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## CHAPTER I: EXECUTIVE SUMMARY

This report is the third in a series of quarterly reports involving an analysis of administrative data for the Evaluation of the Work First Program. The data examined in the reports are derived from the administrative data systems maintained by the North Carolina Division of Social Services, the North Carolina Employment Security Commission, and other state agencies.<sup>1</sup>

### Purpose of the Report Series

The major goals of the ongoing analyses of administrative data for the Work First evaluation are as follows:

- examine patterns of welfare participation, employment, earnings, and other key outcomes among families who enter and leave the Work First program;
- compare these patterns with welfare receipt and employment among persons who first entered welfare under the former Aid to Families with Dependent Children (AFDC) program;
- compare different sub-groups of welfare recipients in terms of their welfare participation, employment, and return to welfare (recidivism) in order to identify “hard-to-serve” groups;
- perform “multivariate” analyses to identify the factors and characteristics associated with short-term and long-term welfare receipt and success in the job market;
- compare welfare and employment outcomes among different *counties* to help identify issues relating to the effectiveness of different county Work First programs; and
- conduct analyses of “special topics” identified each quarter by the Division of Social Services.

Overall, the analysis of administrative data is designed to provide DSS with useful information and feedback on key policy issues and program impacts relating to the Work First program.

### New Information in This Report

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<sup>1</sup> The first and second reports were submitted in May and September 1999, respectively.

This third quarterly report presents new sets of information for the Work First evaluation, as follows:

- preliminary analyses of *two new sets of entry and exit cohorts*, including cases that entered and exited Work First in June 1997 and June 1998. These new cohorts are designed to provide a more representative picture of Work First as it is currently operating. Our earlier reports examined the entry and exit cohorts for February 1995 (“AFDC cohorts”) and September 1996; and
- preliminary analyses of **county-level outcomes** among the cohorts, focusing on variations in welfare participation and recidivism among cohorts of Work First recipients in the largest counties in the state; and
- analyses of an additional 3-6 months of outcome data on the AFDC cohorts and the September 1996 cohorts.

The reason for adding the two new cohorts is that Work First was implemented incrementally in North Carolina. For example, some types of recipients who are now subject to Work First work requirements were initially exempted, such as persons with school-age children. In addition, several counties were not able to bring in all of the non-exempt recipients immediately for employment services because they did not have the staff resources to serve all cases. As a result, some non-exempt families were “wait-listed” for employment services and were not put on the 24-month time clock right away.

### **Comparisons of Cohorts of AFDC and Work First Welfare Recipients**

The report compares experiences of families under the former Aid to Families with Dependent Children (AFDC) program with the experiences of families under Work First. It should be emphasized that the comparisons between the AFDC and Work First cohort *do not necessarily provide a measure of the full impact of the Work First program*. This is because the members of the AFDC cohort were themselves assimilated into the Work First program in July 1999, although not all of them necessarily became subject to the work requirements or time limits. In examining the follow-up data for the AFDC entry cohort, therefore, it must be recognized that these families were involved in the traditional AFDC program only for about 16 months after they entered welfare

### **Summary of Key Findings in the Current Report**

The key findings from the analyses in this report are as follows:

#### *Length of Stay on Welfare*

- Among the families in the AFDC entry cohort, 20.3 percent were still on assistance 36 months after going on welfare, compared to only 12.3 percent of families in the Work First September 1996 entry cohort.
- As shown in *Exhibit I-1: Welfare Participation at Specific Follow-Up Intervals*, the rate of welfare participation dropped more rapidly among the two new entry cohorts than among the September 1996 entry cohort. For example, six months after entering welfare, only 57.4 percent of the June 1997 cohort and 57.2 percent of the June 1998 cohort were still receiving welfare, compared to 63.6 percent of the September 1996 cohort. This may reflect the fact that not all of the counties had fully implemented Work First in 1996. **The 57.2 percent for the June 1998 cohort is considerably lower than the percentage for the AFDC cohort (67.2 percent) at the same follow-up interval.**
- Likewise, at 12 months after entry, 45.9 percent of the AFDC cohort was still on welfare, compared to only 34.3 percent of the June 1998 entry cohort. This helps to illustrate the true impact of Work First when fully implemented, especially since the AFDC cohort was still subject to the pre-Work First program for the first 12 months after entering welfare and was not affected by the Work First provision during this time.

**Exhibit I-1**  
**WELFARE PARTICIPATION AT SPECIFIC FOLLOW-UP INTERVALS**  
**(PERCENT OF COHORTS RECEIVING CASH BENEFITS)**

MONTHS SINCE ENTRY	AFDC COHORT FEB 95 (N=5841)	WORK FIRST COHORT SEP 96 (N=3795)	WORK FIRST COHORT JUN 97 (N=3148)	WORK FIRST COHORT JUN 98 (N=2369)
Entry Month	100.0%	100.0%	100.0%	100.0%
6	67.2%	63.6%	57.4%	57.2%
12	45.9%	38.4%	35.3%	34.3%
18	36.6%	26.9%	23.0%	
24	29.6%	19.9%	18.9%	
30	25.1%	15.7%		
36	20.3%	12.3%		

- To standardize the follow-up period for all the four cohorts, Exhibit I-2 shows the number of months that families received welfare for the first 15 months after program entry. *The data show that 37.2 percent of the AFDC cohort was on welfare for at least 13 of the 15 months, compared to only 30.5 percent of the September 1996 entry cohort, 27.8 percent of the June 1997 entry cohort, and 27.6 percent of the June 1998 entry cohort.*

**Exhibit I-2**  
**NUMBER OF MONTHS INDIVIDUAL FAMILIES PARTICIPATED**  
**IN WELFARE IN THE FIRST 15 MONTHS AFTER PROGRAM ENTRY**

<b>MONTHS PARTICIPATING</b>	<b>AFDC COHORT FEB 95</b>	<b>WORK FIRST COHORT SEP 96</b>	<b>WORK FIRST COHORT JUN 97</b>	<b>WORK FIRST COHORT JUN 98</b>
1 – 3	13.4%	18.7%	20.6%	21.5%
4 – 6	22.1%	24.5%	27.4%	26.3%
7 – 9	13.6%	13.1%	11.9%	13.0%
10 – 12	13.7%	13.1%	12.3%	11.6%
13 – 15	37.2%	30.5%	27.8%	27.6%
Total	100.0% (N=5841)	100.0% (N=3795)	100.0% (N=3148)	100.0% (N=2369)

- Within each cohort, the child-only cases received benefits for a longer period of time on average than did cases with adults and children. About 32.4 percent of the child-only cases in the AFDC entry cohort, and 29.1 percent in the September 1996 Work First entry cohort were receiving benefits 36 months after program entry. The figures for the adult cases were much lower — 18.5 percent for the AFDC cohort, and 8.9 percent for the Work First cohort. The data indicate that the Work First program has had far less impact on child only cases than on other cases.
- The data show a similar pattern for the two new cohorts, except that the child only cases in the June 1998 cohort seem to be leaving welfare more rapidly than in the earlier cohorts. For example, among the June 1998 cohort, only 48.1 percent of the child only cases were still on welfare after one year, compared to 55.9 percent for the AFDC cohort, 58.8 percent for the September 1996 cohort, and 53.6 percent for the June 1997 cohort.
- When “child only” cases are excluded, the difference between the AFDC and Work First cohorts was even more significant. For example, excluding child only cases, 44.5 percent of the AFDC cases were still on welfare after 12 months, compared to only 29.8 percent of the June 1998 entry cohort.
- Cash welfare payments were lower among the Work First entry cohorts than the AFDC entry cohort. About 52.7 percent of the AFDC cohort had cash payments of \$1,500 or more during their first 12 months after entering welfare, compared to only 44.3 percent of families in the June 1998 entry cohort.

***Factors Associated With Length of Stay on Welfare***

- For all of the four cohorts, length of stay on welfare was longer for persons without a work history, persons without a high school diploma, younger families, blacks, and families living in large cities.

- Exhibit I-3 shows the percentage of families still on welfare at specific follow-up periods after entry, by ethnicity. At 24 months after entry, 35.5 percent of blacks in the AFDC entry cohort were still on welfare, compared to 21.1 percent of whites. Among the June 1997 entry cohort, a similar pattern exists, with 22.1 percent of black families still on welfare after two years, compared to 13.3 percent of whites. Among the June 1998 exit cohort, 39.2 percent of black families were still on welfare after one year, compared to 25.1 percent of whites. Both of these percentages, however, are lower than among the two original cohorts.

**Exhibit I-3  
WELFARE PARTICIPATION BY ETHNICITY AT SPECIFIC FOLLOW-UP  
INTERVALS AMONG THE ENTRY COHORTS**

MONTHS SINCE ENTRY	AFDC COHORT FEB 95		WORK FIRST COHORT SEP 96	
	White	Black	White	Black
Entry Month	100.0%	100.0%	100.0%	100.0%
6	60.8%	71.8%	56.6%	68.7%
12	37.1%	52.1%	29.1%	45.2%
18	27.7%	42.8%	18.8%	32.4%
24	21.1%	35.5%	13.5%	24.4%
30	16.3%	31.2%	9.8%	19.6%
36	13.5%	24.9%	7.6%	15.2%
MONTHS SINCE ENTRY	WORK FIRST COHORT JUN 97		WORK FIRST COHORT JUN 98	
	White	Black	White	Black
Entry Month	100.0%	100.0%	100.0%	100.0%
6	50.2%	62.1%	49.9%	61.3%
12	27.3%	40.1%	25.1%	39.2%
18	15.7%	27.3%		
24	13.3%	22.1%		

***Welfare Recidivism***

- Fewer families in the Work First exit cohorts returned to cash assistance in each follow-up period than did families in the AFDC exit cohorts. As indicated in Exhibit I-4, 71.8 percent of the June 1998 exit cohort never returned to welfare during the first 15 months after exit, compared to 64.1 percent of the AFDC exit cohort.

- Among all four cohorts, recidivism was highest among younger families, blacks, and persons living in large cities. See Exhibit I-5 for the results by ethnicity.

**Exhibit IV-4  
NUMBER OF MONTHS INDIVIDUAL FAMILIES RECEIVED  
WELFARE AFTER INITIAL PROGRAM EXIT**

<b>MONTHS RECEIVING WELFARE</b>	<b>AFDC COHORT FEB 95</b>	<b>WORK FIRST COHORT SEP 96</b>	<b>WORK FIRST COHORT JUN 97</b>	<b>WORK FIRST COHORT JUN 98</b>
0	55.9%	62.7%	64.7%	71.8%
1 to 3	5.3%	4.8%	5.8%	6.3%
4 to 6	7.8%	7.8%	8.0%	8.3%
7 to 9	4.4%	4.9%	5.4%	5.4%
10 to 12	4.8%	4.6%	4.4%	4.6%
13 to 15	3.2%	3.3%	3.4%	3.7%
16 to 18	3.2%	2.9%	2.5%	
19 to 21	2.6%	2.0%	2.2%	
22 to 24	2.1%	2.1%	1.8%	
25 to 27	1.9%	1.6%	1.8%	
28 to 30	1.7%	1.6%		
31 to 33	1.3%	0.9%		
34 to 36	5.9%	1.1%		
Total	100.0% (N=7217)	100.0% (N=7531)	100.0% (N=7236)	100.0% (N=6349)

**Exhibit I-5  
RECIDIVISM BY ETHNICITY  
(PERCENT OF COHORT RECEIVING CASH BENEFITS IN THE SPECIFIC MONTH)**

<b>MONTHS SINCE EXIT</b>	<b>AFDC COHORT FEB 95</b>		<b>WORK FIRST COHORT SEP 96</b>	
	<b>White</b>	<b>Black</b>	<b>White</b>	<b>Black</b>
Exit Month	0.0%	0.0%	0.0%	0.0%
6	17.2%	24.6%	14.3%	20.8%

12	16.4%	22.5%	12.8%	20.3%
18	14.2%	22.3%	10.5%	17.1%
24	11.4%	18.5%	8.0%	13.7%
30	9.2%	15.5%	6.0%	11.9%
33	7.9%	14.8%	4.9%	10.7%
36	7.0%	13.1%	4.3%	8.9%
<b>MONTHS SINCE EXIT</b>	<b>WORK FIRST COHORT JUN 97</b>		<b>WORK FIRST COHORT JUN 98</b>	
	<b>White</b>	<b>Black</b>	<b>White</b>	<b>Black</b>
Exit Month	0.0%	0.0%	0.0%	0.0%
6	13.6%	22.6%	10.9%	18.2%
12	10.8%	18.4%	9.5%	16.6%
18	7.6%	15.5%		
24	5.7%	13.0%		

*Welfare Spells and Recidivism in Individual Counties*

- Data on welfare participation and recidivism were examined for the counties with the largest TANF caseloads in North Carolina. Data were analyzed for the June 1997 entry and exit cohorts.
- As indicated in Exhibit I-5 and Exhibit I-6, welfare recipients in the seven largest counties had longer welfare spells than the average for the rest of the state. The data also show variations among the seven counties. Only 20 percent of families in County C were still on welfare after two years, compared to 25.7 percent in County A and 27.3 percent in County G.
- Recidivism was found to be relatively low in County C, County D, and County E counties, and relatively high in County B, County F, and County G counties.

**Exhibit I-5  
WELFARE PARTICIPATION AT SPECIFIC FOLLOW-UP INTERVALS,  
JUNE 1997 ENTRY COHORT, BY COUNTY  
(PERCENT OF CASES RECEIVING CASH BENEFITS)**

<b>MONTHS SINCE ENTRY</b>	<b>County A (N= 237)</b>	<b>County B (N=164)</b>	<b>County C (N = 122)</b>	<b>County D (N= 113)</b>	<b>County E (N = 182)</b>	<b>County F (N = 85)</b>	<b>County G (N = 77)</b>	<b>All other (N=2168)</b>
Entry Month	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
6	67.5%	62.2%	66.4%	63.7%	58.8%	75.3%	70.1%	53.9%

12	39.2%	40.2%	50.8%	40.7%	32.4%	51.8%	45.5%	32.6%
18	30.8%	22.6%	31.1%	29.2%	24.7%	25.9%	32.5%	20.8%
24	25.7%	23.8%	20.5%	22.1%	20.3%	21.2%	27.3%	17.0%

**Exhibit I-6  
WELFARE RECIDIVISM AT SPECIFIC FOLLOW-UP INTERVALS,  
JUNE 1997 EXIT COHORT, BY COUNTY  
(PERCENT OF CASES RECEIVING CASH BENEFITS)**

<b>MONTHS SINCE EXIT</b>	<b>County A (N= 517)</b>	<b>County B (N=331)</b>	<b>County C (N = 194)</b>	<b>County D (N= 300)</b>	<b>County E (N = 427)</b>	<b>County F (N =303)</b>	<b>County G (N =215)</b>	<b>All other (N=4949)</b>
Exit Month	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	22.1%	25.4%	16.0%	18.7%	17.8%	27.7%	26.5%	17.2%
12	17.4%	25.7%	11.9%	16.7%	14.3%	22.4%	19.5%	13.7%
18	14.1%	19.9%	9.3%	14.3%	12.4%	16.8%	21.4%	10.9%
24	11.4%	17.5%	4.6%	9.7%	11.5%	17.5%	18.1%	8.7%

***Employment, Earnings, and Food Stamp Receipt***

- No major differences were found between the AFDC exit cohort and the three Work First exit cohorts in terms of rates of employment at different intervals after leaving welfare. Employment rates were stable at between 60 and 65 percent.
- Rates of employment are affected by seasonal factors, with employment rates among all four cohorts being lowest in the first quarter (January to March) and highest in the fourth quarter (October to December)
- All of the cohorts showed evidence of earnings progression after leaving welfare, controlling for seasonal fluctuations. For example, when we compare the fourth quarter of each calendar year, the earnings for the AFDC exit cohort increased by the following percentages each year: 12.4 percent, 14.9 percent, and 11.3 percent. The annual increases for the September 1996 exit cohort were 16.9 percent and 12.2 percent. The annual increase for the June 1997 exit cohort was 13.7 percent in the first year after leaving welfare.
- At 24 months after exit from welfare, Food Stamp participation stood at 29.4 percent for the AFDC exit cohort, 29.0 percent for the September 1996 exit cohort, and 31.7 percent for the June 1997 exit cohort. Four years after exit, 23.9 percent of the AFDC exit cohort was receiving Food Stamps.