measure.

Like Hispanics, whites experienced a substantial employment gain; however, their earnings did not increase by a statistically significant amount because those who found work earned less on the job, on average, than their control group counterparts.[18] Reductions in AFDC/TANF payments were moderate (7 percent) for whites. For Asians, impacts on employment, earnings, and AFDC/TANF payments in the two-year follow-up period were moderate to large (9 percentage points, $1,429, and 11 percent, respectively).

As for the AFDC-FG sample, Jobs-First GAIN was very successful in raising employment and earnings and reducing AFDC/TANF payments for Hispanics with and without English proficiency in the AFDC-U sample. Jobs-First GAIN increased employment by a large amount for both Hispanics profi-

[17]The difference between the proportions of men and women reached statistical significance for whites (46 percent male) and for Asians (59 percent male), but not for Hispanics. As for regional subgroups, gender composition did not seem to strongly influence the magnitude of program effects for racial/ethnic subgroups.

[18]There was a $518 decrease in quarterly earnings for employed whites in years 1-2 (result not shown in tables). This decrease most likely resulted from the program's effect on job finding for a relatively disadvantaged group of welfare recipients who would have remained jobless on their own. These people's wages may have brought down the experimental group average.

cient in English (7 percentage points) and Hispanics not proficient in English (14 percentage points). Earnings gains for both groups were over $3,250. Of the racial/ethnic subgroups, only Hispanic experimental group members (with and without English proficiency) were less likely to receive AFDC/TANF at the end of the follow-up period than their counterparts in the control group.

The program raised employment and earnings and reduced AFDC/TANF payments for Asians without English proficiency, producing an employment gain of 11 percentage points and an earnings gain of $2,000. Asians proficient in English achieved no gains relative to their control group counterparts.

The program was also successful in increasing employment and reducing AFDC/TANF payments for whites with and without English proficiency (by 11 and 8 percentage points and $1,370 and $646, respectively), but failed to yield an earnings gain for either group.

D. Educational Attainment

As shown in Table 7.3, Jobs-First GAIN produced impacts for AFDC-U sample members who had a high school diploma or GED certificate at random assignment, as well as for those who did not (nongraduates). Although the same proportion (about 55 percent) of graduate and nongraduate control group members obtained a job in the two-year follow-up period, their average earnings were quite different ($8,056 for graduates and $5,654 for nongraduates).

For nongraduates, Jobs-First GAIN generated large boosts in employment (12 percentage points) and earnings ($2,643) over two years, large reductions in AFDC/TANF payments over two years (14 percent), and a moderate decrease in welfare receipt in quarter 9 (8 percentage points). Jobs-First GAIN increased employment (by 7 percentage points) and reduced AFDC/TANF payments (by $940) for graduates, but failed to achieve earnings gains or reductions in welfare receipt at the end of follow-up. All the differences in impacts between graduates and nongraduates were statistically significant except the employment impact. The findings of this subgroup analysis illustrate that a Work First approach can succeed for welfare recipients who in other types of programs might have been sent to education or training activities. As in the AFDC-FG analyses, however, it is important to note that one-third of experimental group members did not find employment in the two-year follow-up period, which suggests that a job-search-first program may not be the best option for all recipients.

E. Employment History

Jobs-First GAIN also benefited recipients who worked in the year prior to random assignment (the most job-ready subgroup) and recipients who lacked employment during the same period (one of the least job-ready subgroups). Table 7.3 shows that employment and earnings levels after random assignment for these two subgroups differed considerably. More than 80 percent of AFDC-U control group members with recent employment experience worked during follow-up. Their two-year earnings averaged $11,287 — more than those of any other subgroup (zeros for people who did not work are averaged into this measure). In contrast, of the control group members who had been jobless for at least a year before random assignment, only 40 percent found employment in the two years after random assignment, and their two-year earnings averaged just $4,086.

The program helped even recipients with no recent work history find jobs. The large employment gain for this group, 12 percentage points, exceeds the moderate gain for recipients who worked in the year prior to random assignment. The earnings increase was larger, however, for the latter group. This finding is explained by the fact that sample members with a recent work history who worked during the follow-up period earned substantially ($3,057) more than their counterparts in the control group, whereas those without a recent work history experienced only a slight increase ($230) relative to their control group counterparts (result not shown).[19]

Jobs-First GAIN reduced AFDC/TANF payments for those with and without recent work histories (by $2,087 and $1,144, respectively), but the impact was almost twice as large for those with a recent work history (this difference in impacts was statistically significant). Only those experimental group members with a recent work history were less likely than their control group counterparts to be on welfare at the end of the follow-up period.

F. Welfare History

Table 7.3 includes impacts for welfare applicants, short-term recipients, and long-term recipients.[20] As expected, control group members who were new to welfare (applicants) achieved higher employment and earnings levels, received fewer AFDC/TANF dollars during the two years after random assignment, and were less likely to be on AFDC/TANF at the end of follow-up than short- and long-term recipients. Of the three subgroups, long-term recipients in the control group worked and earned the least and relied on welfare the most in years 1 and 2.

Among applicants, the experimental-control differences were inconsistent; the two-year earnings gain of $5,048 was the largest impact in this subgroup analysis, but is considered unreliable because of the small sample size. As shown in Table 7.3, Jobs-First GAIN produced large impacts for short-term recipients on all four key measures. Long-term recipients benefited from the program somewhat less. Despite their substantial employment and earnings increases in year 2, 72 percent of long-term recipients in the experimental group still received welfare at the end of year 2 (5 percentage points less than the proportion of control group members who were long-term recipients). Long-term recipients are at greatest risk of exhausting their welfare eligibility in an era of time limits, so it is particularly important that their employment enable them to leave welfare before their eligibility expires.

G. The Most Disadvantaged

In the two-year follow-up period, about 40 percent of the most disadvantaged AFDC-U control group members worked for pay. Two-year earnings and AFDC/TANF payments for control group members in this subgroup averaged $2,876 and $13,384, respectively; three-quarters of them were still on welfare at the end of year 2.

Jobs-First GAIN raised employment for the most disadvantaged sample members by a large amount (13 percentage points) and almost doubled average earnings ($2,105). The program also led to a large reduction in AFDC/TANF expenditures of $1,655 (12 percent). These results provide convincing evidence that even some of the most dependent welfare recipients — those with low educational attainment, long-term welfare receipt, and no recent work history — can benefit from a Work First program.

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[19] See footnote 18.

[20] These groups were defined by a combination of self-reported data and administrative records data.

Chapter 8

Benefit-Cost Analysis

This chapter presents a benefit-cost analysis of Jobs-First GAIN for single parents (AFDC-FGs) and members of two-parent families (AFDC-Us). Drawing on the net cost analysis in Chapter 3 and the impact analyses in Chapters 4 and 7, the benefit-cost analysis provides an overall accounting of the financial gains and losses produced by Jobs-First GAIN from the perspectives of experimental members (also referred to in this chapter as the *welfare sample*) and the budgets of federal, state, and county agencies. For simplicity, different budgetary perspectives are combined into a single *government budget* perspective; a financial gain or loss to any government agency is considered to be a gain or loss to the government budget as a whole.

The analysis of benefits, like the study of impacts, includes experimental-control differences in earnings; in AFDC/TANF, Food Stamp, and Medi-Cal expenditures, which are sometimes referred to in this chapter as transfer payments; and in out-of-pocket expenditures for child care to support sample members' employment. The analysis also considers Jobs-First GAIN's effects on the Earned Income Tax Credit (EITC), fringe benefits from employment, taxes, and the cost of administering transfer programs. Effects on these measures are inferred from the program's observed effects on earnings and transfer payments. The analysis of costs includes the net costs of providing Jobs-First GAIN and non-Jobs-First GAIN employment-related services to experimental group members, which were presented in Chapter 3.

I. Key Findings

- AFDC-FG experimental group members will achieve a small financial gain (relative to their control group counterparts) during the first five years after random assignment. Jobs-First GAIN will likely return substantial savings to the government budget as well. The previous, education-focused GAIN program in Los Angeles, in contrast, produced financial losses both for experimental group members and the government budget.

- AFDC-U experimental group members may break even, but will more likely incur a small financial loss over five years. The government budget, in contrast, will likely realize a large net gain.

The first section of this chapter describes the scope of the benefit-cost analysis and the framework used. The following sections examine Jobs-First GAIN's effects on earnings, fringe benefits, out-of-pocket child care payments, taxes, and transfer payments for the AFDC-FG sample. These effects are then added together to produce a single measure of Jobs-First GAIN's benefit-cost results from the perspectives of the welfare sample and the government budget. The chapter concludes with a brief discussion of the benefit-cost results for the AFDC-U sample.

II. Analytical Approach

The primary benefit-cost estimates presented in this chapter cover a five-year time horizon starting with the first quarter after random assignment (quarter 2), a time frame similar to the one used in most previous MDRC evaluations of welfare-to-work programs.[1] To estimate the cost-effectiveness of Jobs-First GAIN, it was assumed that the program remained in effect over five years and that the transition to CalWORKs never occurred. The analysis also assumes that control group members remained precluded from Jobs-First GAIN's services and messages and not subject to its mandatory participation requirements throughout the five-year time period.[2] Another important assumption was that Jobs-First GAIN incurred no additional net costs other than those estimated over the first two years (see Chapter 3).[3] These assumptions make it possible to isolate the longer-term benefits and costs of the mix of services, messages, and financial incentives offered by Jobs-First GAIN: innovative job search services, a strong pro-work message, a tough enforcement policy, and relatively generous financial incentives to combine work and welfare in the short term. Future analyses of CalWORKs can then consider whether its additional features — time-limited welfare for adults, post-employment and special services, and extended transitional benefits — yield additional financial gains to welfare recipients and to the government budget.

The five-year time period includes an *observation period* and a *projection period*. The observation period for each sample member includes the first two years after random assignment. The two-year gains and losses were then projected over the next three years, through the end of year 5, based on several assumptions about trends in the size of effects over time. The fact that the projection period covers 60 percent of the total five-year time frame makes it difficult to predict the dollar value of Jobs-First GAIN's five-year benefit-cost effect with any degree of precision. It is possible, however, to make a reasonable prediction as to whether the program would break even, attain a net gain, or incur a net loss for sample members and the government budget. The analysis presents two estimates, each based on different trend assumptions (see Section III.D for further details).

The main findings of the analysis are expressed in terms of *net present value* per experimental group member. "Net" means that the values represent differences between experimental and control group members, just as impacts do. "Present value" is an accounting method for estimating the worth today of dollar effects that will occur in the future.

In a welfare-to-work program such as Jobs-First GAIN, most costs are incurred early on, particularly in the first two years, when service use is heaviest, whereas many benefits (such as earnings gains and welfare savings) are realized in later years. However, simply comparing the nominal dollar value of the program's costs and benefits would be problematic. The value of a dollar is greater in the

[1]The five-year time frame was originally chosen for estimating the costs and effects of short-term, job-search-oriented programs, the effects of which were expected to manifest themselves quickly and then decrease over time. This chapter follows a similar analytical approach as was used in Riccio et al., 1994, Chapter 7, pp. 235-269, in which the cost-effectiveness of the earlier Los Angeles GAIN and Riverside GAIN programs was analyzed.

[2]As noted in Chapter 1, in actuality both experimental and control group members became eligible for CalWORKs services and subject to its participation and work requirements on October 1, 1998, about two years after random assignment. However, according to DPSS, very few control group members have received CalWORKs employment-related services since that date.

[3]Calculations from responses to the Two-Year Client Survey support this assumption. Just over 10 percent of experimental and control group members reported participating in an employment-related activity at the time of the interview. There was no experimental-control group difference in participation rate.

present than in the future because a dollar available (either to experimental group members or to the government) today can be invested and yield income over time, making it worth more than a dollar available in the future. Thus, to make a fair comparison between costs and benefits, it is essential to focus on their value at a common point in time, that is, the present.

The benefit-cost analysis addresses this issue by discounting, that is, by adjusting the value of dollars accrued after the period during which program costs were incurred downward to reflect their lower value relative to dollars saved at the time when program costs were incurred. In effect, the estimated amount of interest income foregone must be subtracted from the nominal value of the benefits accrued after the investment period.[4]

This report uses the end of year 2 as the comparison point for the investment period. Thus, benefits accrued later were discounted to reflect their value at the end of year 2. In calculating these discounted values, it was assumed that a dollar invested at the end of quarter 9 would earn a real rate of return of 5 percent annually, the same rate of return used in previous MDRC evaluations of welfare-to-work programs.[5] Furthermore, all benefits and costs are expressed in 1998 dollars to adjust for the effects of inflation.

Once estimated, particular net benefits and net costs will constitute gains or losses or will be irrelevant, depending on whether the perspective of the welfare sample or the government budget is considered. As illustrated by the in-text table that follows shortly, for the welfare sample increases in earnings (plus the estimated value of fringe benefits from employment) and increases in estimated EITC payments represent gains, whereas reductions in AFDC/TANF, Food Stamps, and Medi-Cal and increases in taxes and child care expenses paid by experimental group members represent losses.[6] In essence, a program has produced a net gain from the standpoint of the welfare sample if experimental group members' gains in earnings, fringe benefits, and EITC payments exceed the value of reductions in transfer payments and higher tax and child care payments.[7] The net cost of providing employment-related services to experimental group members has no direct effect on their income and is therefore not considered a net gain or loss from the perspective of the welfare sample. Similarly, budgetary savings in administering transfer programs have no direct effect on the welfare sample.

As noted above, the analysis from the government budget perspective identifies net gains and losses incurred by federal, state, and local governments combined. The net gain to the government

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[4]Put differently, a benefit at time 2 has the same value as a smaller benefit at time 1 plus interest; thus, subtracting the interest income from the time 2 benefit yields its value at time 1.

[5]For example, if a welfare-to-work program increased revenues to the government budget by an average of $1,162 per experimental group member in the last quarter of year 5, its net present value would be $1,000 from the standpoint of the investment period. This is because $1,000 invested at the end of quarter 9 at a 5 percent annual rate of interest (compounded continuously) will be $1,162 at the end of year 5.

[6]In this analysis, net increases in support service payments to experimental group members are not considered to be gains from the perspective of the welfare sample. These payments for child care, transportation, and ancillary expenses simply offset additional costs to experimental group members resulting from Jobs-First GAIN's participation requirements. However, the analysis does treat these payments as costs from the government budget perspective.

[7]From this it follows that one program may produce higher earnings gains than another while a second program shows more positive benefit-cost results from the standpoint of the welfare sample. This result will occur if the second program produces smaller welfare reductions and increases in tax payments than the first. (See, for instance, the comparison of earnings gains and AFDC reductions recorded by the San Diego and Tulare County GAIN programs in Riccio et al., 1994, Table 7.5, p. 252.) Put differently, a program produces a net gain from the standpoint of the welfare sample if experimental group members' total estimated income (the sum of earnings and transfer payments plus EITC payments, minus taxes and child care costs) exceeds that of control group members.

budget occurs through savings in AFDC/TANF, Food Stamp, and Medi-Cal payments and their related administrative costs and higher taxes paid by experimental group members. The government budget comes out ahead to the extent that increased tax revenues (minus EITC payments) and savings in transfer payments and administrative costs exceed the net cost of providing employment-related services to experimental group members. Experimental group members' earnings gains do not affect the calculations of net gains or losses from the standpoint of the government budget except insofar as they generate tax revenues.

As suggested by the above discussion, the results from the perspectives of the welfare sample and the government budget may be complementary or may conflict. The in-text table, in which accruing a gain is denoted by "+," incurring a loss by "-," and breaking even by "0," helps illustrate this point. A reduction in AFDC/TANF expenditures, for example, represents a loss for the welfare sample and a gain for the government budget. However, an increase in earnings represents a gain for the welfare sample, but does not affect the government budget — in fact, if the additional earnings lead to higher tax revenues, it is a gain for the government budget as well. The net cost of employment-related services (from Jobs-First GAIN and from outside providers), in contrast, represents a loss for the government budget while leaving the welfare sample unaffected.

Effect	Welfare Sample Perspective	Government Budget Perspective
Increase in earnings and fringe benefits	+	0
Increase in EITC payments	+	–
Increase in tax payments	–	+
Increase in out-of-pocket child care expenses for employment	–	0
Reduction in transfer payments	–	+
Reduction in transfer payment administration	0	+
Net cost of employment-related services and support service payments	0	–

A welfare-to-work program might produce a net gain from the perspectives of both the welfare sample and the government budget (as did Riverside GAIN) or a net loss from both perspectives (as did Los Angeles GAIN).[8] A program may also lead to a gain from one perspective but a loss from the other. In the last instance, an overall assessment of the program's merits depends upon willingness to value one perspective more highly than the other. Some will consider a program that increases the income of welfare recipients to be successful, even if the government budget realizes a net loss. Others will judge a program to be successful only if it produces budgetary savings.

The limits of the benefit-cost analysis should also be recognized. It was beyond the scope of this analysis to estimate Jobs-First GAIN's impacts on receipt of Unemployment Insurance benefits,

[8]Riccio et al., 1994, Tables 7.5 and 7.6, pp. 252, 254.

although effects on this transfer payment are probably negligible in any case.[9] The analysis also does not account for work-related costs (other than for child care) incurred by sample members. Moreover, the estimates below do not take into account the displacement of other workers that might be caused by increased employment among experimental group members. Finally, the analysis does not include Jobs-First GAIN's effects on outcomes that are difficult to express in monetary terms, such as food insecurity and children's well-being.

III. Benefits and Costs for AFDC-FGs

Table 8.1 summarizes Jobs-First GAIN's effects on each component of the benefit-cost analysis. In each of the two panels, the first column displays the experimental-control difference or impact during years 1 and 2, the observation period. The next column, the *projection base*, shows the average quarterly impact during the last two quarters of year 2, quarters 8 and 9. The third column displays Jobs-First GAIN's projected effects in years 3 to 5, based on certain assumptions about the likely trend in impacts. The last column shows the five-year (observed plus projected) impact.

A. Earnings

As discussed in Chapter 4, Jobs-First GAIN raised average earnings by $1,627 per experimental group member during the first two years after random assignment. Fringe benefits — in the form of employer-paid health and life insurance, pension contributions, and workers' compensation associated with these earnings — were part of sample members' total compensation from working, and are included in the analysis. Based on published data, these benefits were estimated to be worth 14.8 percent of wages, resulting in an additional gain of $241.[10] Thus, experimental group members gained an additional $1,868 in combined earnings and benefits over two years as a result of their involvement in the program.

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[9]Riccio et al., 1994, Table 7.5, p. 252. The estimated five-year effects of the six GAIN programs ranged from -$69 (Tulare) to $88 (Riverside).

[10]U.S. Bureau of the Census, 1993, p. 430. The estimated value of fringe benefits was calculated as a ratio between the combined costs of employer-provided life and health insurance, retirement and pension accounts, and workers' compensation, and the combined costs of regular wages, paid leave (such as vacation and sick days) and other benefits, including severance pay and supplemental (employer-provided) unemployment benefits. (Payments for leave time are captured directly by the earnings data and thus are not counted as a fringe benefit in this analysis.) The numerator in this ratio represented 12 percent of employer costs in 1992, while the denominator represented 81 percent. Dividing the first term by the second yields a fringe benefit rate of 14.8 percent, which was used in this analysis. Legally mandated employer contributions for Social Security and Medicare were treated as taxes and were included later in the analysis. This estimate of the value of fringe benefits was used in Riccio et al., 1994.

Los Angeles Jobs-First GAIN Evaluation

Table 8.1
Estimated Effects on Benefit-Cost Measures
over Five Years After Random Assignment, per AFDC-FG Experimental Group Member (in 1998 Dollars)

A. Assuming straight-line decay of impacts in years 3-5

Benefit or Cost ($)	Impact in Years 1-2 (Observed)	Projection Base	Impact in Years 3-5 (Projected)	Five-Year Impact (Observed + Projected)
Earnings	1,627	226	1,180	2,807
Fringe benefits	241	34	175	415
EITC	302	33	172	474
Payroll taxes				
Employee portion	124	17	90	215
Employer portion	124	17	90	215
Income and sales taxes	23	3	14	37
AFDC/TANF	-972	-145	-757	-1,729
Food Stamps	-366	-46	-240	-606
Medi-Cal	-275	-43	-224	-499
Transfer program administration	-152	-22	-113	-264
Out-of-pocket child care payments owing to employment	27	2	13	40

(continued)

Table 8.1 (continued)

B. Assuming no decay of impacts in years 3-5

Benefit or Cost ($)	Impact in Years 1-2 (Observed)	Projection Base	Impact in Years 3-5 (Projected)	Five-Year Impact (Observed + Projected)
Earnings	1,627	226	2,507	4,134
Fringe benefits	241	34	371	612
EITC	302	33	366	668
Payroll taxes				
Employee portion	124	17	192	316
Employer portion	124	17	192	316
Income and sales taxes	23	3	29	52
AFDC/TANF	-972	-145	-1,608	-2,580
Food Stamps	-366	-46	-511	-877
Medi-Cal	-275	-43	-477	-751
Transfer program administration	-152	-22	-239	-391
Out-of-pocket child care payments owing to employment	27	2	27	54

(continued)

Table 8.1 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records, LA DPSS Integrated Benefit Payment System AFDC/TANF and Food Stamp payment records, California Medi-Cal Eligibility Determination System (MEDS) eligibility records, the Two-Year Client Survey, and published data on employee fringe benefits, tax rates, Medi-Cal expenditures, and program administrative costs.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

Impacts for all AFDC-FGs are weighted averages of impacts for regular enrollees and early enrollees: AFDC-FG impact = (regular enrollee impact x percent of regular enrollees in AFDC-FG sample) + (early enrollee impact x percent of early enrollees in AFDC-FG sample).

For each sample member, the observation period encompasses years 1 and 2 and the projection base is the average of quarters 8 and 9.

Differences were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

Employee fringe benefits include employer-paid health and life insurance, pension contributions, and workers' compensation. Paid leave is captured directly by the earnings estimate. Employee-paid Social Security and Medicare taxes are included as tax payments. Calculations of EITC benefits use 1998 tax rules and assume an 80 percent take-up rate.

B. EITC and Tax Payments

As discussed in Chapter 5, experimental group members' earnings gains qualified them to receive income from the EITC. Using tax rules for 1998 and assuming an 80 percent take-up rate, it was estimated that experimental group members received $302 more in EITC payments than did control group members. Most likely, experimental group members did not pay additional state or federal income taxes as a result of their increased earnings because only a small percentage of either research group earned above minimum taxable levels.[11] However, experimental group members did have to pay higher Social Security and Medicare payroll taxes than their counterparts in the control group. The increase averaged $124 per experimental group member. In addition, experimental group members probably purchased more goods and services as a result of their increased earnings and EITC payments, which resulted in their paying somewhat ($23) more in sales and excise taxes.[12] Finally, experimental group members paid slightly higher costs for child care out of pocket while they were working ($27).[13]

C. Transfer Payments

As described in previous chapters, Jobs-First GAIN produced two-year savings in AFDC/TANF, Food Stamps, and Medi-Cal. The combined reduction in payments from these three transfer programs averaged $1,613. These savings, in turn, decreased the costs of administering transfer payments by an average of $152 per experimental group member. Jobs-First GAIN's effects on transfer program administrative expenditures were estimated from differences between experimental and control group members in use of the transfers and from published information about state and federal program costs.[14]

D. Future Effects

Projecting program effects entails calculating a base period estimate and then making an assumption about how it will change in the future. In this evaluation, data from the last two quarters of year 2, quarters 8 and 9, were averaged to estimate Jobs-First GAIN's base period effects.

Projections of observed costs and benefits into the future are always imprecise because they depend on assumptions about whether observed effects will grow larger, stay the same, or diminish over time. Following a strategy used in previous MDRC evaluations of welfare-to-work programs, Jobs-First GAIN's benefits were estimated under different sets of assumptions about future trends.[15]

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[11]This analysis did not make income tax calculations for individual sample members. Instead, state and federal tax rules for 1998 were applied to average earnings for experimental and control group members who ever worked for pay during the follow-up period. It was assumed that each sample member who worked received the standard deduction plus exemptions for the sample member plus two children.

[12]It was assumed that sample members spent about one-third of their cash income on taxable items. This assumption was also used in Riccio et al., 1994. Sales taxes were estimated by multiplying the tax rate in Los Angeles County, 8.25 percent, by one-third of the impacts on the following: earnings minus payroll taxes plus EITC and AFDC/TANF payments.

[13]Out-of-pocket child care costs were estimated from responses to the Two-Year Client Survey. Although data were available only for respondents' current or most recent job, it was assumed that each respondent paid the same amount for child care during each week of work during the follow-up period.

[14]This chapter used the same estimates of administrative costs as were used in Riccio et al., 1994 (for details, see Chapter 7, footnote 23, p. 245 in their report).

[15]At an extreme, one could assume that the observed net gains represent the total gains to welfare recipients and to the government budget over five years. This assumption is too pessimistic because, as discussed in Chapters 4 (continued)

A reasonably conservative projection assumes that effects observed at the end of year 2 will continue, but will decrease, or "decay," by about one-twelfth of their original value in each of the 12 quarters from the end of year 2 to the end of year 5. To take a hypothetical example, an earnings gain of $240 observed at the end of year 2 would decrease by $20 in each ensuing quarter and reach $0 in the last quarter of year 5. This assumption leads to a projected earnings gain of $1,320 in years 3 to 5 and a net present value of $1,251 (based on the 5 percent discount rate).

The second, more optimistic projection assumes that the program's observed effects will continue without decay during the projection period.[16] In that case, an earnings gain of $240 at the end of year 2 would yield a gain of $2,880 over the next three years, or $2,658 in net present value.

IV. Comparing Benefits and Costs for AFDC-FGs

Tables 8.2 and 8.3 summarize Jobs-First GAIN's monetary effects from the perspectives of the welfare sample and the government budget, respectively. The analysis defines experimental-control differences as either gains (indicated by positive values) and losses (indicated by negative values) from each perspective. The results are then added together to produce an estimate of the net present value of Jobs-First GAIN from the perspective in question. All results cover a five-year period, are discounted, and are expressed in 1998 dollars.

A. Results from the Perspective of the Welfare Sample

Table 8.2 presents the benefit-cost results from the perspective of the welfare sample. These results represent experimental-control differences in total income. Jobs-First GAIN's net present value from the perspective of the welfare sample is estimated by subtracting the combined value of payroll and sales tax increases plus out-of-pocket expenses for child care and savings in transfer payments from the value of earnings gains, increased fringe benefits, and higher EITC payments.

Based solely on the observed effects, experimental group members' increased income from earnings, fringe benefits, and the EITC exceeded by $383 their loss from paying higher payroll and sales taxes and out-of-pocket child care expenses and receiving less in welfare, Food Stamps, and Medi-Cal. Experimental group members continued to realize a small net gain (of about $36 per quarter) in income during the last two quarters of year 2. Projected to the end of year 5, these results increase the size of the welfare sample's net gain by an additional $188 to $400 (to $572 to $783) per experimental group member, depending on trend assumptions. Thus, there is a strong possibil-

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and 7, earnings gains and welfare savings for AFDC-FG and AFDC-U experimental group members remained relatively stable throughout year 2. These effects would almost certainly have continued into year 3, and possibly longer.

[16] This assumption was used in Riccio et al., 1994, to project earnings and related outcomes (see pp. 245-246 of their report). There it was assumed that impacts on transfer payments would decay by 15 percent per year. A subsequent reanalysis of observed earnings and welfare and Food Stamp data over a five-year period showed that the impacts in some sites actually increased over time.

Table 8.2
From the Perspective of the Welfare Sample:
Estimated Monetary Gains and Losses per AFDC-FG Experimental Group Member
over Two and Five Years (in 1998 Dollars)

Gain or Loss ($)	Impact in Years 1-2 (Observed)	Five-Year Impact (Observed + Projected)	
		Assuming Straight-Line Decay of Impacts	Assuming No Decay of Impacts
Gains			
Wages	1,627	2,807	4,134
Fringe benefits	241	415	612
EITC	302	474	668
Total	2,170	3,697	5,414
Losses			
Tax payments	-147	-252	-369
AFDC/TANF payments	-972	-1,729	-2,580
Food Stamps	-366	-606	-877
Medi-Cal	-275	-499	-751
Out-of-pocket child care payments owing to employment	-27	-40	-54
Total	-1,787	-3,126	-4,630
Net gain or loss	383	572	783

SOURCES and NOTES: See Table 8.1.

Table 8.3
From the Perspective of the Government:
Estimated Monetary Gains and Losses per AFDC-FG Experimental Group Member over Two and Five Years (in 1998 Dollars)

Gain or Loss ($)	Impact in Years 1-2 (Observed)	Five-Year Impact (Observed + Projected)	
		Assuming Straight-Line Decay of Impacts	Assuming No Decay of Impacts
Gains			
Payroll and sales taxes	272	466	685
AFDC/TANF payments	972	1,729	2,580
Food Stamps	366	606	877
Medi-Cal	275	499	751
Transfer administration	152	264	391
Total	2,036	3,565	5,284
Losses			
EITC	-302	-474	-668
Net cost of Jobs-First GAIN and non-Jobs-First GAIN activities and services	-1,392	-1,392	-1,392
Total	-1,695	-1,867	-2,060
Net gain or loss	342	1,698	3,223
Net return to budget per dollar invested in activities and services[a]	$1.25 per $1	$2.22 per $1	$3.31 per $1

SOURCES and NOTES: See Table 8.1.

NOTE: [a]"Net return to budget per dollar invested in activities and services" = (Total Gains - EITC) / Net cost of Jobs-First GAIN and non-Jobs-First GAIN activities and services.

ity that experimental group members did a little better than break even over five years. It should be recalled, however, that these estimates do not include the additional work-related expenses incurred by sample members. Including these costs would probably reduce the overall net gain to the welfare sample because a higher percentage of experimental group members worked for pay during the follow-up period.

Irrespective of whether experimental group members broke even or received a modest net gain as a result of their involvement in Jobs-First GAIN, they fared better financially than their counterparts who enrolled in the earlier, education-focused Los Angeles GAIN program, which produced a net loss for the welfare sample over five years of $1,716 (in 1998 dollars). Jobs-First GAIN did not do as well as Riverside GAIN, which netted experimental group members an additional $2,088 (in 1998 dollars).[17]

B. Results from the Perspective of the Government Budget

As discussed above, Jobs-First GAIN's effects on the government budget are estimated in two steps. First, the increases in payroll and sales tax revenues are added to the savings in transfer payments and their associated administrative costs. Next, the value of additional EITC payments made to experimental group members and the additional cost of providing employment-related services to experimental group members are subtracted. The difference between these benefits and costs represents the program's net gain or loss from the government budget perspective. The results of this analysis are summarized in Table 8.3.

Jobs-First GAIN will achieve a net gain to the government budget over five years. The program surpassed the break-even mark in two years, as savings and higher taxes exceeded the net cost of services and the EITC by an estimated $342 per experimental group member. Further, Jobs-First GAIN produced relatively large reductions in AFDC/TANF and Food Stamp expenditures (of $145 and $46, respectively, or more than 10 percent) at the end of year 2, plus additional savings in Medi-Cal and transfer payment administrative costs. Projected over years 3 to 5 and added to the observed gain, these savings (plus a small increase in tax revenues) produce a five-year net gain to the government budget of $1,698 to $3,223, depending on trend assumptions.

One can also consider the cost-effectiveness of Jobs-First GAIN from the standpoint of the government budget by estimating the value of budgetary savings and increased tax revenues per dollar of investment (i.e., per dollar of net cost). This measure, which is called the *return to budget per net dollar invested,* is presented in Table 8.3. Jobs-First GAIN's return to budget is calculated by adding gains in taxes (minus EITC payments) and savings in transfer payments and associated administrative costs and then dividing this sum by the total net cost of services. By this measure, the government budget comes out ahead if the program produces more than one dollar in additional revenues and savings for each additional dollar spent on employment-related services for experimental group members (compared with control group levels). As shown, Jobs-First GAIN will go beyond the break-even mark and could realize between $2.22 and $3.31 in increased revenues and savings for every additional dollar spent on experimental group members (above the control group level), a substantial return to the budget.

Similar to the results from the perspective of the welfare sample, it is nearly certain that Jobs-

[17]Riccio et al., 1994, Tables 7.5 and 7.6, pp. 252, 254. The report expressed effects in 1993 dollars: -$1,561 for Los Angeles and $1,900 for Riverside. A benefit-cost analysis has not yet been performed for the Riverside Labor Force Attachment (LFA) program.

First GAIN achieved a better return to the government budget than the earlier Los Angeles GAIN program. Los Angeles GAIN incurred a net loss of $3,783 (in 1998 dollars) over five years. Moreover, Job-First GAIN's net gain to the government budget probably approaches the level attained by Riverside GAIN. Riverside's program achieved a net gain of $3,227 (in 1998 dollars) per experimental group member, equivalent to a return of $3.12 for each additional dollar spent on services for experimental group members.[18]

Once again, it should be noted these estimates assume that Jobs-First GAIN did not incur an additional net cost in years 3 to 5 — that is, that the cost of providing services to experimental group members did not exceed expenditures for control group members. Still, the program would break even or attain a modest net gain over five years even in the unlikely event that the net cost of services doubled (to $2,785 in 1998 dollars) by the end of year 5. It should also be recalled that these findings assume that no worker displacement occurred as a result of the experimental group's employment gains. Including a displacement effect would lower the net present values from the government budget perspective but would require assuming quite large displacement effects, and that a large proportion of those displaced received AFDC/TANF and other government transfers, for Jobs-First GAIN's positive government budget effects to become negative.

V. Summary of Benefits and Costs for AFDC-Us

Estimates of Jobs-First GAIN's five-year effects for the AFDC-U sample, which are presented in Tables 8.4, 8.5, and 8.6, used the same assumptions for projecting effects that were employed for the estimates for AFDC-FGs. At the end of the two-year follow-up period, AFDC-U experimental group members (men and women combined) more or less broke even financially. However, the average reductions in income in quarters 8 and 9 (the projection base period) exceeded experimental group members' gains in earnings, fringe benefits, and EITC payments in the same period. Projected to the end of year 5, these decreases make the net present value of the program to the AFDC-U welfare sample negative — from -$278 to -$665 over five years, depending on trend assumptions.[19]

The government budget, in contrast, will receive a large return on its investment. Its observed net gain averaged $1,512 per AFDC-U experimental group member over two years. It should be remembered that the actual value is uncertain because, as discussed in Chapter 3, the net cost of providing services to experimental group members was not measured. As discussed in

[18]Riccio et al., 1994, Tables 7.5 and 7.6, pp. 252, 254. In 1993 dollars per experimental group member, Los Angeles GAIN incurred a loss of $3,422 and Riverside GAIN attained a gain of $2,936, or $2.84 per dollar of additional expenditures.

[19]These estimates do not include out-of-pocket child care expenses. It is reasonable to assume that these expenses were smaller for AFDC-Us than for AFDC-FGs because some AFDC-U families had an unemployed parent who could take care of the children. Losses will likely be larger for AFDC-U women because in the last two quarters of year 2 (the projection base period), their earnings gains fell below the reductions in their AFDC/TANF and Food Stamp payments by a larger margin than AFDC-U men's (results not shown).

Table 8.4
Estimated Effects on Benefit-Cost Measures over Five Years After Random Assignment, per AFDC-U Experimental Group Member (in 1998 Dollars)

A. Assuming straight-line decay of impacts in years 3-5

Benefit or Cost ($)	Impact in Years 1-2 (Observed)	Projection Base	Impact in Years 3-5 (Projected)	Five-Year Impact (Observed + Projected)
Earnings	2,050	235	1,228	3,278
Fringe benefits	303	35	182	485
EITC	399	41	215	614
Payroll taxes				
Employee portion	157	18	94	251
Employer portion	157	18	94	251
Income and sales taxes	24	2	8	32
AFDC/TANF	-1,429	-201	-1,047	-2,476
Food Stamps	-606	-77	-403	-1,009
Medi-Cal	-472	-80	-416	-888
Transfer program administration	-237	-33	-173	-410
Out-of-pocket child care payments				
owing to employment	n/a	n/a	n/a	n/a

(continued)

Table 8.4 (continued)

B. Assuming no decay of impacts in years 3-5

Benefit or Cost ($)	Impact in Years 1-2 (Observed)	Projection Base	Impact in Years 3-5 (Projected)	Five-Year Impact (Observed + Projected)
Earnings	2,050	235	2,608	4,658
Fringe benefits	303	35	386	689
EITC	399	41	456	855
Payroll taxes				
Employee portion	157	18	199	356
Employer portion	157	18	199	356
Income and sales taxes	24	2	18	41
AFDC/TANF	-1,429	-201	-2,224	-3,653
Food Stamps	-606	-77	-857	-1,462
Medi-Cal	-472	-80	-884	-1,355
Transfer program administration	-237	-33	-367	-604
Out-of-pocket child care payments owing to employment	n/a	n/a	n/a	n/a

(continued)

Table 8.4 (continued)

SOURCES: MDRC calculations from California Employment Development Department Unemployment Insurance earnings records, LA DPSS Integrated Benefit Payment System AFDC/TANF and Food Stamp payment records, California Medi-Cal Eligibility Determination System (MEDS) eligibility records, and published data on employee fringe benefits, tax rates, Medi-Cal expenditures, and program administrative costs.

NOTES: The quarter of random assignment, quarter 1, may contain some earnings, AFDC/TANF payments, or Food Stamp payments from the period prior to random assignment, so it is excluded from follow-up measures. Thus, year 1 includes quarters 2 through 5, and year 2 includes quarters 6 through 9.

For each sample member, the observation period encompasses years 1 and 2 and the projection base is the average of quarters 8 and 9.

Differences were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

Employee fringe benefits include employer-paid health and life insurance, pension contributions, and workers' compensation. Paid leave is captured directly by the earnings estimate. Employee-paid Social Security and Medicare taxes are included as tax payments. Calculations of EITC benefits use 1998 tax rules and assume an 80 percent take-up rate.

N/a = not available.

Table 8.5
From the Perspective of the Welfare Sample:
Estimated Monetary Gains and Losses per AFDC-U Experimental Group Member over Two and Five Years (in 1998 Dollars)

Gain or Loss ($)	Impact in Years 1-2 (Observed)	Five-Year Impact (Observed + Projected)	
		Assuming Straight-Line Decay of Impacts	Assuming No Decay of Impacts
Gains			
Wages	2,050	3,278	4,658
Fringe benefits	303	485	689
EITC	399	614	855
Total	2,752	4,376	6,203
Losses			
Tax payments	-181	-283	-398
AFDC/TANF payments	-1,429	-2,476	-3,653
Food Stamps	-606	-1,009	-1,462
Medi-Cal	-472	-888	-1,355
Total	-2,687	-4,655	-6,868
Net gain or loss	66	-278	-665

SOURCES and NOTES: See Table 8.4.

Table 8.6
From the Perspective of the Government:
Estimated Monetary Gains and Losses per AFDC-U Experimental Group Member over Two and Five Years (in 1998 Dollars)

Gain or Loss ($)	Impact in Years 1-2 (Observed)	Five-Year Impact (Observed + Projected)	
		Assuming Straight-Line Decay of Impacts	Assuming No Decay of Impacts
Gains			
Payroll and sales taxes	337	533	754
AFDC/TANF payments	1,429	2,476	3,653
Food Stamps	606	1,009	1,462
Medi-Cal	472	888	1,355
Transfer program administration	237	410	604
Total	3,080	5,315	7,828
Losses			
EITC	-399	-614	-855
Net cost of Jobs-First GAIN and non-Jobs-First GAIN activities and services	-1,170	-1,170	-1,170
Total	-1,569	-1,784	-2,025
Net gain or loss	1,512	3,532	5,803
Net return to budget per dollar invested in activities and services[a]	$2.29 per $1	$4.02 per $1	$5.96 per $1

SOURCES and NOTES: See Table 8.4.

NOTE: [a]"Net return to budget per dollar invested in activities and services" = (Total Gains - EITC) / Net cost of Jobs-First GAIN and non-Jobs-First GAIN activities and services.

Chapters 2 and 3, however, a smaller percentage of AFDC-U than AFDC-FG experimental group members participated in Jobs-First GAIN activities. Therefore, it is reasonable to assume that the net cost for AFDC-Us did not exceed that for AFDC-FGs, and was probably lower. Projecting Jobs-First GAIN's sizable reductions in transfer payments into years 3 to 5 results in an unusually large estimated gain to the government budget of $3,532 to $5,803 per AFDC-U experimental group member.

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