

# Comparing Outcomes for Los Angeles County's HUD-Assisted and Unassisted Welfare Leavers

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## Abstract

*Unprecedented declines in welfare caseloads since the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act have caused widespread concern about the circumstances of families leaving the welfare rolls. State, local, and national research has been conducted to describe who leaves welfare, why they leave, and how families cope after leaving. Few studies, however, have looked at the relationship between federal housing assistance and postexit well-being. This article provides Los Angeles County and the broader research community with detailed data on the status and well-being of families leaving welfare with and without housing assistance. The study examines three groups of CalWORKs recipients that stopped receiving welfare in the third quarter of 1998. Two of the groups were receiving federal housing assistance at the time of exit.*

*The study has five main findings. First, assisted and unassisted welfare leavers differed in their demographic characteristics, readiness to work, and work history. Second, although a clear employment advantage was not evident for any one of the housing assistance groups, leavers with tenant-based assistance were somewhat more likely to have the most positive employment-related outcomes. Third, regardless of housing assistance status, most of those who left welfare in the third quarter of 1998 did not return in the year of followup. Assisted leavers with no recent work history were more likely to return to welfare. Fourth, postexit well-being varied by housing assistance status; assisted leavers were more likely than unassisted leavers to be living in poverty and to report food insecurity and hunger. Unassisted leavers, conversely, were more likely to indicate housing hardships such as excess rent burden and unmet medical needs. Fifth, the mobility choice inherent in Section 8 housing does not necessarily place tenants in safer neighborhoods.*

*The study highlights some important similarities and differences among former welfare recipients exiting the rolls with and without federal housing assistance. To date, limited information is available on how receipt of housing assistance interacts with postwelfare outcomes, and the Los Angeles study provides some initial insights on key outcomes for groups in different housing statuses. Policymakers might want to pay special attention to the lower levels of employment and earnings among the populations receiving either of these two major transfer benefits: welfare and federal housing assistance.*

Welfare caseloads have always been dynamic, with families entering and leaving assistance programs each month. However, the unprecedented decline in welfare caseloads since the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has led many to raise questions about what this drop means for states and families. National and local interest in this phenomenon has triggered several studies of families leaving the welfare rolls. Few studies, however, have focused on the postwelfare circumstances of families going off the rolls both with and without federal housing assistance.

With a grant from the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (HHS), the Los Angeles County Department of Public Social Services (DPSS) undertook a study of county welfare leavers before and after the implementation of CalWORKs, California's welfare-to-work program, also known as the Los Angeles post-Temporary Assistance for Needy Families (post-TANF) project.<sup>1</sup> The study's findings were published in the report *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* (Verma and Hendra, 2001).

To further examine the interaction between housing assistance and postwelfare outcomes, DPSS was awarded supplemental funding by the U.S. Department of Housing and Urban Development (HUD) to collect additional data on HUD-assisted welfare leavers.<sup>2</sup> Manpower Demonstration Research Corporation (MDRC) conducted the research and prepared the reports under both grants. This report, one of two companion studies, provides Los Angeles County and the broader research community with unusually detailed data on the status and well-being of families leaving welfare both with and without housing assistance.

HUD provides subsidized housing through one of three federally funded programs: public housing, tenant-based certificates and vouchers, and publicly assisted housing or project-based programs (see exhibit 1). In all three programs, a household is eligible for assistance if its income and assets fall below specified thresholds. Housing assistance is not an entitlement, and access is not guaranteed to all eligible families because of the limited supply of housing slots. In Los Angeles County, government housing assistance primarily takes the form of vouchers and certificates. In 1996, 116,969 households received housing assistance in the Los Angeles–Long Beach primary metropolitan statistical area; 10 percent of these households were in public housing, 36 percent were in project-based housing, and another 54 percent were receiving tenant-based assistance (Kingsley and Tatian, 1999).

This article examines three groups of CalWORKs recipients that stopped receiving welfare in the third quarter of 1998. Consistent with recent studies on welfare leavers, CalWORKs recipients who stopped receiving cash assistance for at least 2 consecutive months in the third quarter of 1998 were classified as welfare leavers. Two of the three groups in this study were receiving HUD assistance at the time of exit from welfare. The

## Exhibit 1

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### Federal Housing Assistance

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In 1993, of the total 4.05 million households receiving housing assistance from HUD, 28 percent were in public housing, 42 percent were in publicly assisted projects, and 30 percent were assisted via tenant-based assistance.<sup>a</sup> The following is a brief description of how the three forms of housing assistance vary.

**Public Housing Assistance.** Housing units owned and managed by local public housing authorities (PHAs) are rented to tenants who pay approximately 30 percent of their adjusted income toward rent. When income goes down, rent payments go down as well. As per housing authority regulations, at least 40 percent of the housing units must be rented to tenant households with incomes at or below 30 percent of the area median income, which in the case of Los Angeles was \$51,300 in 1999.

**Vouchers and Certificates.** This type of housing assistance gives eligible households the flexibility to select their own rental units in the private housing market in a location of their choice, as long as the unit is approved by the PHA. It is generally believed that this form of assistance gives families the chance to find housing that is both affordable and more accessible to places of employment. Tenants renting housing units that exceed the PHA payment standard will have to pay the difference to the landlord. The new housing legislation requires that at least 75 percent of available tenant-based vouchers and certificates serve families with income below 30 percent of the area median income.<sup>b</sup>

**Project-Based Section 8 Assistance.** As with public housing, these subsidies are tied to fixed units that are privately owned and operated by either for-profit or nonprofit organizations.<sup>b</sup> HUD supplements what eligible tenants can afford to pay for rent.

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<sup>a</sup>Kingsley (1997).

<sup>b</sup>Sard and Daskal (1998).

group that did not receive HUD assistance is referred to as the *unassisted* group. The group that received housing assistance in the form of public housing or project-based assistance is referred to as the *project-based* assistance group of leavers, and the group that received tenant-based vouchers and certificates is referred to as the *tenant-based* assistance group.

There are five reasons for paying special attention to the outcomes for HUD-assisted and unassisted welfare leavers. First, families receiving federal housing assistance could be affected by policies and procedures embodied in the TANF program. Because TANF is a radical departure from past welfare policy, most of the debate and research about welfare reform center on this program. Very little consideration is being given to the effects of changes in the welfare system on housing, despite the considerable overlap between recipients of housing assistance and welfare. Nationally, approximately 25 percent of TANF recipients receive housing subsidies, but nearly 50 percent of households with children living in public housing receive welfare benefits (Newman and Schnare, 1993). Further, those receiving federal housing assistance account for a larger share of long-term welfare recipients.<sup>3</sup>

Second, housing opportunities and the experiences of families leaving welfare (both with and without housing assistance) could be affected by changes in household income. Housing costs account for a significant portion of the household budget of low-income families. Families receiving housing assistance at the time they leave welfare are less financially vulnerable than other families because they can still meet their housing needs

even if they do not make the transition to work.<sup>4</sup> Unassisted leavers, however, not only are more financially vulnerable than assisted leavers, but they may face considerable difficulty receiving housing assistance in the future because of long waiting lists and a shift in federal housing policy to deconcentrate poverty and create mixed-income neighborhoods. Unassisted families leaving welfare because of voluntary exits, time limits, or sanctions could face greater struggles and hardships in meeting their housing needs.

Third, there is a great unmet need for low-cost affordable housing. Because housing assistance is not an entitlement, families in need of this assistance are not guaranteed to receive it. The federal government sets the standards of eligibility for housing assistance. Eligible families may remain on a waiting list for years until a unit becomes available.<sup>5</sup> Nationally, at least 5.3 million low-income renter households with the worst-case housing needs received no housing assistance from the federal government, and nearly half of these were receiving either Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (HUD, 1998).<sup>6</sup> In Los Angeles County, 16 public housing authorities are run by individual cities, and the Los Angeles County Housing Authority serves the remainder of the county. The average waiting period for housing assistance in the city of Los Angeles is 8 years, with the overall county average being approximately 5 years.<sup>7</sup>

Fourth, housing assistance is an essential income supplement for former recipients, particularly as they attempt to become economically self-sufficient. The 1999 fair market rent (FMR) for a two-bedroom apartment in Los Angeles was estimated at \$766.<sup>8</sup> With the tight housing market in the county, many former recipients who do not receive housing assistance are faced with high rents and the difficulty of finding affordable housing. The National Low Income Housing Coalition calculated that a Los Angeles County wage earner working 40 hours a week in 1999 would need to earn \$14.40 per hour to afford a two-bedroom apartment at the area's FMR. Average wages for welfare leavers range from \$7.52 to \$8.74 an hour (Acs and Loprest, 2001).

Fifth, research suggests that government housing assistance is related to positive labor market outcomes for welfare recipients. A California study, using Greater Avenues for Independence program data in four counties (Alameda, Los Angeles, San Bernardino, and San Joaquin), found a positive and significant relationship between housing assistance and hours worked. Participants receiving welfare benefits and Section 8 housing assistance worked more hours than AFDC families receiving no or other forms of housing assistance (Ong, 1998).<sup>9</sup> MDRC's evaluation of the Minnesota Family Investment Program (MFIP) found that employment and earnings gains were more concentrated among residents of public and subsidized housing than among participants who did not receive housing assistance (Miller, 1998). Comparable findings emerged from the Job Opportunities and Basic Skills Training evaluation in Atlanta, Georgia, and Columbus, Ohio: Employment and earnings gains were larger among recipients in public or subsidized housing than among recipients in unsubsidized private housing (Riccio and Orenstein, 2000).

The link between housing assistance and employment outcomes is believed to take several forms. Some observers believe that housing assistance improves the ability of low-income workers to keep jobs by freeing up resources (that is, rent payments) that can be used for other work-related expenses such as child care and transportation (Sard, 2000b). Section 8 assistance even allows families to use their subsidies to move to better quality housing and assume a lower rent burden than similar unassisted households. The mobility choice inherent in tenant-based assistance also provides renters with the opportunity to escape living in highly impoverished neighborhoods and increases their access to employment opportunity.<sup>10</sup> Others, however, argue that policies and rules governing federal housing assistance tend to suppress tenants' work activity. Traditionally, recipients of

housing assistance have paid 30 percent of their income (after certain adjustments) on rent. Thus as income goes up, so does rent.<sup>11</sup> This direct penalty on additional income is believed to deter residents from working or finding better paying jobs.<sup>12</sup>

The data gathered for the Los Angeles County assisted housing study provide a unique opportunity to explore a range of questions about the outcomes and circumstances of families going off welfare with and without housing assistance. The next section describes the methods and the scope of this study.

## Scope of the Assisted Housing Study

The Los Angeles County assisted housing study builds on the Los Angeles post-TANF project by comparing postexit outcomes for CalWORKs recipients who went off welfare both with and without HUD housing assistance. As noted previously, the welfare leavers identified for this study were grouped into one of three categories based on their housing assistance status in the quarter of their exit (third quarter 1998), the period when they stopped receiving cash assistance. The three groups analyzed are unassisted leavers, or those who were not receiving any HUD assistance; those receiving tenant-based assistance (such as vouchers and certificates); and those receiving project-based assistance (including those living in public and project-based Section 8 housing).

Five key questions are addressed in this study:

- What are the demographic and preexit characteristics of HUD-assisted and unassisted welfare leavers?
- How do postexit labor market outcomes (employment, earnings, and job characteristics) of assisted and unassisted leavers compare?
- How do the labor market outcomes of those receiving project-based housing assistance differ from those receiving tenant-based assistance?
- To what extent do assisted and unassisted leavers return to public assistance or rely on other forms of government support?
- Does postexit economic and material well-being differ for leavers who receive housing assistance versus those who do not?

## Definition of Welfare Leavers

Consistent with recent studies on welfare leavers, the sample for this study consists of CalWORKs single-parent cases who stopped receiving cash assistance for at least 2 consecutive months in the third quarter of 1998.<sup>13</sup> A total of 14,987 adults stopped receiving CalWORKs benefits for at least 2 consecutive months in the period of sample selection; according to HUD's records, 9 percent of this group was receiving federal housing assistance in the quarter of exit. Among those with housing assistance, 28 percent were receiving project-based housing assistance and 72 percent were receiving tenant-based vouchers and certificates.

## The Data

Two types of data were used in this study: longitudinal administrative records data and cross-sectional followup survey data. Using administrative records, adults in the three housing categories were followed for four quarters after the quarter of exit to determine employment, earnings, and the use of public assistance and other government support programs. The followup survey was used to supplement the administrative records analysis and provide detailed information on sample members' income, income sources, and postexit material well-being.

## Administrative Records

The California Medi-Cal Eligibility Data System (MEDS) files were the primary data source used to identify and track assisted and unassisted leavers.<sup>14</sup> The files were used to obtain a small set of information about demographics and eligibility for Medi-Cal (California's Medicaid program) before and after leaving welfare. Program payment data from Los Angeles County were used to track food stamp recipients.

Employment information for each adult welfare leaver was obtained from the California Employment Development Department (EDD) for the four quarters before and after welfare exit. EDD maintains statewide records of employment and earnings under its unemployment insurance system and provides reasonably complete information of employment and earnings within the state. Almost all employers in California are covered by this program and report the employment and earnings of their workers to the state. Workers who are self-employed, are employed by the federal government, or work "off the books" are not in this database.

To determine HUD assistance status for the sample, MDRC supplied HUD with identifying information on the adults identified as welfare leavers. HUD linked the sample information to their Multifamily Tenant Characteristics System (MTCS) and Tenant Rental Assistance Certification System (TRACS) databases to identify housing assistance status in the period closest to the quarter of exit. HUD assigned a flag for all cases that matched either database. Nine percent of the third-quarter 1998 leavers were identified as having received either project-based assistance or certificates/vouchers in the period of exit.

## Assisted Housing Followup Survey

An MDRC subcontractor administered a 35-minute interview to a random sample of 321 welfare leavers who were receiving HUD housing assistance at the point of exiting welfare. The interviews were administered primarily by telephone, and in-person interviews were attempted for those who could not be reached by phone. The sample members were contacted between 13 and 22 months after exit, with a response rate of 67 percent.<sup>15</sup> As discussed further in the appendix, Hispanics and people with a somewhat reduced reliance on welfare were more likely than others to respond to the survey. Although a mild response bias exists between respondents and nonrespondents, the overall bias is not statistically significant. However, because of the small sample size and the low response rate, readers should exercise caution when generalizing the survey-based results to the full universe of assisted leavers.

Throughout this article, outcomes for the HUD-assisted leavers are compared with outcomes for nonassisted leavers. The Los Angeles post-TANF survey, which was fielded to a random sample of third-quarter 1998 leavers, is the source for information on unassisted leavers. Combining the sample from the assisted housing and the post-TANF surveys results in a total of 456 respondents, who are then classified into the three comparison groups. Nearly 13 percent of the sample in the Los Angeles post-TANF survey was receiving housing assistance at the time of welfare exit; combining these two surveys allows us to compare the experiences and outcomes for assisted and unassisted leavers.

## Background Characteristics of CalWORKs Recipients

This section presents selected demographic and other characteristics for third-quarter 1998 assisted and unassisted leavers. Data on age, race, preexit work history, and welfare history were obtained from administrative records, and information on education and household composition was obtained from the followup surveys. Both sources are used to examine group differences in background characteristics.

Exhibit 2 presents data obtained from the administrative records. First, looking at age at the time of exit, HUD-assisted welfare leavers appear to be slightly older than unassisted leavers. Those receiving project-based assistance were approximately 34 years old compared with an average age of 36 years for the tenant-based group, and a woman averaging 32 years old headed the unassisted leavers' household. Although 20 percent of the unassisted group was over the age of 40 at the time of exit, people in this age group accounted for nearly 30 percent of the assisted leavers.

The data show fairly large differences in the racial and ethnic makeup of assisted and unassisted leavers. HUD-assisted leavers were predominantly members of minority groups. Among those who received project-based assistance, 51 percent were African Americans and 41 percent were Hispanics; Whites accounted for approximately 7 percent of this group. Similarly, among those receiving tenant-based assistance, 63 percent were African Americans and 24 percent were Hispanics; Whites and people of other ethnic/racial groups accounted for the remaining 13 percent of this population. The ethnic/racial composition of the project-based population does deviate from that of the general welfare

## Exhibit 2

### Selected Background Characteristics of Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County

Characteristic	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Age (years) at exit (%)</b>			
<18	0.3	0.2	0.3
18–19	5.6	5.0	2.9
20–24	22.2	15.7	6.6
25–29	19.6	18.0	16.6
30–34	16.8	14.2	21.6
35–39	15.3	17.7	23.1
40+	20.2	29.2	28.9
Mean (SD)	32.0 (9.4)	34.3 (10.0)	35.8 (8.8)
<b>Race/ethnicity (%)</b>			
White, non-Hispanic	18.2	7.2	9.8
African American	27.7	50.9	63.2
Hispanic	49.3	40.6	23.6
Asian, Native American, other	4.9	1.2	3.4
<b>Months on cash assistance in year before exit (%)</b>			
0–3	0.3	0.2	0.4
4–8	7.1	6.2	3.2
9–12	13.1	9.7	8.7
13–24	79.4	83.8	87.7
Mean (SD)	10.3 (2.9)	10.6 (2.8)	10.9 (2.3)
<b>Employment in year before exit, by number of quarters worked (%)</b>			
None	44.3	41.6	43.3
1	12.4	10.2	10.3
2	10.8	10.2	8.7
3	10.4	10.2	10.6
4	22.1	27.7	27.0
<b>Median earnings per quarter (\$)</b>	1,957	1,886	2,070

SD = standard deviation.

Sources: Calculations from California MEDS files, California Employment Development Department Unemployment Insurance records, and HUD's MTCS and TRACS data.

population, with a greater proportion of African Americans living in public housing. However, why the composition of the tenant-based population should deviate so markedly from that of the general population is puzzling. Nationally, African Americans account for 54 percent of public housing residents and approximately 34 percent of tenant-based housing residents (Kingsley, 1997).

Exhibit 2 also presents previous work and welfare histories for the assisted and unassisted leavers. Those who were receiving housing assistance were more likely, on average, to have been on welfare for almost a full year before going off the rolls. Although a 12-month window of welfare receipt is not adequate to describe welfare dependency, these findings suggest that assisted leavers are more likely to receive welfare for longer periods than unassisted leavers—a conclusion that is consistent with other research that has examined welfare receipt over longer periods. Nationally, among welfare recipients in 1994, the median cumulative period of welfare receipt for those who were also receiving HUD assistance was 57 months; for those who were not receiving HUD assistance, the comparable period was 37 months (Newman and Harkness, 1999).

Surprisingly few notable employment differences were found across groups in the four quarters leading up to their exit from cash assistance.<sup>16</sup> Forty-four percent of the unassisted leavers did not work in the year before leaving welfare compared with approximately 42 percent of the HUD-assisted leavers. Comparing the two HUD-assisted groups of leavers with the unassisted leavers on employment stability in the four quarters before exit reveals that assisted leavers were somewhat more likely to have worked all four quarters; 27 percent of the assisted leavers worked all four preexit quarters compared with 22 percent of the unassisted leavers. The higher rates of preexit employment among the assisted tenants (compared with those living in public housing) could be related to their use of vouchers to find housing in neighborhoods with better resources and access to employment.

Although less variation was noted in the quarterly employment rates of assisted and unassisted leavers, preexit leavers receiving tenant-based assistance had somewhat higher preexit earnings. Individuals in the project-based assistance group had the lowest quarterly earnings. The higher earnings among the tenant-based assistance group could be related to the higher levels of education in this group. Information on educational attainment was obtained from the survey data, and these findings are presented along with other survey-based measures in exhibit 3. As shown, 62 percent of those receiving tenant-based assistance had attained a high school diploma compared with 40 percent of the project-based leavers and 50 percent of the unassisted leavers.

Assisted and unassisted leavers differed in at least one other important characteristic: household composition. In the followup survey, respondents were asked several questions about household structure, marital status, and composition. These survey data were used to create several measures of household composition; exhibit 3 presents this information. First, as shown, unassisted leavers were likely to be part of a larger household; on average, household size for the assisted leavers was 3.6 compared with 4.1 for the unassisted leavers. The somewhat bigger household size for unassisted leavers is partly because they were also more likely to be living in a household that included a spouse or another adult.<sup>17</sup> Sixty-four percent of the unassisted leavers reported that they were living with a spouse or another adult compared with 47 percent of the project-based group and 42 percent of the tenant-based group.<sup>18</sup>



### Exhibit 3

#### Educational Status and Household Composition, Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status

Variable	Unassisted (n = 210)	Project-Based Assistance (n = 74)	Tenant-Based Assistance (n = 172)
<b>Educational status (%)</b>			
Less than high school	42.4	52.7	33.7
GED	8.1	6.7	5.8
High school graduate	44.7	32.4	50.6
Some college	2.3	5.4	6.4
Bachelor's degree	1.9	2.7	2.9
Graduate degree	0.5	0.0	0.6
<b>Household composition (n)</b>			
Household size, including respondent	4.1	3.6	3.6
Number of adults living with respondent	1.1	0.7	0.6
Number of children less than 18 years old living with respondent	2.0	1.9	2.0
<b>Household members other than respondent (%)</b>			
None	3.3	1.4	5.2
Adults only	8.1	9.5	9.3
Children only	32.4	51.4	52.3
Children and spouse	19.0	6.8	5.8
Adults and children, but not spouse	37.1	31.1	27.3

GED = general educational development certificate.

In summary, the comparisons examined in this section point to some differences between the three analysis groups. HUD-assisted leavers were predominantly members of minority groups, African Americans in particular. They were also older, were less likely to be living with other adults, and received welfare for a slightly longer period than the unassisted group. However, a significant number of leavers in each group were unemployed for at least a year, raising concerns about how all three groups will fare after they go off welfare.

## Postexit Characteristics of CalWORKs Leavers

### Employment and Earnings

State and local welfare leaver studies show that many welfare leavers are working in the year after exiting welfare. The same studies also note that former recipients tend to cycle in and out of jobs and that employment stability is relatively low among those who work after leaving welfare. Among those who do work, average hourly wages range between \$7 and \$8, leaving families with an income close to the federal poverty level (Acs and Loprest, 2001).

The literature on housing assistance and work suggests that assisted leavers receiving project-based housing will have employment outcomes that are less positive and will be more likely to return to welfare than those in private housing because public housing rules impose significant financial disincentives to work and because many public housing

residents are isolated from labor markets and social supports for work. Furthermore, although the two groups receiving housing assistance face some of the same disincentives to work, residents of tenant-based housing may be less isolated than those in public housing and may have more positive experiences in the labor market. This section explores some of the above hypotheses for a sample of welfare leavers and examines indicators of postexit economic outcomes for the assisted and unassisted leavers in this study.

Employment for assisted and unassisted leavers was determined from unemployment insurance wage records filed by employers with the state. Official wage records typically miss some types of employment performed by welfare leavers, and at best these records provide reasonable lower bound estimates on employment. For example, leavers who move out of California and are employed will not appear in the state's unemployment insurance system. Some types of employment, such as self-employment, federal jobs, and certain agricultural jobs, will not be captured as well. Finally, people paid in cash will not be recorded as having any earnings in the unemployment insurance system. The latter is typically confirmed by surveys, which find higher employment rates than those reported in unemployment insurance records. Sample members are considered employed if they have at least \$100 in earnings in the quarter.<sup>19</sup>

Exhibit 4 begins with the first full quarter in which welfare leavers could have been off cash assistance and displays employment rates for the four quarters after their exit. Employment rates were slightly higher for the assisted leavers than the unassisted leavers in all four quarters. In the first quarter after exit, 47 percent of the unassisted leavers were employed compared with 49 percent of the project-based assistance group and 52 percent of the tenant-based assistance group. By the fourth quarter after exit, the pattern of employment remained the same across the three groups of leavers. Note that the employment levels within each of these groups did not change much over the four quarters of followup. Although employment rates dropped slightly between the first and fourth quarters after exit for the unassisted and the tenant-based assistance groups, the rate remained the same for the project-based assistance group.

Former recipients often cycle on and off employment. This study looked at employment stability in the four quarters of followup. The proportion of leavers who worked one to four or no quarters in the year of followup is shown in exhibit 4. Forty-one percent of the unassisted and the project-based assistance leavers did not work during the followup period compared with 38 percent of the tenant-based assistance group. This finding means that approximately 60 percent of the leavers worked at least one or more quarters after exit, with a somewhat higher proportion of the tenant-based group being attached to the formal labor force.

The fact that the share of leavers, regardless of housing assistance status, who worked in the followup period is higher than the share of leavers who worked all four quarters of followup suggests that the leavers experienced a fair amount of unemployment and work instability after leaving welfare. Although more than half the leavers in all three groups worked at least one quarter after exit, a smaller portion of those who worked stayed employed for a full year after exit. Postexit employment stability was 4 to 5 percentage points higher for assisted leavers; approximately 38 percent of the project-based group and 39 percent of the tenant-based group worked all four quarters after exit compared with 34 percent of the unassisted group.

The median quarterly earnings for those who worked are presented in exhibit 5. In the first quarter after exit, the median earnings for employed unassisted leavers was \$3,277, approximately \$211 lower than the median earnings for the project-based assistance group and \$101 lower than the earnings of the tenant-based assistance group. By the

## Exhibit 4

### Postexit Employment Experience for Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County (%)

Outcome	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Employment, by quarter after exit</b>			
1	47.3	48.9	52.4
2	45.7	49.4	51.4
3	46.3	50.1	50.0
4	46.4	48.9	50.3
<b>Number of quarters worked after exit</b>			
0	41.1	41.4	38.2
1	8.6	6.2	6.7
2	7.7	3.7	7.0
3	8.9	11.0	8.9
4	33.7	37.7	39.2

Sources: Calculations from California Employment Development Department Unemployment Insurance records and HUD's MTCS and TRACS data.

fourth quarter of followup, median quarterly income increased slightly for the unassisted group and for those receiving tenant-based assistance; median earnings declined by \$209 for the group receiving project-based assistance.

Exhibit 5 also shows the proportion of employed leavers who achieved various earnings ranges. The group earning more than \$4,000 is of particular interest because its members have a good chance of maintaining a family above the federal poverty level based solely on their own earnings. Although the percentage above this level varies by quarter and by group, slightly more than one-third of the people in each group were able to achieve earnings of more than \$4,000 in the four quarters of followup; a higher proportion of leavers with tenant-based assistance achieved the higher earnings.

Exhibit 6 examines the relationship between preexit work experience and postexit employment outcomes. Five subgroups were defined based on the number of quarters worked in the year before exit. The outcomes examined in the exhibit for the employment subgroups include the percentage of leavers employed in the first quarter after exit, median quarterly earnings in the first quarter, and the percentage of leavers who were employed for all four quarters after exit.

Regardless of housing assistance status, working while on welfare appears to be positively associated with the three employment outcomes discussed above. Exhibit 6 shows that employment rates are higher in the first quarter after exit for sample members who worked more quarters before leaving cash assistance. Employment rates improved somewhat for the unassisted and the tenant-based assistance groups with shorter preexit work histories. An examination of the proportion of each subgroup that worked all four quarters after exit suggests that those who work while on welfare are better able to hold steady jobs after leaving. For example, nearly 75 percent of the sample members who worked four consecutive quarters before leaving welfare remained employed in all four quarters after leaving cash assistance.

With respect to quarterly earnings, it can be seen in exhibit 6 that the amount of preexit work experience is associated positively with postexit earnings. Those who did not work

## Exhibit 5

### Postexit Earnings and Earnings Growth for Employed Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County

Earnings After Exit	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Median quarterly earnings (\$)</b>			
Quarter 1	3,277	3,488	3,378
Quarter 2	3,045	2,998	3,138
Quarter 3	3,286	3,313	3,615
Quarter 4	3,305	3,279	3,440
<b>Quarterly earning ranges<sup>a</sup> (%)</b>			
<b>1 quarter</b>			
\$100–1,000	14.9	11.2	13.1
\$1,000–1,999	14.4	13.8	14.4
\$2,000–2,999	15.9	16.8	16.7
\$3,000–3,999	17.5	19.9	15.5
≥ \$4,000	37.4	38.3	40.3
<b>2 quarters</b>			
\$100–1,000	15.0	12.6	13.5
\$1,000–1,999	15.6	18.2	16.2
\$2,000–2,999	18.3	19.2	16.4
\$3,000–3,999	17.9	16.7	18.9
≥ \$4,000	33.1	33.3	34.9
<b>3 quarters</b>			
\$100–1,000	13.7	11.4	11.5
\$1,000–1,999	14.6	15.9	13.5
\$2,000–2,999	15.9	16.4	17.7
\$3,000–3,999	17.9	18.4	12.5
≥ \$4,000	37.8	37.8	44.8
<b>4 quarters</b>			
\$100–1,000	14.2	10.7	10.7
\$1,000–1,999	14.5	15.8	14.8
\$2,000–2,999	16.0	19.4	16.0
\$3,000–3,999	16.6	15.8	16.6
≥ \$4,000	38.8	38.3	42.0

Notes: Median earnings are presented for those who were employed.

<sup>a</sup>1998 dollars.

Sources: Calculations from California Employment Development Department Unemployment Insurance records and HUD's MTCS and TRACS data.

in the four quarters before exit had median earnings ranging from \$1,357 to \$1,619, and those who worked four quarters before exit had median earnings between \$3,829 and \$4,039.

Overall, the employment-related analyses for the three groups suggest somewhat more positive outcomes for assisted leavers than for unassisted ones. Among those with housing assistance, the findings suggest that the group with tenant-based assistance was more likely to be employed and have higher earnings in the followup period. The positive outcomes among those receiving tenant-based assistance may be attributable to residential choice (a consequence of the form of assistance) and higher educational attainment (a background characteristic of individuals).<sup>20</sup> However, because the analyses presented earlier point to basic differences in background characteristics among the three groups, multivariate analyses were conducted to examine the relationship between housing assistance status and postexit earnings and employment stability after controlling for a range of

## Exhibit 6

### Postexit Employment Outcomes for Third-Quarter 1998 CalWORKs Leavers, by Work History and Housing Assistance Status, Los Angeles County

Variable, by Number of Quarters Worked in Year Before Exit	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Employed in 1st quarter after exit (%)</b>			
0	14.4	13.8	17.2
1	52.0	39.0	65.4
2	65.8	58.5	64.8
3	74.3	78.0	75.7
4	88.6	90.8	90.9
<b>Employed all 4 quarters after exit (%)</b>			
0	7.5	6.0	8.0
1	32.2	26.8	43.3
2	43.7	43.9	48.9
3	54.8	70.7	54.2
4	72.5	74.8	78.7
<b>Median earnings 1st quarter after exit (\$)</b>			
0	1,619	1,357	1,381
1	2,806	3,795	2,534
2	3,175	3,041	3,773
3	3,369	3,214	3,255
4	3,829	3,871	4,039

Sources: Calculations from California Employment Development Department Unemployment Insurance records and HUD's MTCS and TRACS data.

important background characteristics such as race; age; education; and preexit employment, earnings, and welfare receipt.

Exhibit 7 shows the regression adjusted and unadjusted means of housing status on postexit earnings. The results indicate that those who received project-based assistance earned \$38 more on average than the unassisted group did in the year after exit, but this difference was not statistically significant. On average, the tenant-based assistance group earned \$230 more than the unassisted leavers, a statistically significant difference. The bottom part of the exhibit shows the adjusted means after controlling for other important explanatory variables on earnings. The coefficients represent the difference between the assisted and unassisted groups after controlling for these other factors. The adjusted means are in the same direction as the unadjusted means, but the earnings difference between the tenant-based group and the unassisted group is not statistically significant at the .05 level.

Exhibit 8 presents the results of a regression of housing status on postexit employment stability (defined as the number of quarters worked in the four quarters after exit). The unadjusted means presented in the exhibit suggest that those who received tenant-based assistance were 5.5 percentage points more likely to work four consecutive quarters in the year after exit than the unassisted group, and this difference was statistically significant. The adjusted means confirm a statistically significant difference in employment stability between tenant-based and unassisted leavers after controlling for background characteristics. The adjusted means suggest that the tenant-based leavers were 3.1 percentage points more likely to work four consecutive quarters in the year after exit than the unassisted leavers.

### Exhibit 7

#### Regression Analysis of Earnings of Assisted-Housing Compared With Unassisted Groups in Year After Exit

Variable	Mean	P
<b>Unadjusted difference</b>		
Intercept	1,837.3	.00
Project-based assistance	38.1	.74
Tenant-based assistance	229.5	.00
<b>Adjusted difference<sup>a</sup></b>		
Intercept	500.5	.15
Has less than high school education	-2.3	.16
Lives with other adults	1.0	.56
Race/ethnicity		
White	-0.6	.88
Hispanic	1.3	.72
African American	3.9	.27
Age	-12.4	.01
Status in year before exit		
Number of quarters employed	128.1	.01
Earnings	0.9	.01
Months of food stamps	6.4	.07
Months of Medicaid	-38.4	.00
Months on welfare	66.2	.01
Project-based assistance	4.7	.96
Tenant-based assistance	104.1	.06

<sup>a</sup>Controlling for background characteristics.

### Exhibit 8

#### Regression Analysis of Employment Stability of Assisted-Housing Compared With Unassisted Groups Employed All Four Quarters After Exit

Variable	Mean	P
<b>Unadjusted difference</b>		
Intercept	33.73	.0001
Project-based assistance	3.93	.1022
Tenant-based assistance	5.50	.0004
<b>Adjusted difference<sup>a</sup></b>		
Intercept	4.70	.554
Has less than high school education	0.00	.940
Lives with other adults	0.01	.879
Race/ethnicity		
White	-0.04	.665
Hispanic	0.02	.834
African American	-0.03	.699
Age	-0.11	.001
Status in year before exit		
Number of quarters employed	11.03	.001
Earnings	0.01	.001
Months of food stamps	-0.06	.445
Months of Medicaid	-0.35	.164
Months on welfare	1.20	.000
Project-based assistance	1.65	.400
Tenant-based assistance	3.07	.000

<sup>a</sup>Controlling for background characteristics.

In sum, the univariate analysis presented in this section hints at a slight earnings and employment advantage for the tenant-based assistance group. The multivariate analysis, which examines differences in earnings and employment stability after controlling for a number of important background factors, confirms the univariate findings with respect to employment stability. However, this study cannot provide definitive reasons why employment stability is higher for those receiving tenant-based assistance. The literature offers several explanations for how housing subsidies can help families secure and maintain employment, and some of those factors may be relevant here (Center on Budget and Policy Priorities, 2000).

## **Job Characteristics and Barriers to Work**

So far, this analysis has relied on administrative records for comparing employment and earnings outcomes for the three groups of leavers. Exhibit 9 draws on the followup survey to describe selected job characteristics for the groups of leavers. The exhibit presents information about the current (or most recent) job held by respondents at the time of the survey interview.<sup>21</sup>

Exhibit 9 indicates a slight variation across the unassisted and the assisted groups of leavers in hours worked per week. Across the three groups, employed leavers averaged 34 hours of work per week. Close to 74 percent of the unassisted and tenant-based assistance groups and 72 percent of the project-based assistance group worked full time (more than 30 hours per week). The project-based assistance group was more likely to work regular daytime shifts, and the unassisted and the tenant-based groups were more likely to report working nonstandard hours or rotating shifts.

Employed respondents were earning slightly more than \$8.00 per hour on average. The employed project-based leavers reported earning slightly lower hourly wages than the unassisted or tenant-based assistance groups. The median hourly wage (not shown) was \$7.50 for the unassisted leavers, and nearly 19 percent of those who worked in the year before the survey interview reported earning less than the California minimum wage of \$5.75. The median hourly wage for those receiving tenant-based assistance was \$7.90 compared with \$7.20 for the project-based group.

An important indicator of job quality is the availability of employer-provided benefits such as health insurance, vacation leave, and investment in education and training. Exhibit 9 shows that between 49 and 55 percent of the leavers in the three housing assistance groups had jobs that offered health insurance coverage.<sup>22</sup> Unassisted and tenant-based assistance leavers were more likely to have jobs that offered health coverage or other benefits such as paid sick or personal leave. Research on leavers in general suggests that former recipients are less likely to be in jobs that provide health insurance and other benefits. Because welfare-tracking studies follow leavers for only approximately 1 year after exit, these leavers may be newly hired and not yet eligible for employer-provided benefits, or they may decline employer-provided health benefits because of the cost or because they are eligible for other plans such as Medi-Cal.

Exhibit 9 also presents information on transportation and average commuting times to work for employed respondents. Welfare reform's growing emphasis on welfare-to-work transitions has triggered questions about how welfare recipients travel to work and whether they have long or short commutes. The exhibit shows that average commuting time is less than half an hour for all three groups, with the project-based assistance group reporting a somewhat shorter commute. The commuting times reported by the three groups appear to be relatively short, in sharp contrast to the popular expectation that most former recipients live in inner-city neighborhoods far from areas of employment. Unlike

## Exhibit 9

### Selected Characteristics of Current or Most Recent Job for Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County

Characteristic	Unassisted (n = 174)	Project-Based Assistance (n = 58)	Tenant-Based Assistance (n = 140)
<b>Work status</b>			
Average hours worked per week	34.0	33.8	34.2
Full time (%)	73.3	71.9	73.9
Part time (%)	26.7	28.1	26.1
<b>Average earnings (\$)</b>			
Per hour	8.48	8.09	8.39
Per week	286.9	271.3	294.6
<b>Employer-provided benefits (%)</b>			
Paid sick/personal days	48.0	44.2	49.2
Paid vacation	51.3	55.8	52.8
Health/medical insurance	54.6	49.1	54.5
<b>Work schedule (%)</b>			
Regular day shift	58.6	63.2	57.6
Regular evening shift	5.7	10.5	11.5
Regular night shift	5.2	7.0	5.0
Other shifts (irregular, rotating, split)	30.5	19.3	25.9
<b>Commute (%)</b>			
Average commute time (minutes)	28.3	24.7	29.3
Drive own car	47.7	50.0	46.4
Drive someone else's car	6.9	5.2	7.1
Ride with someone	14.9	15.5	17.1
Use public transportation	24.7	25.9	20.0
Walk	6.9	8.6	8.6
Work at home	5.7	1.7	7.9

Sources: Calculations from the Los Angeles post-TANF and assisted-housing followup surveys.

Northeastern cities, which frequently have high concentrations of welfare recipients, Los Angeles County's welfare population may be more dispersed because welfare recipients are more likely to live closer to places of employment. Also, transportation challenges in Los Angeles County may make the welfare population more likely to be connected to very local employment opportunities. The study finds that close to half of all the three groups of leavers working at the time of the followup survey were using their own car to get to work but that a significant portion of respondents relied on public transportation or carpooled.

## Welfare Recidivism and Reliance on Other Government Support

### Welfare Receipt

One sign of an unsuccessful transition off welfare is a return to welfare. The literature on welfare dynamics suggests that several factors influence how long former recipients stay off welfare. This section examines the extent to which welfare recidivism rates vary for assisted and unassisted welfare leavers in the year after exit. Whether leavers rely on other forms of government assistance, such as food stamps and Medi-Cal, is also examined.



Welfare recidivism rates are shown in exhibit 10. In each of the four quarters after exit, individuals are counted as receiving assistance if they were active recipients for at least 1 month in the quarter. Note that the definition of a welfare leaver includes individuals who left cash assistance for 2 consecutive months. One-month interruptions in CalWORKs receipt are generally due to noncompliance, administrative errors, sanctions, and other issues that can be resolved within the month and do not reflect transitions off welfare.

Three measures of postexit welfare receipt are shown in exhibit 10 for the unassisted and assisted leavers. The top part of exhibit 10 shows welfare receipt rates in the four quarters after exit and begins with the first quarter after the exit quarter. Fourteen percent of unassisted leavers, 16 percent of leavers with project-based assistance, and 18 percent of leavers receiving tenant-based assistance returned to welfare within one quarter after leaving. The percentage of those receiving welfare increased for all groups by the fourth quarter after exit. Quarterly welfare recidivism rates were higher for the assisted group than for those without housing assistance at the point of exit.

When welfare receipt for all four quarters after the quarter of exit is examined, close to one-third of the leavers in each group received welfare in the followup period—31 percent of the unassisted leavers compared with 35 percent of those receiving project-based assistance and 36 percent of those receiving tenant-based assistance. Note that no sample member in this study reached the lifetime time limit, 5 years, during the followup for this study.<sup>23</sup>

Exhibit 10 also presents welfare recidivism rates in the year after exit by the number of quarters worked in the year before exit. Welfare recidivism rates were the highest for leavers with little or no work experience in the year before exit. Leavers who had worked all four quarters before exit were less likely to return compared with those who had one to three quarters of work experience. Unassisted leavers were also less likely to return to welfare (probably because they had alternative means of support) than assisted housing leavers.

## Exhibit 10

Welfare Recidivism for Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County (%)

Characteristic	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Receiving cash assistance</b>			
Number of quarters after leaving welfare			
1	14.0	16.0	18.1
2	22.4	25.4	27.8
3	23.7	27.7	28.7
4	25.1	29.4	29.8
Ever, quarters 1–4	31.1	35.4	35.7
<b>Returning to cash assistance within 1 year</b>			
Number of quarters employed previous year			
0	36.8	46.1	42.2
1	34.0	43.9	40.4
2	31.5	29.3	31.8
3	26.8	36.6	35.5
4	20.0	18.0	24.6

Sources: Calculations from California MEDS files and HUD's MTCS and TRACS data.

Exhibit 11 takes a closer look at the characteristics of those who did or did not return to welfare in the 12-month followup period and compares these characteristics for the three housing assistance groups. This analysis begins with the first month off welfare and ends after 12 months have elapsed; therefore, individuals whose first month off welfare was July 1998 were classified as not returning to welfare if they were off every month through June 1999.

Among those who did not return to welfare in the followup period, assisted leavers appeared to have some advantage in employment and earnings compared with the unassisted leavers; they were more likely to have worked all four quarters after exit and were more likely to have higher quarterly earnings. Forty percent of the unassisted leavers who did not return worked all four quarters compared with 46 percent of the assisted leavers. In addition, the median quarterly earnings for the unassisted leavers were approximately 9 percent (or \$311) lower than the earnings reported by the assisted leavers. (This finding is based on the difference in median quarterly earnings for the assisted and unassisted groups.) Because unassisted leavers were more likely to be living with other adults, they may have been less likely to work and more likely to be supported by spouses or other family members.

Exhibit 11 also shows the extent to which welfare leavers received other types of government support. Rates of food stamp receipt were low for leavers who remained off welfare, and this pattern was consistent across all three groups. This observation is consistent with overall trends in Food Stamp program participation for Los Angeles County's

### Exhibit 11

#### Characteristics of Third-Quarter 1998 CalWORKs Leavers Who Did/Did Not Return to Welfare, by Housing Assistance Status, Los Angeles County

Characteristic	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Leavers returning to welfare</b>			
Number of quarters employed (%)			
0	45.6	45.1	43.5
1	12.9	12.7	11.1
2	11.0	7.0	7.8
3	10.1	13.4	9.7
4	20.4	21.8	27.9
Median quarterly earnings (\$)	1,763	1,747	2,119
Ever on food stamps (%)	71.9	79.6	78.8
Ever on Medicaid (%)	99.7	100.0	99.4
Total returning (n)	4,225	142	359
<b>Leavers not returning to welfare</b>			
Number of quarters employed (%)			
0	39.0	39.4	35.3
1	6.6	2.7	4.2
2	6.2	1.9	6.5
3	8.4	9.7	8.5
4	39.7	46.3	45.5
Median quarterly earnings (\$)	3,277	3,582	3,588
Ever on food stamps (%)	16.1	17.0	22.4
Ever on Medicaid (%)	88.8	90.0	92.4
Total not returning (n)	9,354	259	648

Sources: Calculations from California MEDS Files, California Employment Development Department Unemployment Insurance records, and HUD's MTCS and TRACS data. County Food Stamp program payment data were used to calculate food stamp receipt.

welfare leavers. Medi-Cal receipt, however, remained high for all leavers regardless of welfare receipt or housing status.

Compared with those who stayed off welfare, those who returned were more likely to have had little or no employment in the four quarters of followup. Across all three groups, roughly 45 percent of those who returned did not work even one quarter after exit, and only approximately 20 percent of those who did work were employed for all four quarters after exit. Among those returning, the tenant-based assistance group was somewhat more likely to have worked steadily in the followup period. Leavers who returned to welfare were more likely to have received food stamps and Medi-Cal benefits in the followup period compared with those who stayed off welfare.

## Food Stamp and Medi-Cal Receipt

Welfare leavers are eligible for noncash assistance to help support their transition off welfare. These benefits are available chiefly to those who qualify because of low income. Important public policy questions arise about the extent to which low-income families and former welfare recipients rely on these supports and the role that they play in helping people transition off welfare. This section examines the extent to which leavers' housing assistance status influenced their postexit receipt of such supports.

Until the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), cash assistance and Medi-Cal were linked, and families receiving cash welfare were automatically eligible for Medi-Cal. PRWORA severed the link between Medi-Cal and cash assistance in an attempt to ensure that TANF rules would not disrupt Medi-Cal coverage. California, however, decided to maintain the link between Medi-Cal and CalWORKs, and recipients are automatically eligible for Medi-Cal. Most families leaving CalWORKs automatically receive Medi-Cal for a minimum of 1 month until their eligibility for Transitional Medi-Cal (TMC) or another Medi-Cal program is determined.<sup>24</sup> If the family cannot be located or does not comply with necessary procedures within 30 days, their Medi-Cal benefits are terminated. TMC provides continuing health coverage in such transitions for up to 1 year.

Food stamp benefits, although not officially tied to cash assistance, are administered by the same agency. Studies of national and state welfare leavers have shown that participation in the Food Stamp and Medi-Cal programs has dropped dramatically since welfare reform was implemented. Although families with incomes below 130 percent of the federal poverty level are eligible for food stamps, evidence from other studies suggests that eligible people are not receiving these benefits.<sup>25</sup> Seventy percent of the unassisted leavers, 77 percent of those receiving project-based assistance, and 72 percent of the tenant-based assistance group reported household incomes below 130 percent of the federal poverty level. The maximum food stamp benefit for a single parent working for a minimum wage is \$260, making food stamps a significant income supplement for families transitioning from welfare to work (Zedlewski and Brauner, 1999).

Exhibit 12 shows the rates at which welfare leavers retained their food stamp and Medi-Cal benefits in the four quarters after their exit. Overall, the proportion of leavers retaining food stamp benefits was higher among those receiving some form of housing assistance. In the first quarter after exit, 35 percent of the unassisted leavers received food stamps compared with 42 percent and 44 percent of project-based and tenant-based assistance groups. By the fourth quarter after exit, Food Stamp program participation rates declined for all three groups, but participation remained somewhat higher among those receiving housing assistance.

## Exhibit 12

### Postexit Food Stamp and Medi-Cal Receipt for Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County (%)

Variable	Unassisted (n = 13,579)	Project-Based Assistance (n = 401)	Tenant-Based Assistance (n = 1,007)
<b>Food stamp receipt</b>			
Number of quarters after leaving			
1	34.8	41.6	44.5
2	33.1	40.6	41.8
3	31.7	38.4	40.5
4	30.9	36.2	40.5
Ever received, quarters 1–4	33.5	39.2	42.5
<b>Medi-Cal receipt</b>			
Number of quarters after leaving			
1	90.0	93.0	93.9
2	89.5	91.3	94.0
3	88.7	90.0	92.4
4	87.5	88.8	91.7
Ever received, quarters 1–4	92.2	93.5	94.9

Sources: Calculations from California MEDS files, County Food Stamp program payment data, and HUD's MTCS and TRACS data.

Consistent with the findings about Medi-Cal coverage for Los Angeles County's CalWORKs leavers, a very high portion of leavers in all three groups were likely to have been covered in the four quarters of followup (Verma and Hendra, 2001). By the fourth quarter after exit, coverage declined slightly. Although the study does not explicitly examine why families lose Medi-Cal coverage, changes in eligibility status or failure to meet eligibility requirements may have caused this drop.

## Postexit Household Well-Being

This section draws on survey data to examine several outcomes that could not be assessed from administrative records. The survey data enable a fairly detailed analysis of income and poverty for the three groups of interest. These data also provide an opportunity to examine measures of family well-being, including information about mobility, housing and neighborhood quality, material hardships, food insecurity, and the use of various supports.

The survey-based findings are presented here with two caveats. First, leavers are grouped into the assisted and unassisted categories based on their HUD assistance status at the time of their welfare exit in the third quarter of 1998; by the time of the survey interview, the housing assistance status for some of the survey respondents could have changed.<sup>26</sup> For example, some unassisted leavers could have become eligible for housing assistance or assisted leavers could have lost their housing assistance or changed their category of assistance. Second, because the survey-related analyses are based on small sample sizes, readers are cautioned from drawing broad generalizations from these findings. As was noted earlier, the survey analyses are based on samples combined from the assisted housing survey and the Los Angeles post-TANF survey. A total sample of 456 respondents was analyzed, of which 210 were unassisted leavers, 74 were receiving project-based assistance, and 172 were receiving tenant-based assistance.

## Income and Poverty

To better determine the income and income sources available to former recipients, the surveys asked sample members to report their families' income, from all sources, in the month before the interview. Exhibit 13 compares income information reported by the respondents for themselves and for the other adults living with them. Unassisted leavers reported higher average total household incomes than their assisted counterparts, and families receiving tenant-based assistance reported higher incomes than those who were receiving project-based assistance at the time of exit. As defined for this study, total household income includes earnings, TANF benefits, the dollar value of food stamp benefits, child support payments, Earned Income Credits, Supplemental Security Income, and other income attributed to the respondent and other adults in the household. The exhibit shows that 41 percent of the unassisted and the tenant-based assistance groups were residing in households in which the average monthly income was less than \$1,000. Forty-eight percent of those receiving project-based assistance reported total household incomes less than \$1,000.

Exhibit 13 also presents information on income and income sources attributable to the respondents and to other adults in the household. Three findings emerge from this income analysis. First, respondents and other adults in the household report multiple sources of income. Second, whether one looks at total household or individual income (respondent or other), earnings constitute a significant source of income, although the contribution of earnings to total household income tends to vary by housing assistance status and whether one lives with other adults. In this sample, unassisted leavers were more likely to be living in a household that included an adult with one or more sources of income; more than one-third (or 39 percent) of the unassisted leavers reported that they were living with an adult who provided income compared with approximately 28 percent of the assisted leavers.<sup>27</sup> Third, the incomes of other adults living in unassisted households were more likely to be composed of earnings than of public assistance income.

In addition to looking at income composition, respondents' total household income in the month before the interview was compared with the U.S. poverty threshold to estimate the poverty rate for these groups. The poverty threshold for a family of three in 1999 was \$13,880.<sup>28</sup> The percentage living in poverty was higher among the project-based leavers. Sixty-three percent of the families receiving project-based assistance at the time of exit were living in households with incomes below the poverty threshold. Fifty-five percent of unassisted leavers and those receiving tenant-based assistance reported incomes below the poverty threshold. These poverty calculations are based on total household income, and poverty rates are higher among project-based leavers because they have lower earnings and are more likely to rely on their own earnings as their primary source of income.

## Material Well-Being

Findings from national and local studies are beginning to provide some insight into the postexit circumstances of families leaving welfare. Reports based on the National Survey of America's Families (NSAF) have shown that between one-third and one-half of former welfare recipients experience serious economic struggles, as reflected by their inability to provide food and meet regular rent payments (Loprest, 1999). Findings from the NSAF also indicate that former recipients tend to experience more material hardships than low-income mothers despite other similarities.<sup>29</sup> This section examines postexit well-being for groups that differ in their assisted housing status.

## Exhibit 13

### Average Income and Income Sources for Third-Quarter 1998 CalWORKs Leavers, by Housing Assistance Status, Los Angeles County

Characteristic	Unassisted (n = 210)	Project-Based Assistance (n = 74)	Tenant-Based Assistance (n = 172)
<b>Household income (\$)</b>	1,444	1,178	1,297
<b>Total monthly household income (%)</b>			
\$0	4.3	2.7	2.9
\$1–999	36.7	44.6	39.0
\$1,000–1,999	36.7	43.2	38.4
\$2,000–2,999	12.9	4.1	16.3
\$3,000+	9.5	5.4	3.5
<b>Respondent income (\$)</b>			
Total income	961	896	1,096
Earnings	666	622	685
TANF	111	124	139
Food stamps	64	76	80
Child support	25	25	26
SSI payments	42	23	67
Outside family	31	7	27
Other	22	19	73
<b>Income from others in household (\$)</b>			
Total income	484	282	200
Earnings	383	176	109
TANF	30	38	30
Food stamps	5	5	8
Child support	0	0	0
SSI payments	34	21	43
Outside family	1	5	5
Other	31	37	6

TANF = Temporary Assistance for Needy Families; SSI = Supplemental Security Income.

Note: Those who had missing values on any of the components of income had these values imputed with the mean value for that component within the group.

Sources: Calculations from the Los Angeles post-TANF and assisted-housing followup surveys.

Among the indicators of well-being used in this analysis is the six-item U.S. Department of Agriculture Food Security Scale, which was used to assess the level of food insecurity experienced in the month preceding the survey interview (Carlson, Andrews, and Bickel, 1999).<sup>30</sup> The scale classifies respondents into three categories of food security: food secure, food insecure, and food insecure with hunger. In addition to the food security measures, several single-item measures were used to assess unmet medical needs, housing conditions, neighborhood quality, and other experiences of material hardship.

**Food Security and Unmet Medical Needs.** Exhibit 14 shows that food security for assisted and unassisted leavers varies considerably. Fifty-seven percent of the unassisted leavers were classified as being food secure compared with only 38 percent of the project-based group and 44 percent of those receiving tenant-based assistance. Reports of food insecurity with hunger were higher among the assisted leavers.<sup>31</sup> Assisted leavers were also more likely to report that someone in their household had received food from a charitable organization in the month before the survey interview. The higher levels of food insecurity among the assisted housing leavers could be related to their lower participation rates in the Food Stamp program. Further, based on the earnings and income reported by assisted and unassisted leavers, families eligible for food stamp assistance appeared to be going without these benefits.

Exhibit 14 also shows that sample members in the project-based assistance group were less likely to report an unmet medical or dental need compared with those in the tenant-based assistance group or those who were unassisted. These levels of unmet needs appear somewhat high, especially given the high levels of Medi-Cal coverage (shown in exhibit 12) observed in the first year after exit for these leavers. Because the survey interviews were conducted approximately a year and a half after exit, some families may have lost Medi-Cal coverage after the first year off welfare and thus were more likely to report unmet medical needs.

**Housing Hardships.** Exhibit 14 also presents information on housing hardships experienced by leavers in the year before the survey interview. Four measures, each of which represents a dimension of housing hardship, are examined. First, respondents were asked whether they had been evicted, been homeless, or lived in a homeless shelter in the year before the survey interview. Eleven percent of the unassisted group and 13 percent of those receiving tenant-based assistance said that they had experienced this hardship; approximately 5 percent of those receiving project-based assistance experienced this situation.

Second, respondents were asked about the quality of their dwelling and whether they lived in housing with structural problems (such as leaky roofs and broken windows), water or heating problems, or other signs of neglect and disrepair. Because government

## Exhibit 14

Material and Economic Well-Being for Third-Quarter 1998 CalWORKs, by Housing Assistance Status, Los Angeles County (%)

Characteristic	Unassisted (n = 210)	Project-Based Assistance (n = 74)	Tenant-Based Assistance (n = 172)
<b>Food security</b>			
Secure	56.9	38.4	44.0
Insecure	21.1	30.1	28.0
Insecure with hunger	22.0	31.5	28.0
Family member received food from charitable organization in prior month	7.1	10.8	12.3
<b>Unmet medical or dental needs in past year</b>			
Family member could not get necessary medical attention due to lack of money/insurance	21.0	17.6	29.8
Family could not get necessary dental care due to lack of money/insurance	24.8	14.9	34.7
<b>Housing hardships in past year</b>			
Eviction, stay in emergency or domestic violence shelter, or homelessness	11.0	5.4	12.8
Housing problems such as faulty plumbing, temperature control, and vermin	21.4	23.0	27.5
Gas/electricity shut off due to inability to pay	16.2	8.3	24.0
Excess rent burden	42.5	23.8	22.6
<b>Debt</b>			
Household with more than \$100 debt	62.4	59.5	64.5
Amount of debt			
\$1–1,000	39.5	41.9	34.9
\$1,001–2,000	20.2	30.2	12.8
\$2,001+	40.3	27.9	52.3

Sources: Calculations from Los Angeles post-TANF and assisted-housing followup surveys.

housing regulations require assisted housing units to meet housing quality standards, one would expect housing quality to be better for individuals receiving housing assistance; however, this assumption may not hold if housing standards were violated or certain housing units were not assessed for these requirements. In this study, the unassisted respondents were somewhat less likely to report problems with housing quality. Contrary to expectation, those receiving housing assistance, particularly those in the tenant-based assistance category, were more likely to report a problem with the physical adequacy or quality of their housing unit. Tenant-based assistance in the form of vouchers is expected to help families move to better quality housing and neighborhoods.

Rent burden and the ability to pay for utilities are two other items that indicate housing hardship. Our analysis adopts the HUD definition for “excess rent burden,” which is described as spending more than 50 percent of household income on rent and related expenses such as gas and electricity. Forty-two percent of the unassisted leavers reported that their monthly housing costs for rent and utilities exceeded 50 percent of their total income. As discussed earlier, most leavers were not receiving any form of housing assistance when they left welfare. Roughly 23 percent of those receiving project- or tenant-based assistance were spending more than 50 percent of their income on housing. Across all three groups, excess rent burden was highest among families with low earnings.<sup>32</sup> For example, median earnings for unassisted families who, by HUD’s definition, do not experience a rent burden was \$1,350 compared with \$225 among the unassisted families with a rent burden. Similarly, for those receiving housing assistance, families with an excess rent burden reported median earnings of approximately \$252 compared with \$618 for those in the group without a rent burden.

Excess rent burden was not the only problem facing respondents. Sixteen percent of the unassisted leavers and 24 percent of those who received tenant-based assistance indicated that they had their gas or electricity turned off because of trouble paying bills.

**Neighborhood Conditions.** The incomes of former recipients, to a large degree, constrain their housing and neighborhood choices. In the mid-1990s, almost 54 percent of public housing residents were living in areas with high levels of poverty, where more than 30 percent of the population in the area had an income below the federal poverty level (Newman and Schnare, 1993). Welfare recipients receiving housing assistance also were more likely to live in neighborhoods with high levels of poverty compared with their counterparts who were not receiving housing assistance. The concentration of poor people in public housing and high-poverty neighborhoods is viewed as harmful because it is associated with high levels of unemployment, social problems, and a negative environment for growing children. Evidence from housing mobility studies suggests that neighborhood quality has important implications for both child and adult well-being (Leventhal and Brooks-Gunn, 2001; Ludwig, Duncan, and Ladd, 2001).

To assess how respondents in the three housing assistance groups viewed their neighborhoods, the surveys asked respondents to rate their respective neighborhoods on several characteristics (see exhibit 15). Respondents were asked to rate their neighborhood on a scale of 1 to 5, where 1 represents high satisfaction with the neighborhood and 5 indicates great dissatisfaction. Unassisted welfare leavers were more likely to report satisfaction with their neighborhoods. Those receiving project-based assistance were the least likely to express satisfaction with their neighborhoods, and those receiving tenant-based assistance fell in the middle. Twelve percent of the unassisted leavers, 23 percent of those receiving project-based assistance, and 21 percent of those receiving tenant-based assistance expressed dissatisfaction with their neighborhood.



To further determine whether specific aspects of the neighborhood were of particular concern, respondents were asked to rate the extent to which they were bothered by neighborhood problems such as gangs, unsupervised teenagers, assaults or fights, vandalism, theft, guns, and drugs. These problems were rated on a scale 1 to 3, where a score of 1 represents no problem; 2, a small problem; and 3, a big problem. Exhibit 15 shows the levels of concern perceived by the respondents. Overall, both assisted and unassisted leavers were concerned about problems in their respective neighborhoods, but the levels of concern about neighborhood safety and conditions were much higher among assisted leavers, with project-based leavers being more likely to indicate concerns about neighborhood safety. Assisted leavers also were more likely to express concerns about more problems (as evidenced by the number of perceived problems) than their unassisted counterparts.

The similarity in the levels of perceived neighborhood distress between the two assisted housing groups is a little surprising. In principle, families with Section 8 tenant-based assistance should be more likely to improve their neighborhood quality because of their mobility; thus it is expected that these families would be living in safer neighborhoods and feeling a higher degree of neighborhood safety. Although this study assesses only perceptions of neighborhood distress and not the actual incidence of problems or victimization, it is fair to assume that respondents' perceptions of safety are based on their experiences and observations or awareness of such problems in their immediate neighborhoods. So why do the two groups of assisted leavers share similar levels of concern about their neighborhoods? Both groups of assisted leavers may be more likely to live in similar types of neighborhoods because of the tight housing market in Los Angeles. In other words, tenant-based Section 8 assistance might not result in improved neighborhood quality in Los Angeles, as might be expected in regions with looser housing markets.

## Exhibit 15

Perception of Neighborhood Quality for Third-Quarter 1998 CalWORKs by Housing Assistance Status, Los Angeles County (%)

Characteristic	Unassisted (n = 210)	Project-Based Assistance (n = 74)	Tenant-Based Assistance (n = 172)
<b>Satisfaction with neighborhood</b>			
Very satisfied	41.0	28.4	34.5
Somewhat satisfied	24.8	20.3	26.3
Neither satisfied nor dissatisfied	21.9	28.4	18.1
Somewhat dissatisfied	7.1	13.5	10.5
Very dissatisfied	5.2	9.5	10.5
<b>Perceived neighborhood problems</b>			
Gangs	42.1	64.4	54.5
Lack of police protection	24.2	45.1	30.4
Vandalism	33.3	49.3	50.9
Theft	34.8	46.6	47.1
Vehicle break-ins	30.4	44.6	51.2
Assaults/fights	26.9	38.4	39.5
Unsupervised teenagers	36.4	51.4	49.1
Guns	27.9	46.5	40.5
Drugs	38.8	61.1	52.4
<b>Number of problems</b>			
0	2.9	4.3	4.1
1–3	30.8	20.0	28.4
4+	37.4	27.7	21.6
	31.8	52.3	50.0

Sources: Calculations from Los Angeles post-TANF and assisted-housing followup surveys.

## Appendix

### Survey Response Analysis

The information on sources of income, household composition, job characteristics, hardship indicators, and child and family outcomes was derived primarily from the client survey. This appendix explores the extent to which the survey respondent sample is representative of the survey sample and the full universe of 1998 assisted welfare leavers. The appendix also includes a comparison of HUD-assisted and nonassisted leavers.

The survey sample was drawn from the 14,987 individuals who left public assistance in the third quarter of 1998. This group is referred to as the *1998 cohort*. For the purposes of this study, this sample was further narrowed to the 1,408 individuals who were also receiving housing assistance. This group is referred to as the *HUD universe*. A subset of this sample was selected to participate in the client survey, which is referred to as the *survey sample* and includes the 321 members of the HUD universe who were selected at random. Of this group, 216 individuals (approximately 15 percent of the HUD universe and approximately 67.3 percent of the survey sample) completed the survey.<sup>33</sup> Sample members who completed the survey are referred to as *respondents*, and sample members who did not are referred to as *nonrespondents*.

Whenever survey response rates are less than 100 percent, examining the differences between those who responded and the remainder of the report sample is important. Two factors may confound the interpretation of the findings. First, the sample that was selected for the survey may be systematically different from the remainder of the HUD universe. This is referred to as *sampling bias*. Second, survey respondents may be systematically different from those who did not respond to the survey. This is referred to as *response bias*.<sup>34</sup>

To summarize the results, no systematic differences existed between the characteristics of the survey sample and the remainder of the HUD universe—an unsurprising conclusion given that the sample was randomly drawn from the HUD universe. However, some differences between the respondents and nonrespondents existed owing to response bias. In other words, those who responded were slightly different on some background characteristics from nonrespondents. As a result, caution should be exercised when generalizing survey findings to the report sample. This response bias is probably due to the lower response rate (67 percent of those attempted). However, this response rate is typical of other recent studies of welfare leavers.

### Comparisons Between Survey and Report Samples

Exhibit A–1 presents means on background characteristics from the survey sample and the remainder of the HUD universe.<sup>35</sup> The exhibit shows no systematic differences between the survey sample and the remainder of the HUD universe. Only one of the differences in means was statistically significant: The survey sample is approximately 3.6 percentage points more likely to be White. This result is likely due to a random process. Other differences in employment and welfare history are very minor. In addition to these comparisons, a regression was run that modeled sample membership on background characteristics. Not surprisingly, the regression was insignificant ( $F=0.89$ ,  $P=.57$ ), and only two of the covariates had significant ability to predict sample membership. Overall, the survey sample seems representative of the full HUD universe.

**Exhibit A-1****Background Characteristics of Assisted-Housing Sample, by Sampling Status of Third-Quarter 1998 CalWORKs Leavers, Los Angeles County**

Characteristic	Survey Sample (n = 321)	Remainder of Assisted Leavers (n = 1,087)	Difference	Percent Difference <sup>a</sup>	Standardized Regression Coefficient <sup>b</sup>
<b>Race/ethnicity (%)</b>					
White	11.8	8.3	3.6	43.0*	0.09850*
Hispanic	29.9	28.1	1.8	6.6	0.09467
African American	56.4	60.6	-4.2	-7.0	0.07774
<b>Age (years)</b>	35.8	35.3	0.5	1.4	0.02817
<b>Number of quarters employed</b>					
Total	7.3	7.5	-0.2	-3.1	-0.06922
Before exit	1.7	1.7	0.0	-2.7	-0.01286
After exit	2.0	2.0	0.0	-0.7	0.04943
<b>Yearly earnings (\$)</b>					
Before exit	1,369	1,317	52	4.0	0.06914
After exit	2,011	2,013	-2	-0.1	-0.02568
<b>Months of welfare use</b>					
Food stamps					
Before exit	10.1	10.3	-0.2	-2.0	-0.01541
After exit	4.7	4.9	-0.2	-4.0	-0.00757
Medicaid					
Before exit	11.8	11.8	0.0	0.1	0.03787
After exit	11.3	11.4	-0.1	-0.5	-0.01113
AFDC					
Before exit	10.3	10.6	-0.3	-2.5*	-0.05735
After exit	1.8	1.9	0.0	-2.1	0.00765

AFDC = Aid to Families with Dependent Children.

Notes: Differences were statistically significant at \* $P < .10$ ;  $F = .89$ ;  $P = .5729$ .

<sup>a</sup>Significance levels in a  $t$  test of differences in means across groups.

<sup>b</sup>Significance of coefficients of regression of response status on tabled variables.

Sources: Calculations from California MEDS files and Employment Development Department Unemployment Insurance records. County Food Stamp program payment data were used to calculate food stamp receipt.

**Comparisons Between Respondents and Nonrespondents**

Overall, approximately 67 percent of the survey sample actually completed the client survey. This response rate is similar to that obtained in many other studies involving former welfare recipients. A key question for interpreting the findings from the client survey is whether the respondents are representative of the survey sample. To address this question, exhibit A-2 presents means on selected background characteristics for the respondent and nonrespondent samples. Multiple regression analysis was also used to determine the extent to which the average characteristics of the respondents were different from those of nonrespondents.

Taken together, the results presented in exhibit A-2 indicate a mild response bias. Although the survey sample is statistically comparable to the remainder of the report sample, those who responded to the survey appear to differ somewhat from those who did not

(not an unexpected finding). Specifically, exhibit A–2 shows that survey respondents were more likely to be Hispanic and had somewhat less intensive welfare use than nonrespondents. For example, those who responded to the survey were more than 13 percent more likely to be Hispanic than nonrespondents. Respondents also received food stamps for 1 less month in the nine-quarter followup period. The origin of this bias is unclear. In many recent studies, bias seems to stem from having a record in a computerized tracking system (Bloom et al., 2000). This makes sense because administrative systems usually have more updated contact information about respondents that allows them to be more easily located. In this case, to some extent, the opposite seems to have happened (on the welfare side). At any rate, the regression shows that the bias was not statistically significant ( $F = 1.41$ ;  $P = .1397$ ). However, given the “point” differences, particularly on some of the demographic variables, some caution should be exercised when generalizing these results to the full universe of HUD leavers.

### Exhibit A–2

Background Characteristics of Assisted-Housing Survey Sample, by Response Status of Third-Quarter 1998 CalWORKs Leavers, Los Angeles County

Characteristic	Respondent Sample ( <i>n</i> = 216)	Non-respondent Sample ( <i>n</i> = 105)	Difference	Percent Difference	Regression Coefficient
<b>Race/ethnicity (%)</b>					
White	10.2	15.2	-5.1	-33.2	-0.1617
Hispanic	34.3	21.0	13.3	63.5**	-0.0450
African American	53.2	62.9	-9.6	-15.3	-0.1727
<b>Age (years)</b>	36.2	34.9	1.3	3.7	0.0476
<b>Number of quarters employed</b>					
Total	7.5	6.7	0.8	11.7	0.0875
Before exit	1.7	1.5	0.2	11.7	0.1061
After exit	2.1	1.9	0.2	10.0	0.0135
<b>Yearly earnings (\$)</b>					
Before exit	1,318	1,474	-156.0	-10.6	-0.1697*
After exit	2,028	1,977	50.3	2.5	0.0036
<b>Months of welfare use</b>					
Food stamps					
Before exit	9.9	10.4	-0.5	-4.4	0.0014
After exit	4.4	5.2	-0.7	-14.0	-0.1062
Medicaid					
Before exit	11.7	11.9	-0.3	-2.2**	-0.1040
After exit	11.3	11.5	-0.2	-1.7	-0.0147
AFDC					
Before exit	10.2	10.7	-0.5	-4.7	-0.0611
After exit	1.8	1.9	0.0	-2.3	0.0854

AFDC = Aid to Families with Dependent Children.

Notes: Differences were statistically significant at \* $P < .10$  and \*\* $P < .05$ ;  $F = 1.41$ ,  $P = .1397$ .

Sources: Calculations from California MEDS files and Employment Development Department Unemployment Insurance records. County Food Stamp program payment data were used to calculate food stamp receipt.

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## Notes

1. The terms *welfare* and *CalWORKs* are used interchangeably throughout this article.
2. In addition to Los Angeles County, two other recipients of grants from the Office of the Assistant Secretary for Planning and Evaluation, HHS (San Mateo County and Massachusetts) received funding from HUD to conduct additional research on housing-assisted and -unassisted welfare leavers.
3. For example, among the 1994 recipients of Aid to Families with Dependent Children (AFDC), the median period of welfare receipt for those who received housing assistance was 57 months compared with 37 months for those without federal housing assistance. See Newman (1999).
4. The housing assistance formula provides an important safety net for leavers receiving HUD assistance because they will be assured a place to live. Because rent is determined based on overall income, assisted households going off welfare and experiencing a decline in income would be eligible to receive a higher rent subsidy to adjust for the loss in income; households experiencing increases in income will qualify for higher rents.
5. The supply of housing assistance is tied to the funds appropriated by Congress for this purpose and, in the past, only approximately one-quarter of all eligible people actually received housing assistance.
6. HUD defines “very low-income” households as those with income below 50 percent of the area median family income, adjusted for family size and other factors.
7. The average wait period among the 16 PHAs varied from 2 to 10 years (Painter, 1999).
8. The FMR reflects rents at the 40th percentile of the Los Angeles rental housing market. A significant portion of all the rents in Los Angeles exceeds the highest rent that HUD is willing to pay.
9. These findings held true even after controlling for observed differences in personal characteristics.
10. Those receiving tenant-based assistance are also less likely than public housing residents to be clustered in highly impoverished neighborhoods. National analysis has found that 15 percent of certificate and voucher recipients live in high-poverty neighborhoods (neighborhoods with a poverty rate exceeding 30 percent) compared with 54 percent of public housing residents (Newman and Schnare, 1997).
11. Changes in the federal rent rules for public housing under the 1998 housing law include several provisions that sever the tie between earned income and rent. See Sard (2000a) and Devine, Rubin, and Gray (1999) for details.
12. Families seeking housing assistance could be put on long waiting lists, which could also deter them from working, because they must maintain eligibility while waiting for this subsidy (Painter, 1999).
13. See Verma and Hendra (2001) for details on sample definition.
14. The statewide MEDS files, obtained from the California Department of Social Services, are produced from data uploaded to the state from each of the counties. The annual MEDS file provides the case number as of December or January of the year.

Given the high overlap between Medi-Cal eligibility and receipt of cash assistance, this source was deemed appropriate to identify welfare leavers and to track benefits and program usage after exit.

15. Fifty percent of the interviews were completed by the 17th month after exit.
16. Using unemployment insurance data to measure employment will miss people who are working out of state or those working in the informal economy.
17. The data on marital status indicate that the unassisted leavers are also much more likely to be married: 12 percent of unassisted leavers were married (and living with spouse) compared with 6 percent and 3 percent of tenant- and project-based leavers, respectively. Furthermore, among those living with other adults, 17.8 percent of unassisted were married compared with 13.7 percent and 2.9 percent among tenant- and project-based leavers, respectively.
18. The finding that Los Angeles HUD-assisted leavers are less likely to be living with other adults is consistent with both the Massachusetts and the San Mateo reports and is worth substantial emphasis.
19. Median earnings are reported instead of means because there were a number of cases with very high earnings. Medians are not affected by possibly erroneous extreme values.
20. A study of female AFDC recipients in four California counties (including Los Angeles) found a similar positive relationship between tenant-based housing assistance and employment outcomes. See Ong (1998).
21. Because this analysis focuses on those respondents who had worked at some point after leaving welfare, exhibit 9 draws on only 372 of the 456 survey respondents.
22. Among those offered health insurance on the job, respondents in the tenant-based assistance groups were more likely to report that they were enrolled in the employer's health plan. Not being eligible for health coverage or not being able to afford it were the primary reasons for not accessing employer-provided health benefits.
23. In California, at the time limit, only the adult's portion of the grant is canceled, and the children on the case can continue to receive welfare.
24. This coverage is ensured as a result of the court case *Edwards v. Kizer*.
25. Los Angeles County has initiated extensive outreach activities that are aimed at increasing participation in the Food Stamp program among the eligible population (internal communication from Department of Public Social Services).
26. Housing assistance status is a key measure in this analysis. The analysis, however, does not attempt to correct peoples' housing status based on survey self-reports because we do not have the administrative data needed to verify self-reported housing status. Shroder and Martin (1996) have questioned the accuracy of these data, stating that a substantial number of respondents in the American Housing Survey misreported their assisted housing status when asked the question about whether they lived in private, public, or other subsidized housing.
27. Unassisted leavers were more likely than the assisted leavers to be living with an adult at the time of the survey interview: 64 percent of the unassisted leavers were living with a spouse or another related or unrelated adult. Forty-seven percent of the project-based leavers and 42 percent of the tenant-based leavers were living with other adults.

28. The 1999 poverty threshold is used because a significant portion of the survey interviews were conducted in this period.
29. Note, however, that although former recipients tend to experience higher levels of material hardship than low-income mothers, little evidence exists to show that they experience more hardship than those who remain on welfare. A study of former and current recipients based on NSAF data reports that there is no statistically significant difference in the health status of former and current recipients; further, these two groups did not differ in their reported levels of hardship, such as food insecurity and difficulty paying bills (Loprest and Zedlewski, 1999).
30. The 6-item scale is an abridged version of the 18-item Household and Food Security Scale, which has been administered by the U.S. Bureau of the Census through its Current Population Survey since 1995 to assess national food security. Evidence suggests that the abridged scale provides a valid assessment of food security.
31. Nationally, approximately 10 percent of the population is classified as being food insecure, and 3.6 percent is reported as experiencing hunger.
32. A recent study of housing affordability in Cuyahoga County (Cleveland), found an \$850 difference in the median monthly earnings between the group with no rent burden and the group with extreme rent burden. See Coulton et al., 2001.
33. Of the 105 nonrespondents, 47 could not be located. An additional 11 were located, but the field period ended before the interview was completed (mostly because of missed appointments). A total of 38 individuals refused to complete the survey, and 8 individuals spoke neither English nor Spanish and therefore could not be interviewed. Finally, one sample member did not complete the survey because he or she was incapacitated, incarcerated, deceased, or institutionalized or for some other reason.
34. For both of these comparisons, the focus will be on the HUD universe because this study is designed to study the postwelfare experiences of assisted leavers.
35. The 1998 cohort was broken up into these nonoverlapping groups to permit statistical tests.

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