

Returning to Welfare:

What We Know From Statewide Administrative Data

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- Executive Summary
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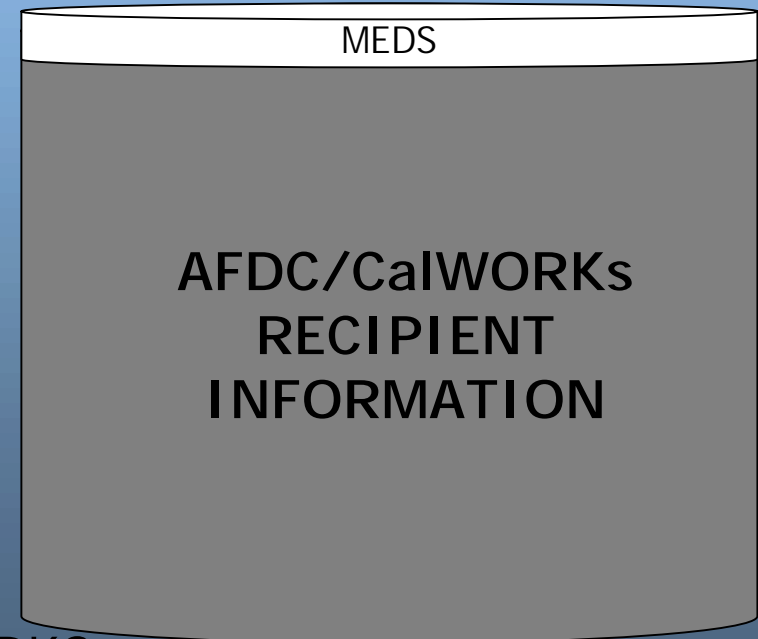
Executive Summary:

- Since 1994 fewer families leaving welfare are returning.
- The rates of return have dropped significantly for one and two-parent cases. Rates of return for child-only cases remain close to 1994 rates.
- In all regions except Northern and Mountain counties the rates at which families have returned to aid has decreased since 1994.
- Within a year, most cases that return to aid do so within 7 months of exiting.
- Cases with children under two years that left aid are more likely to return to aid.
- One and two-parent leavers with more earnings are less likely to return to aid.
- One and two-parent leavers headed by younger adults are more likely to return.
- Zero and one-parent leavers who have been on aid longer are more likely to return.
- Hispanics and Black leavers are more likely to return than White and Asian families.
- While non-Spanish-foreign language speakers have lower exit rates, they are less likely to return after leaving than English or Spanish speakers.

DATA SOURCES:

Medi-Cal Eligibility Data System (MEDS) contains virtually all CalWORKs recipients. Information is limited but includes:

- Personal Identifiers
- Address
- Race/ethnicity
- Gender
- Date of Birth
- Case Composition
- Months on AFDC/TANF/CalWORKS



DATA SOURCES:

The Employment Development Department (EDD) Unemployment and Disability Insurance Base Wage File contains quarterly earnings for every covered employee in California as reported by their employer -- 95% of the State's workforce.

EDD Base Wage File:

- Social Security Number
- quarterly earnings

Method and Scope:

This study examines cases leaving aid in 1994 and 1999.

The cases' aid status and earnings were followed for 12 months.

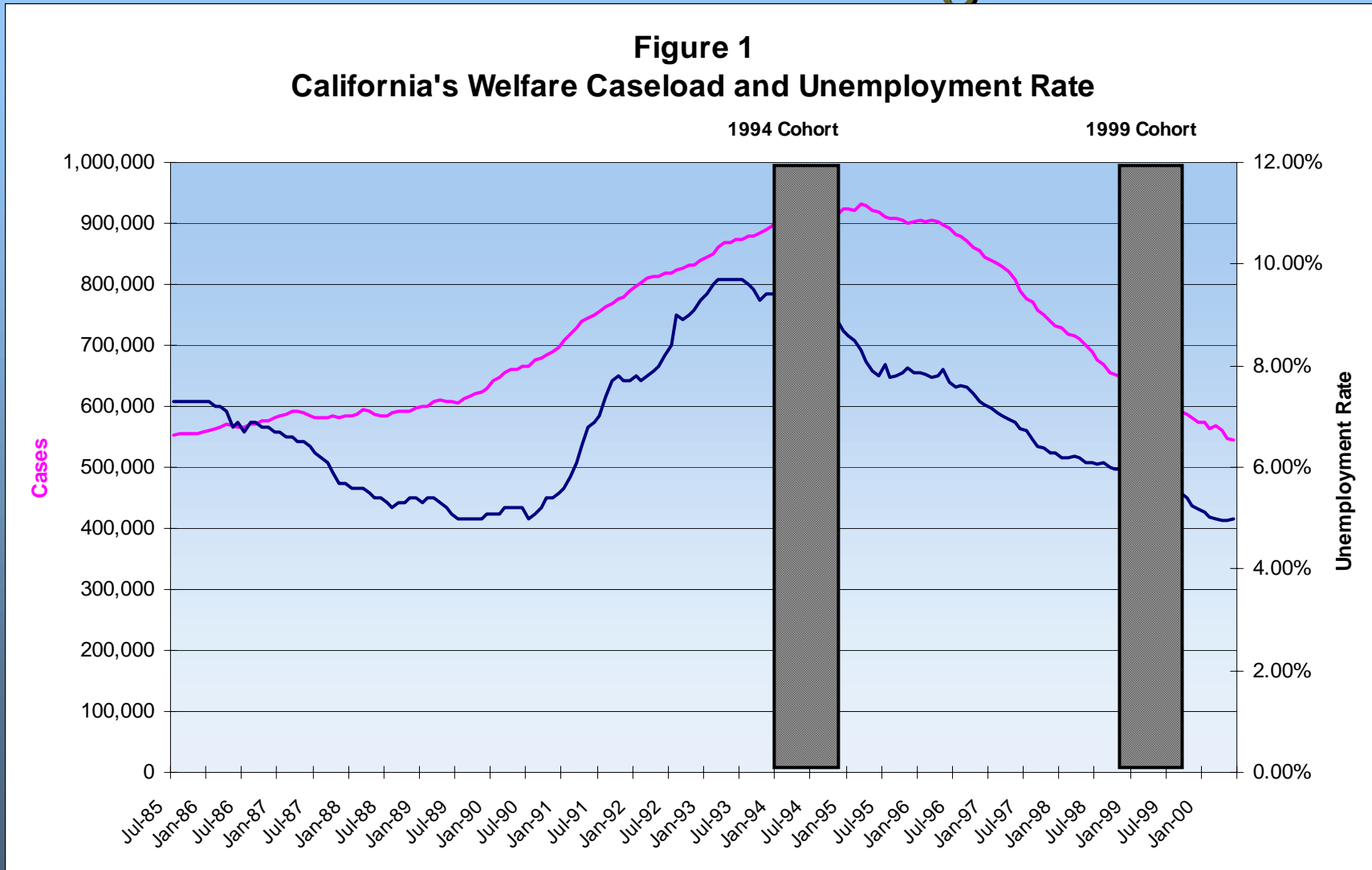
Three types of cases were examined:

- No aided adult in the case
- One aided adult in the case
- Two aided adults in the case

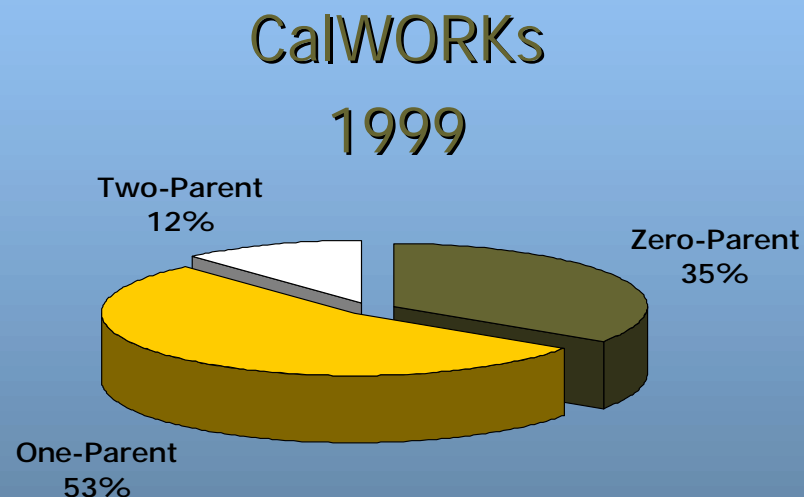
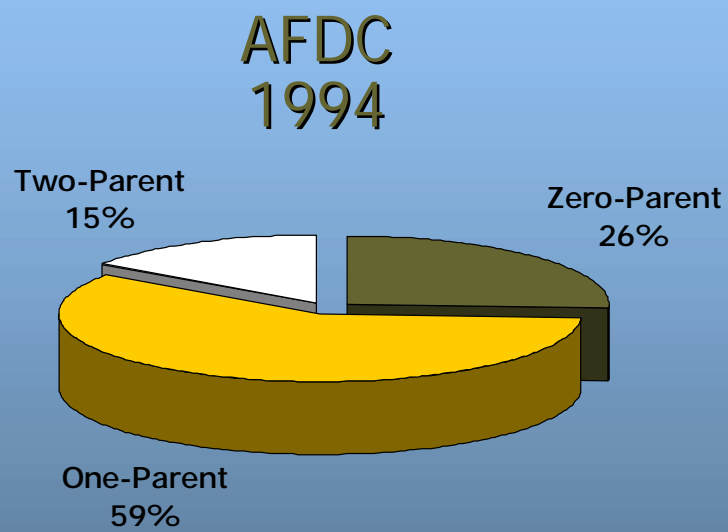
Only characteristics available in the MEDS and EDD data were examined.

The Labor Market and Caseload Levels have changed

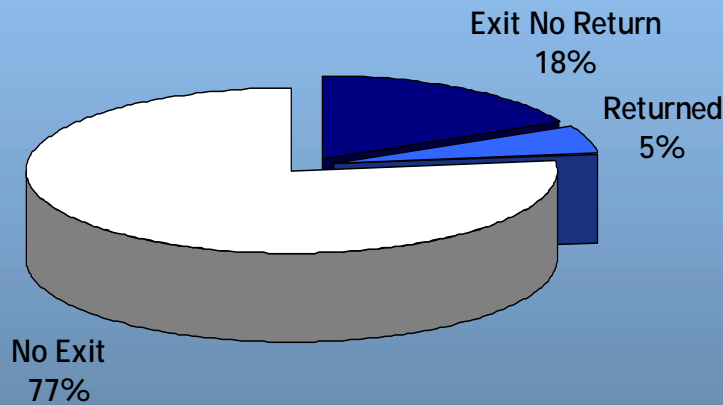
Figure 1
California's Welfare Caseload and Unemployment Rate



Zero-Parent Share of the Caseload is Increasing



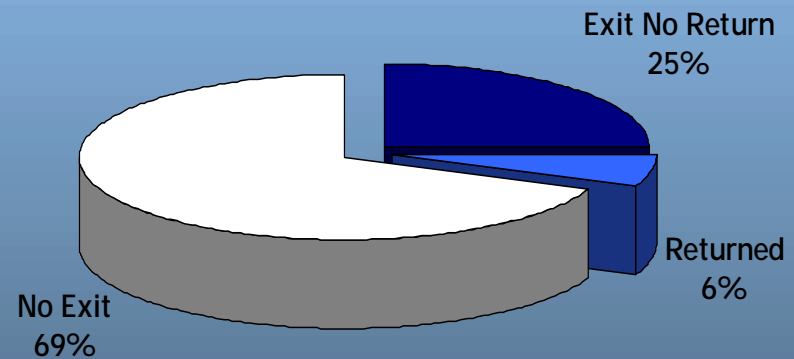
More Cases are Exiting and Fewer are Returning



AFDC 1994

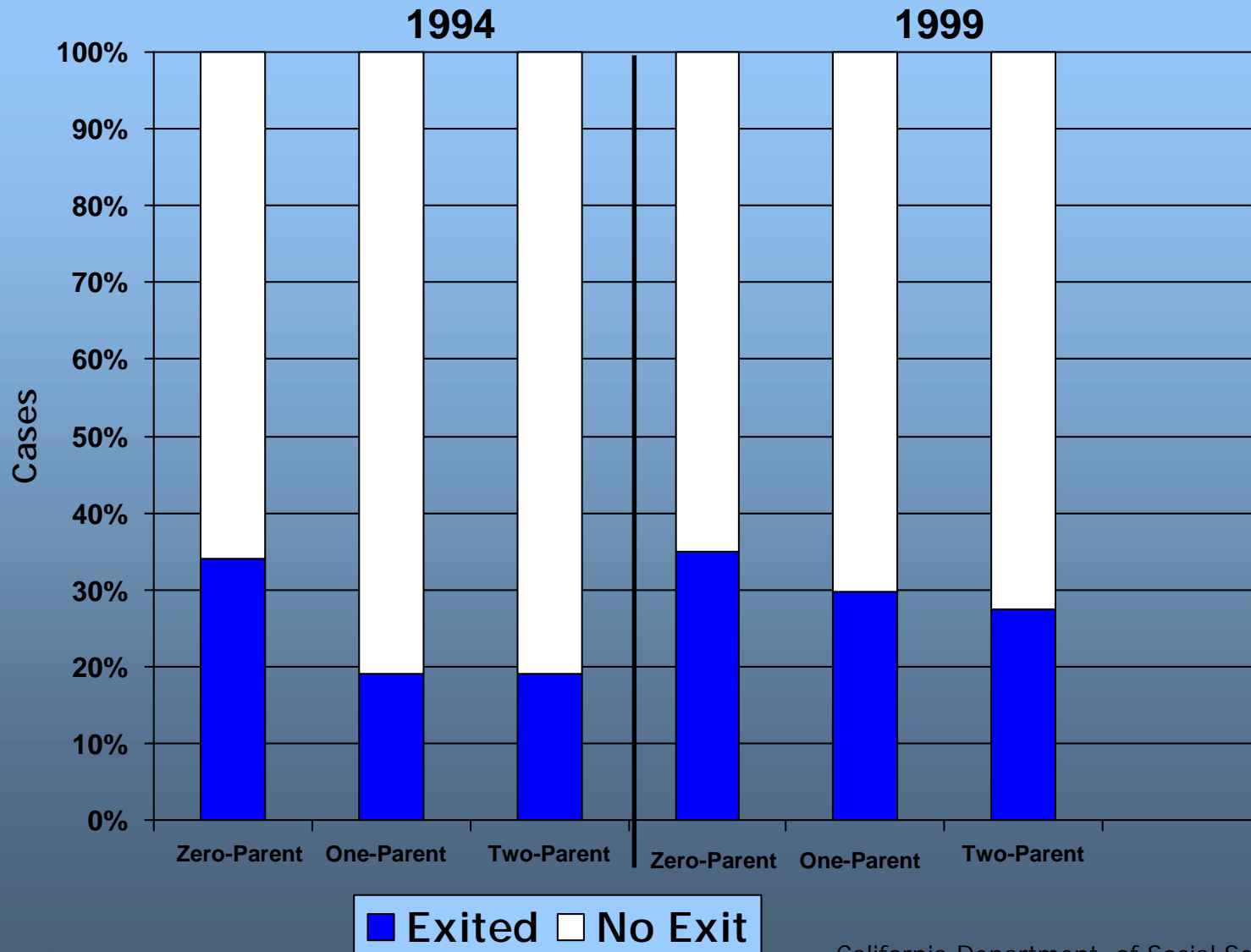
n=1,155,606

CalWORKs 1999



n=811,093

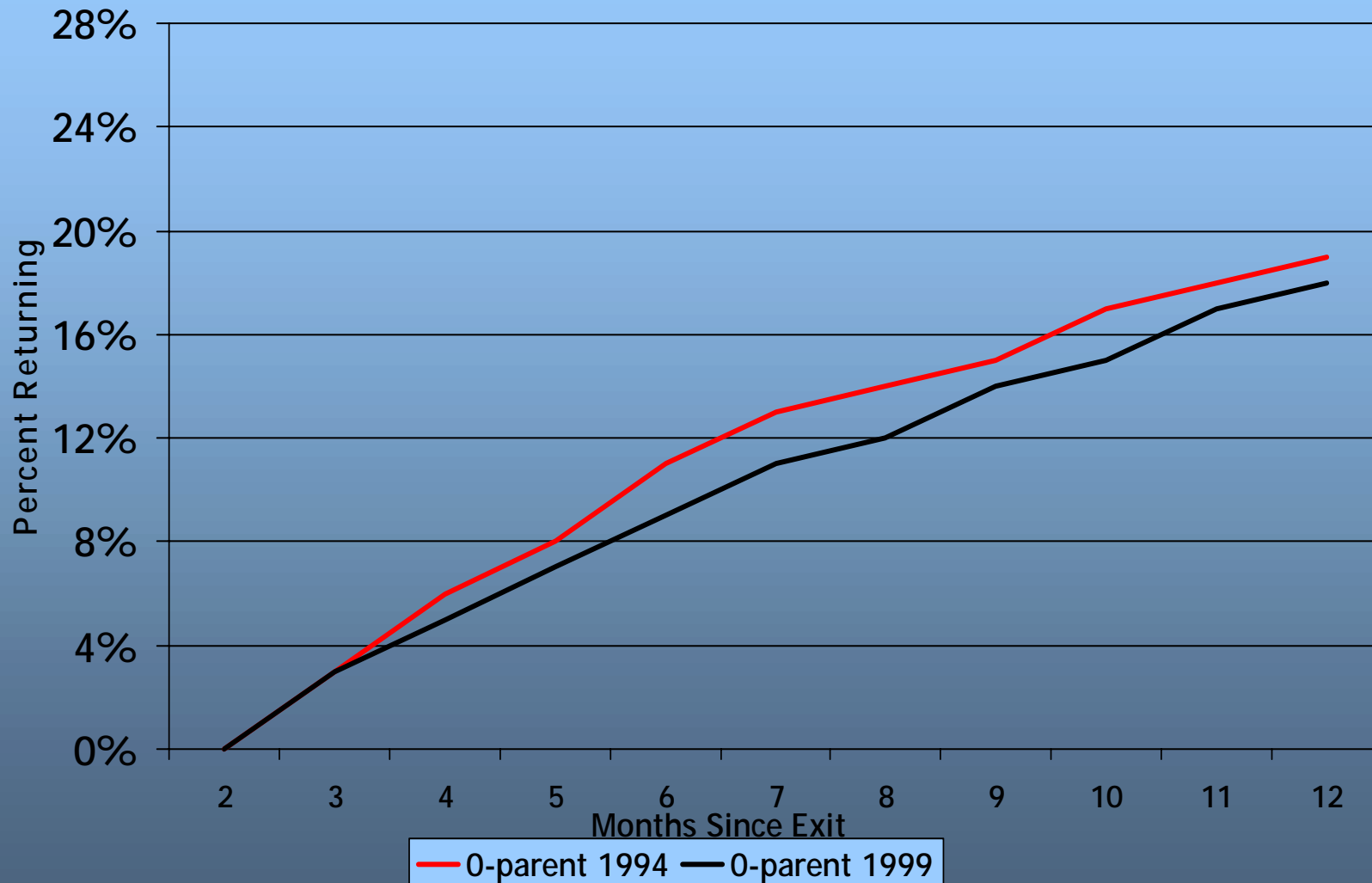
More Cases are Exiting Except for Zero-Parent Cases



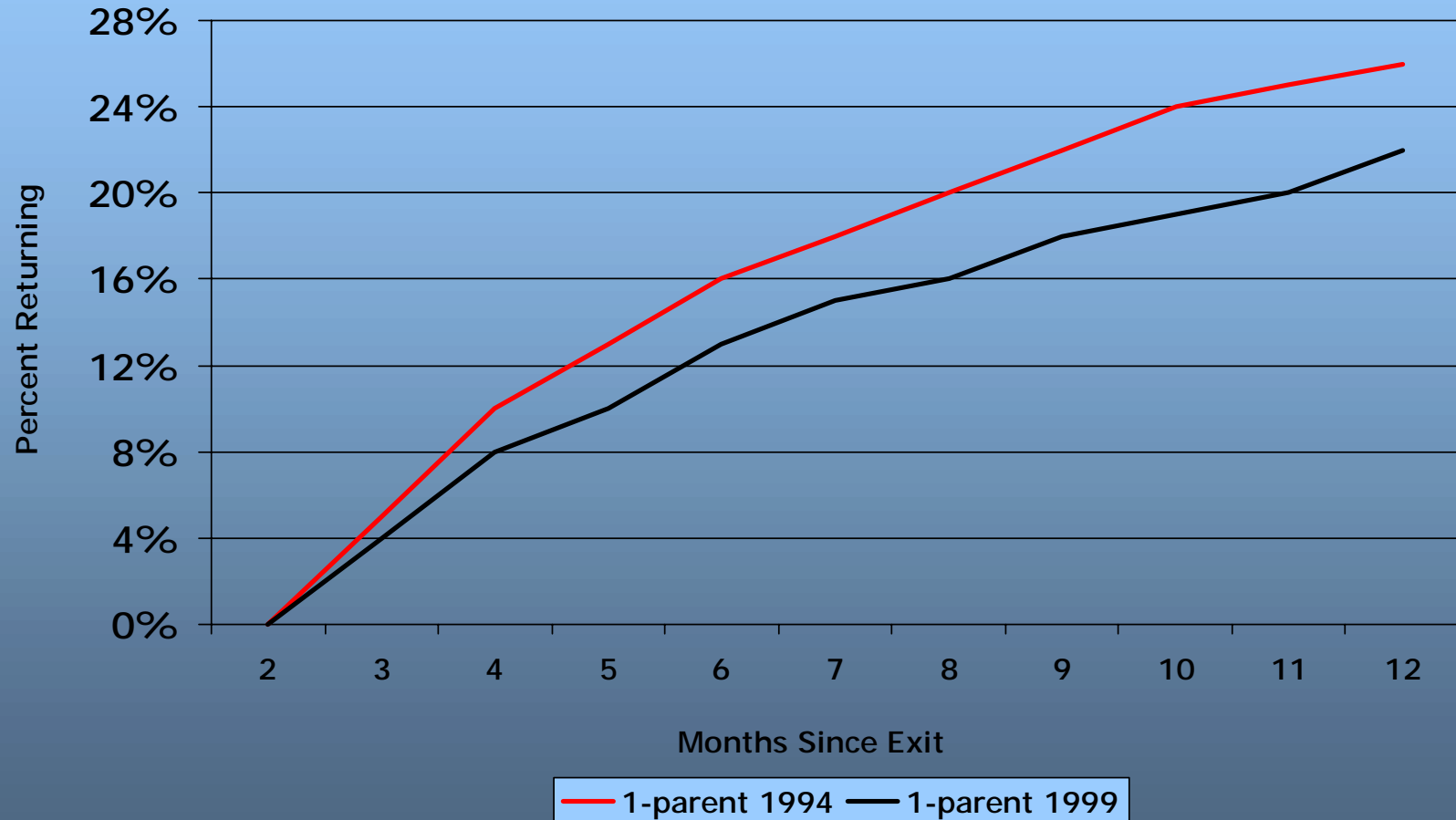
Returning to Aid

- The unit of analysis is a case -- individuals with the same case number.
- Members of the case received aid for at least one month in the year.
- An exit occurred with all the members of the case left aid for at least two months.
- An exit ended when one or more members of the case returned to aid within a 12-month period.
- Only the last exit in the year was examined.

Zero-Parent Cases: Cases returned to aid at about the same rates in 1999 as 1994

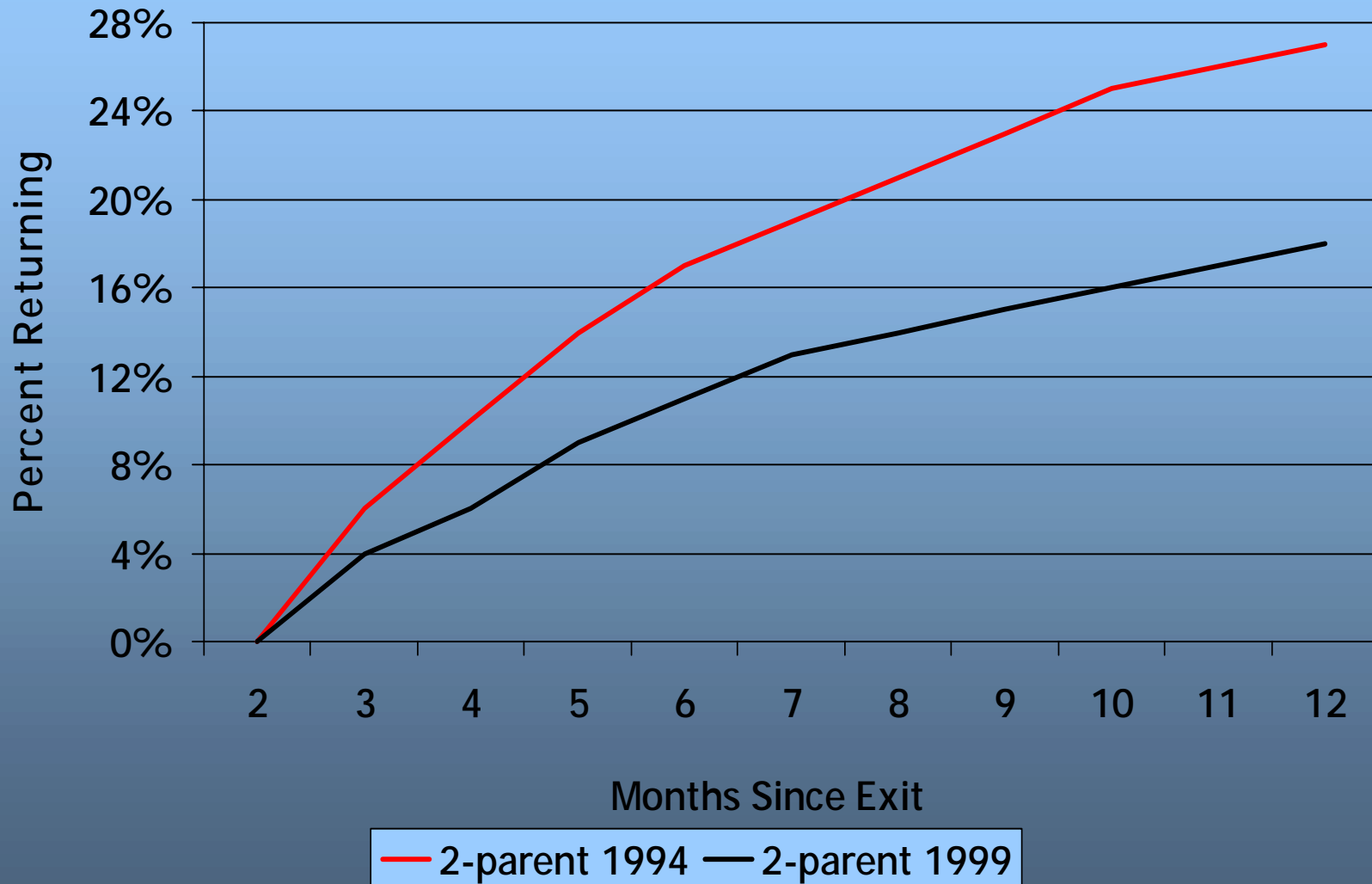


One-Parent Cases: Cases returned to aid at a slower rate in 1999



Two-Parent Cases:

Cases returned to aid at a slower rate in 1999

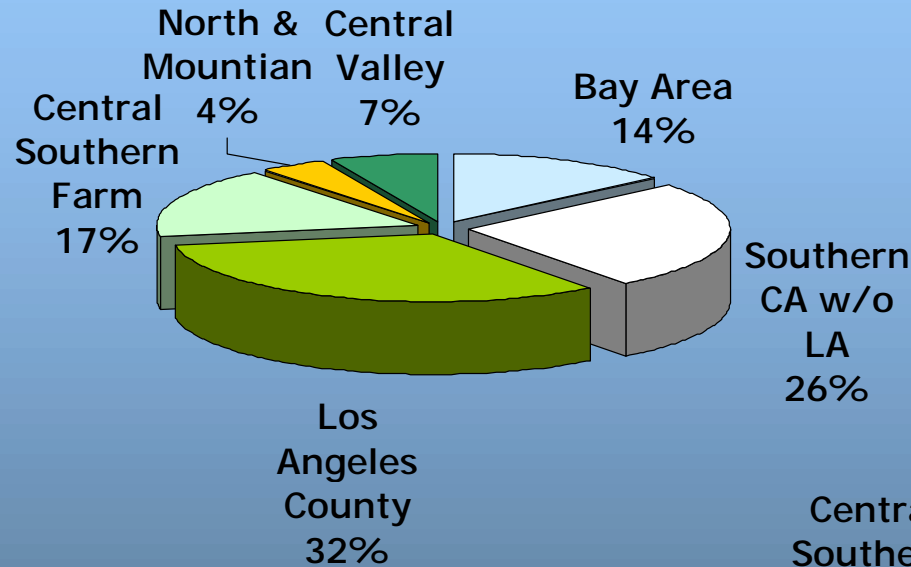


Returning to Aid by Region

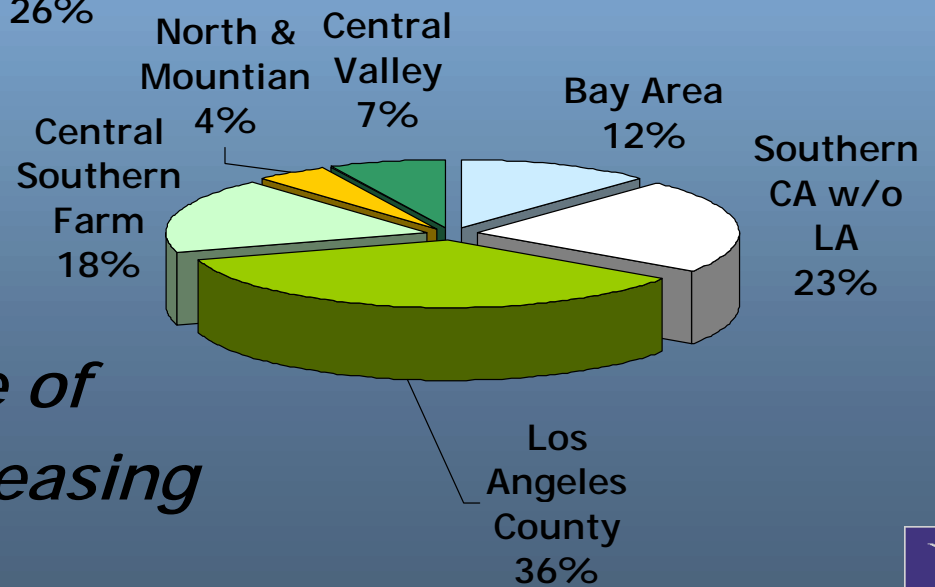


Caseload by Region

1994

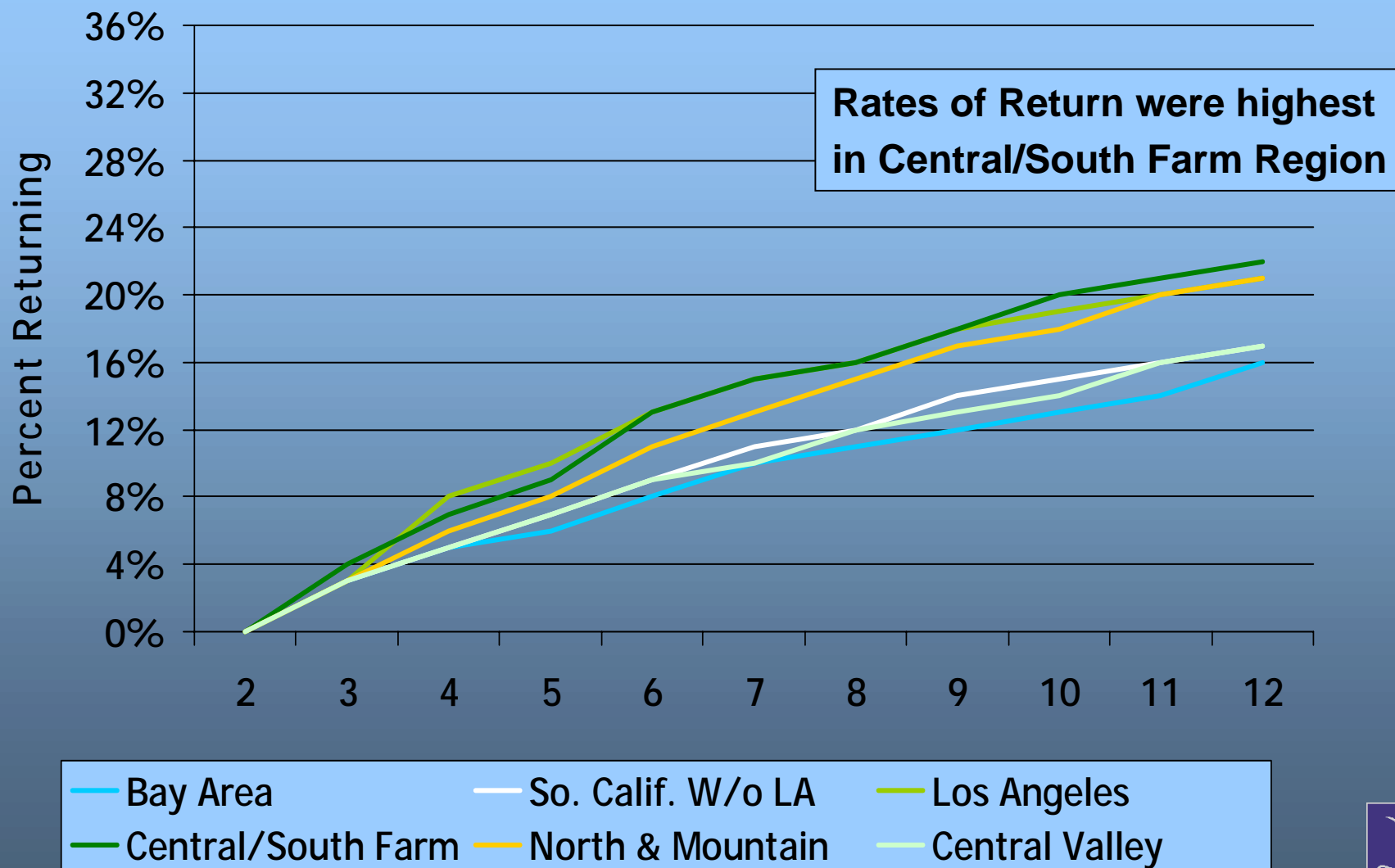


1999

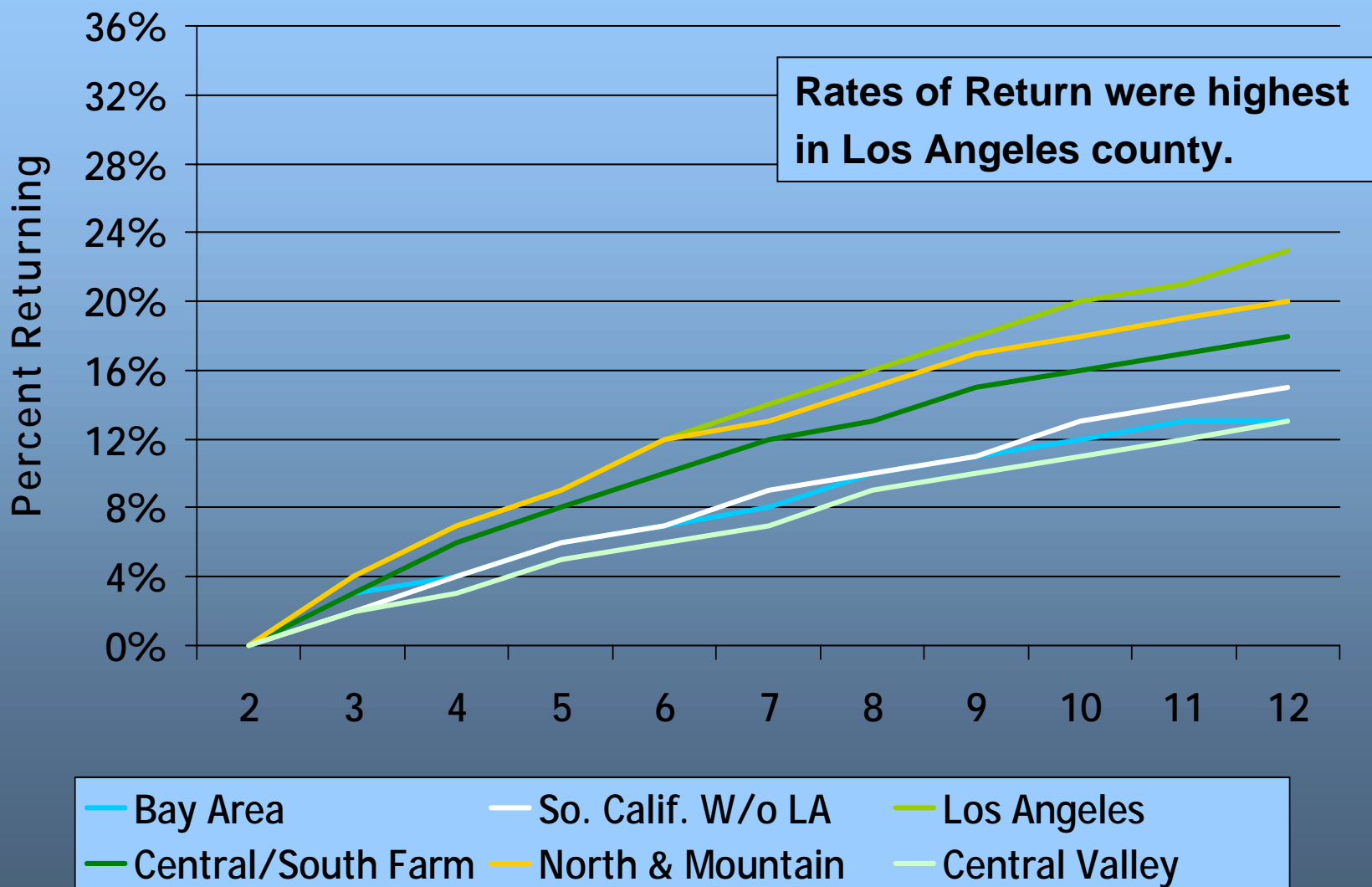


Los Angeles County's share of the State's caseload is increasing

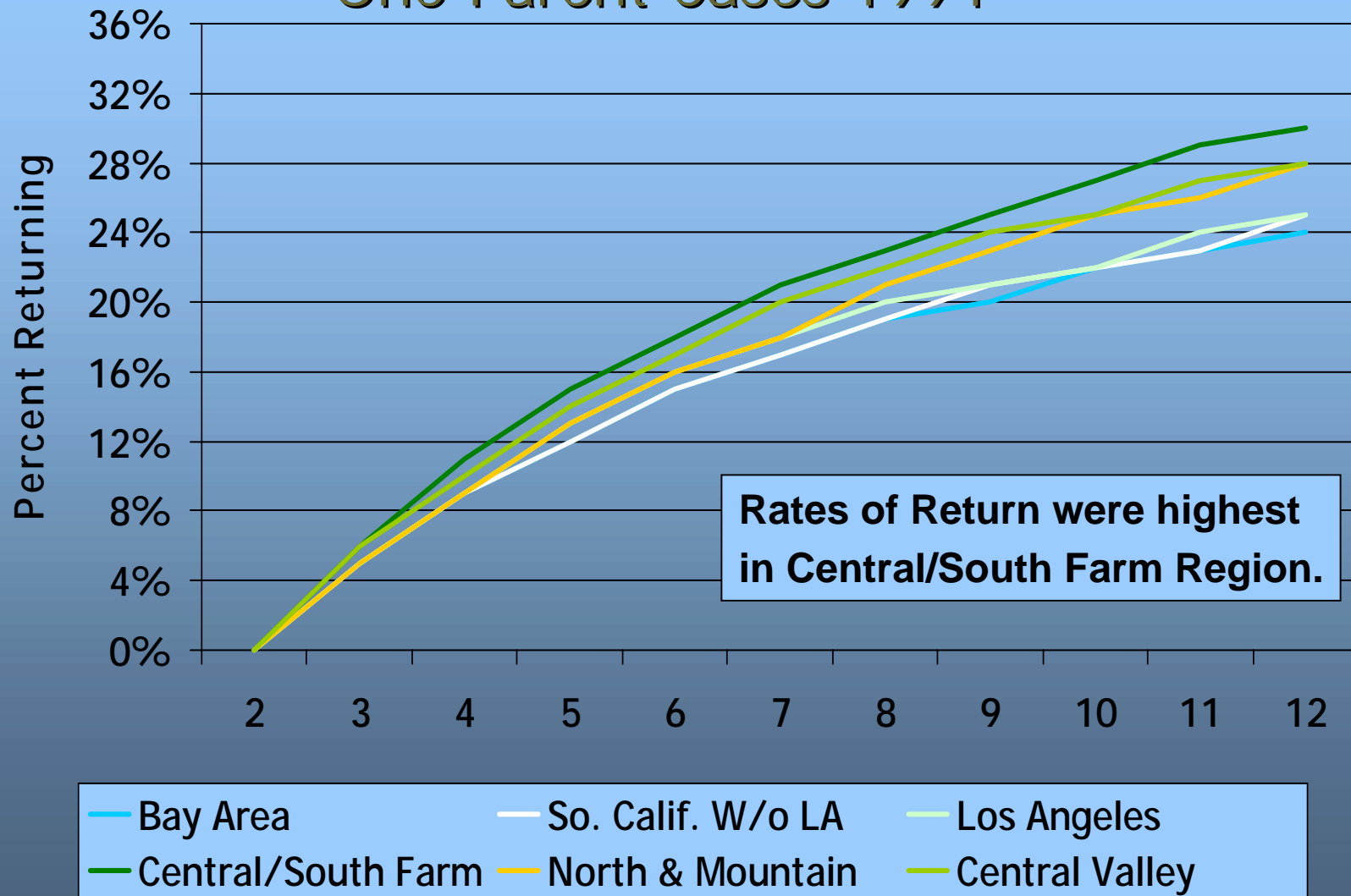
Returning to Aid by Region Zero-Parent Cases 1994



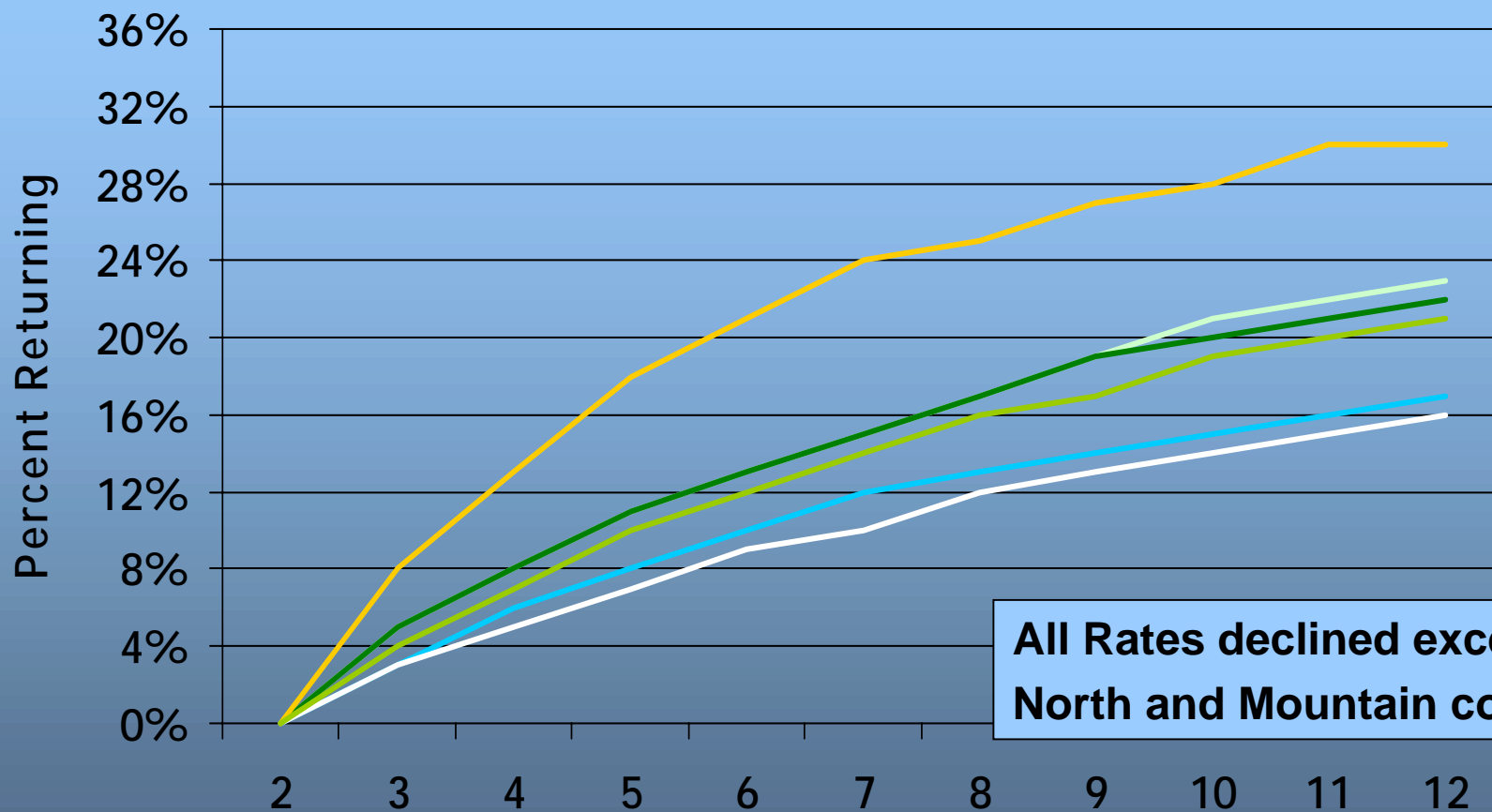
Returning to Aid by Region Zero-Parent Cases 1999



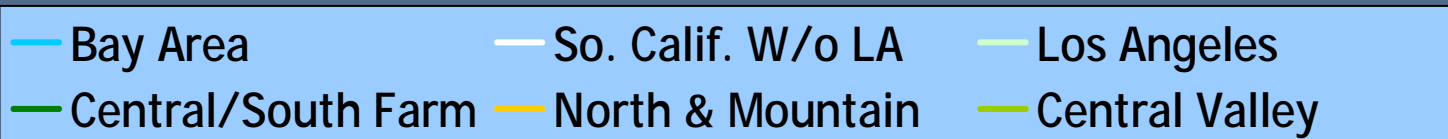
Returning to Aid by Region One-Parent Cases 1994



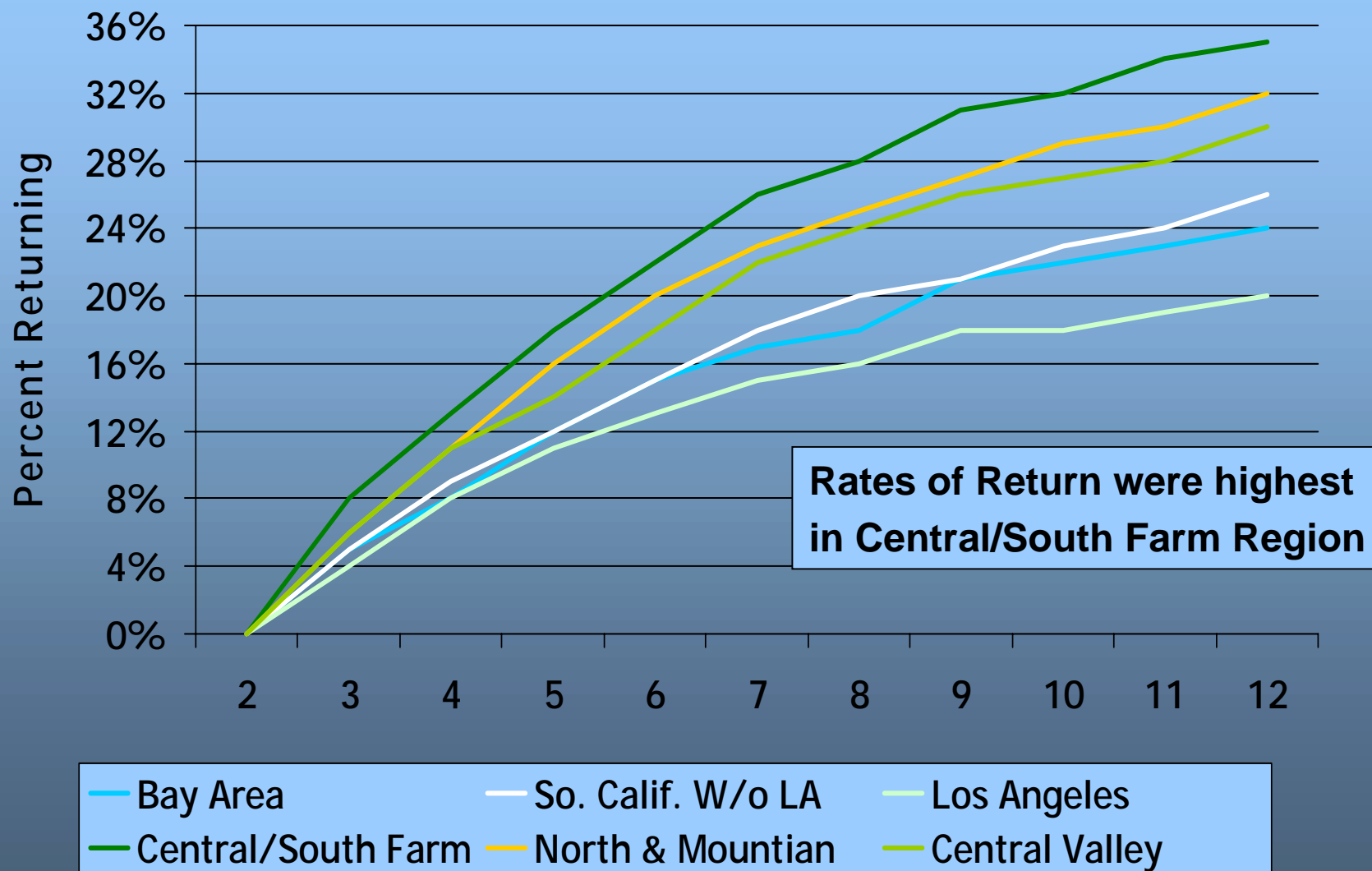
Returning to Aid by Region One-Parent Cases 1999



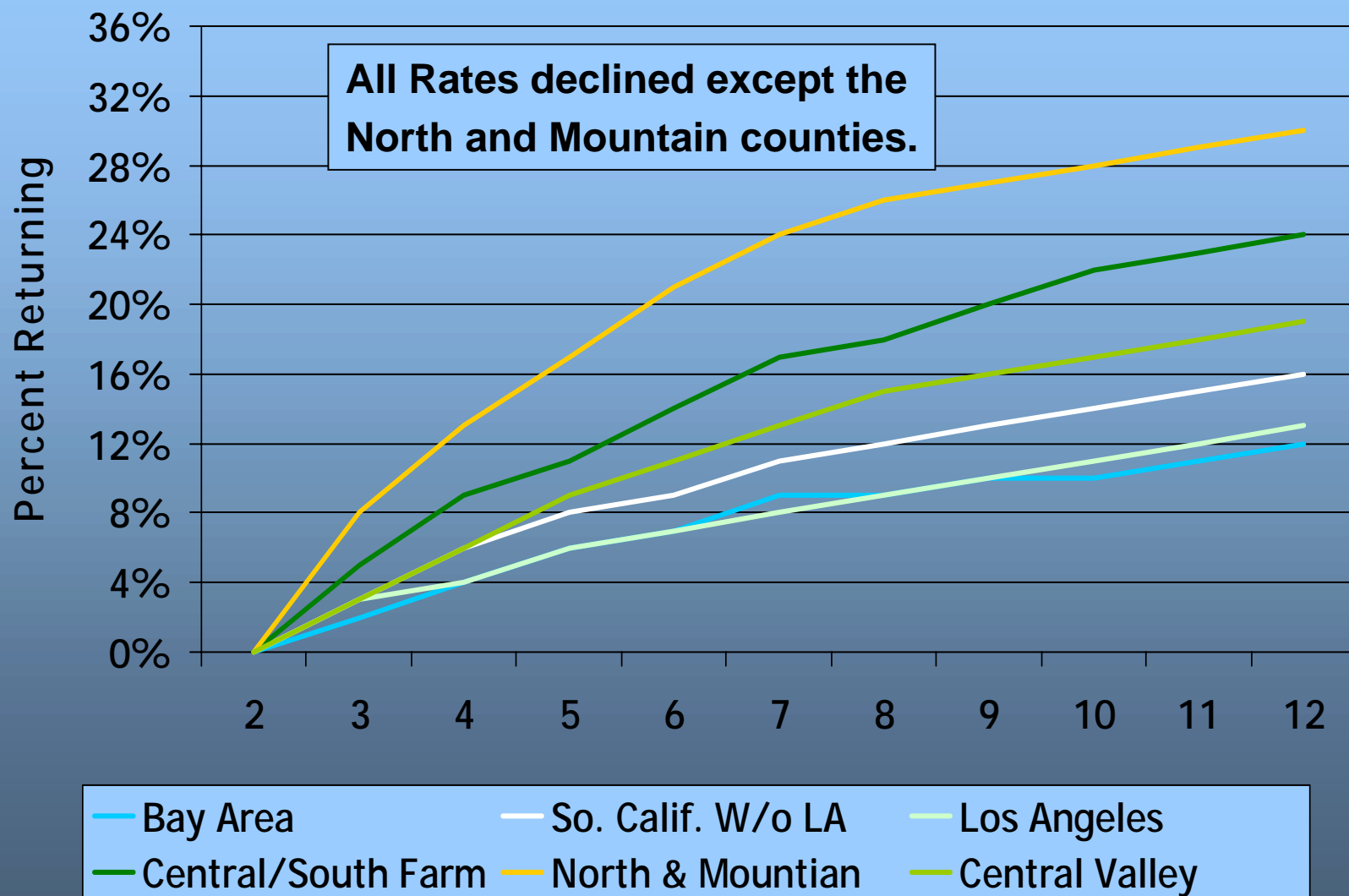
All Rates declined except the North and Mountain counties.



Returning to Aid by Region Two-Parent Cases 1994



Returning to Aid by Region Two-Parent Cases 1999



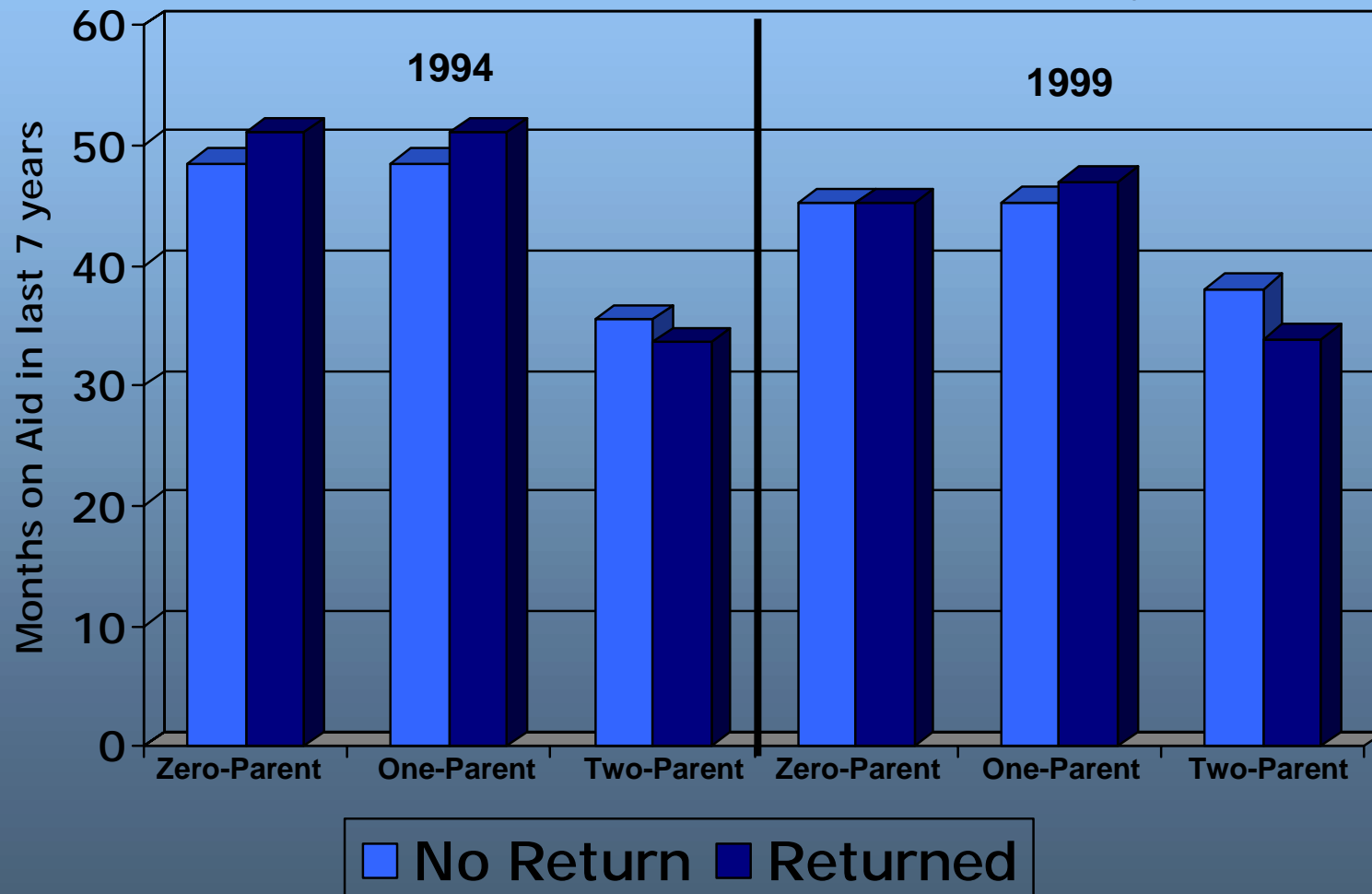
Why Examine those Returning to Aid?

- What are the common family characteristics of leavers that may help us predict who has a higher risk of returning?
- Which families should be targeted for services to reduce the risk of returning?
- Are there program changes that can better serve the higher risk families?
- How can research be focused to identify services needed for high risk families?

AFDC and CalWORKs Cases Leaving Aid Characteristics Compared

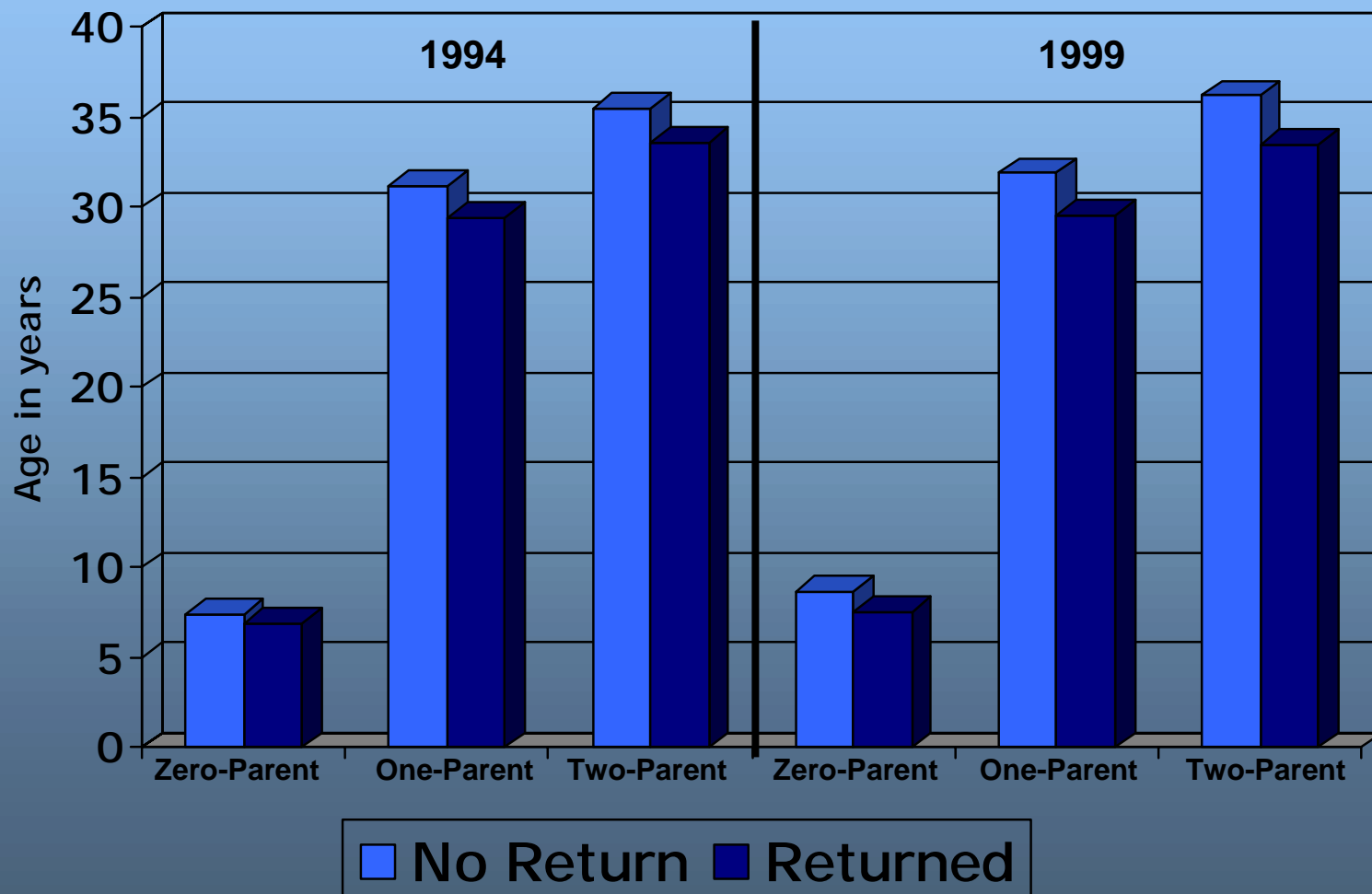
- Time on aid

Zero and One-parent cases with longer aid histories are more likely to return.



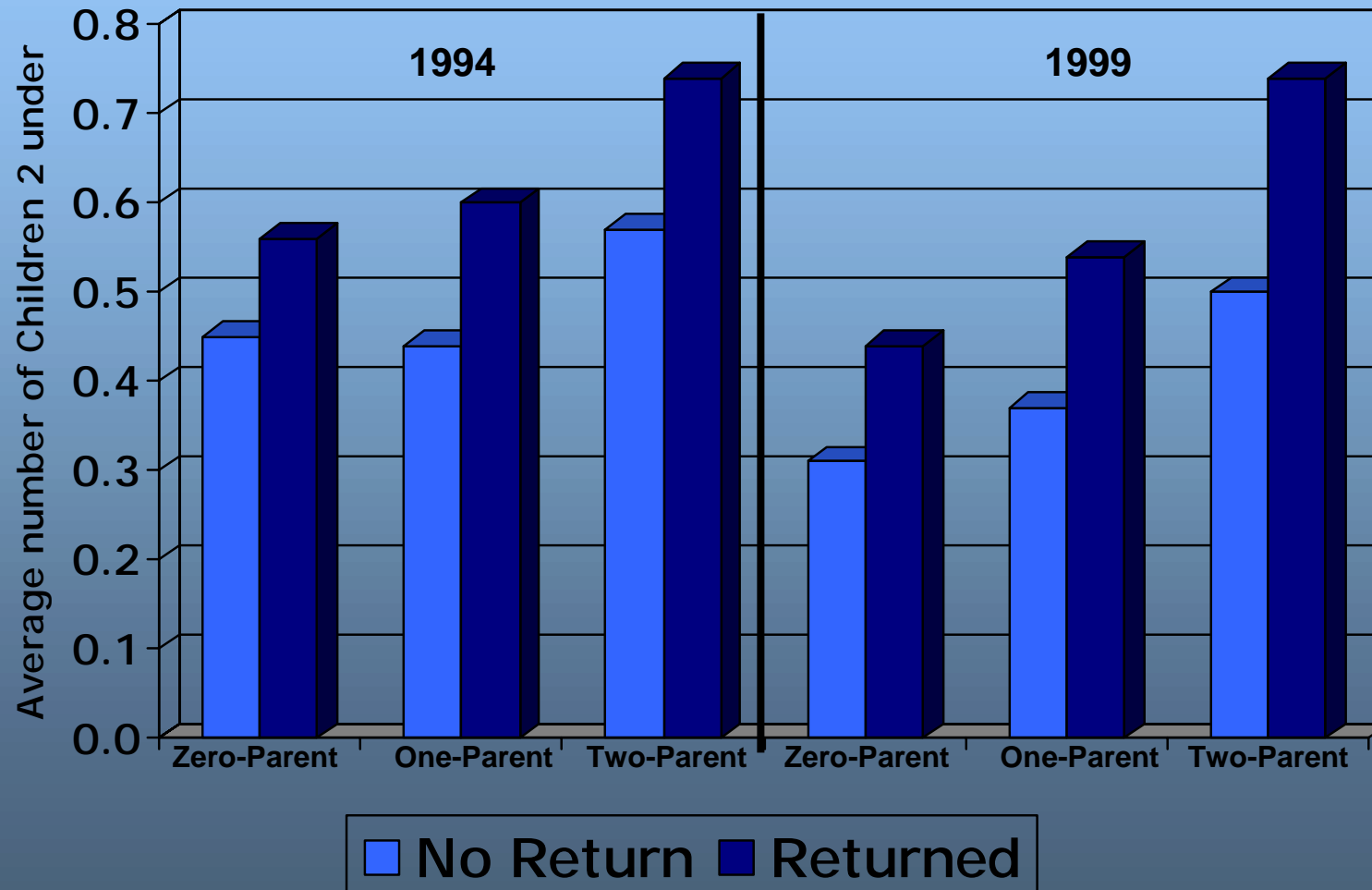
Returning Cases are Headed by Younger Persons

- Mean Age of Oldest Member



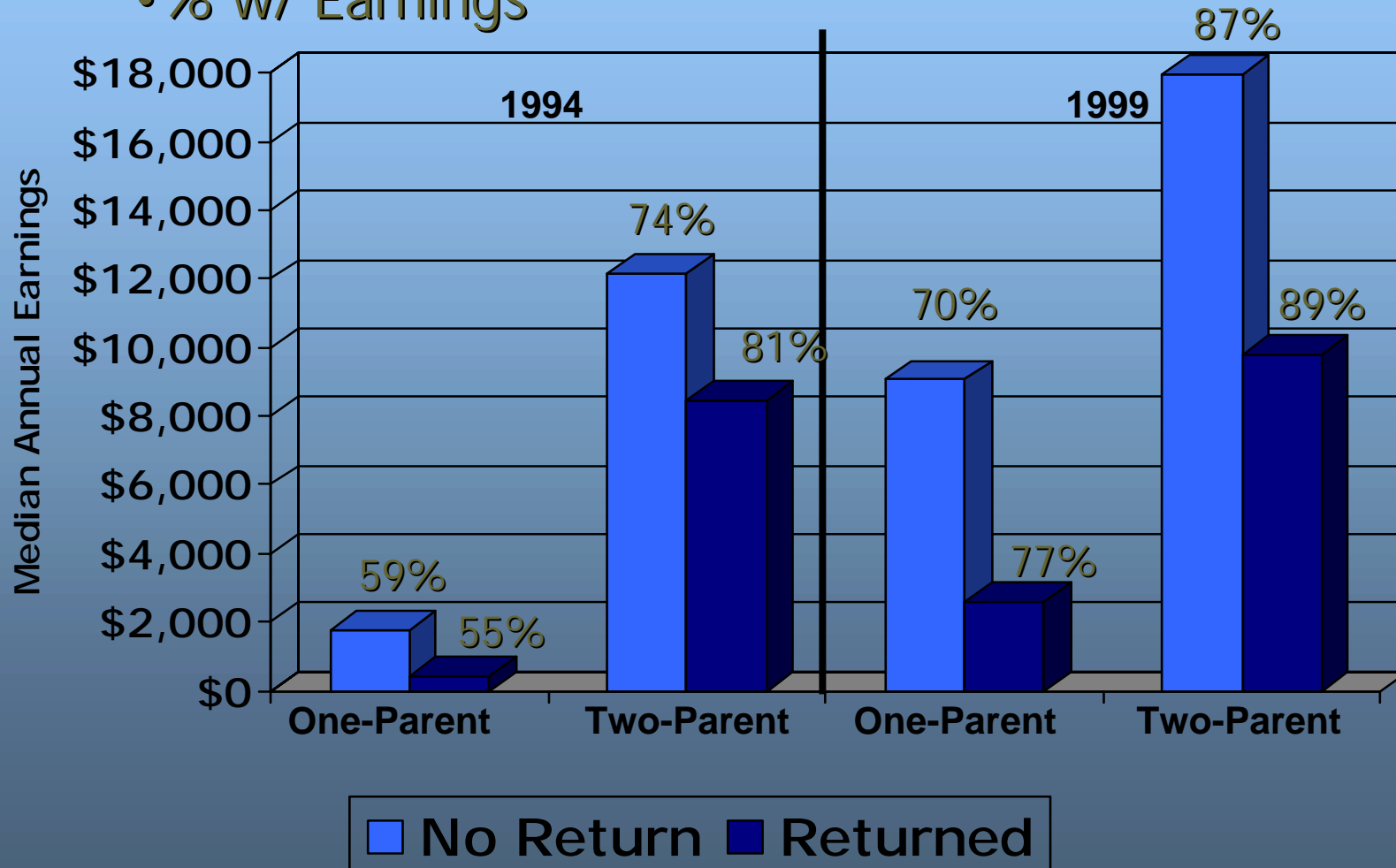
Cases Returning to Aid Have More Children Under Two Years of Age

- Mean Number of Young children



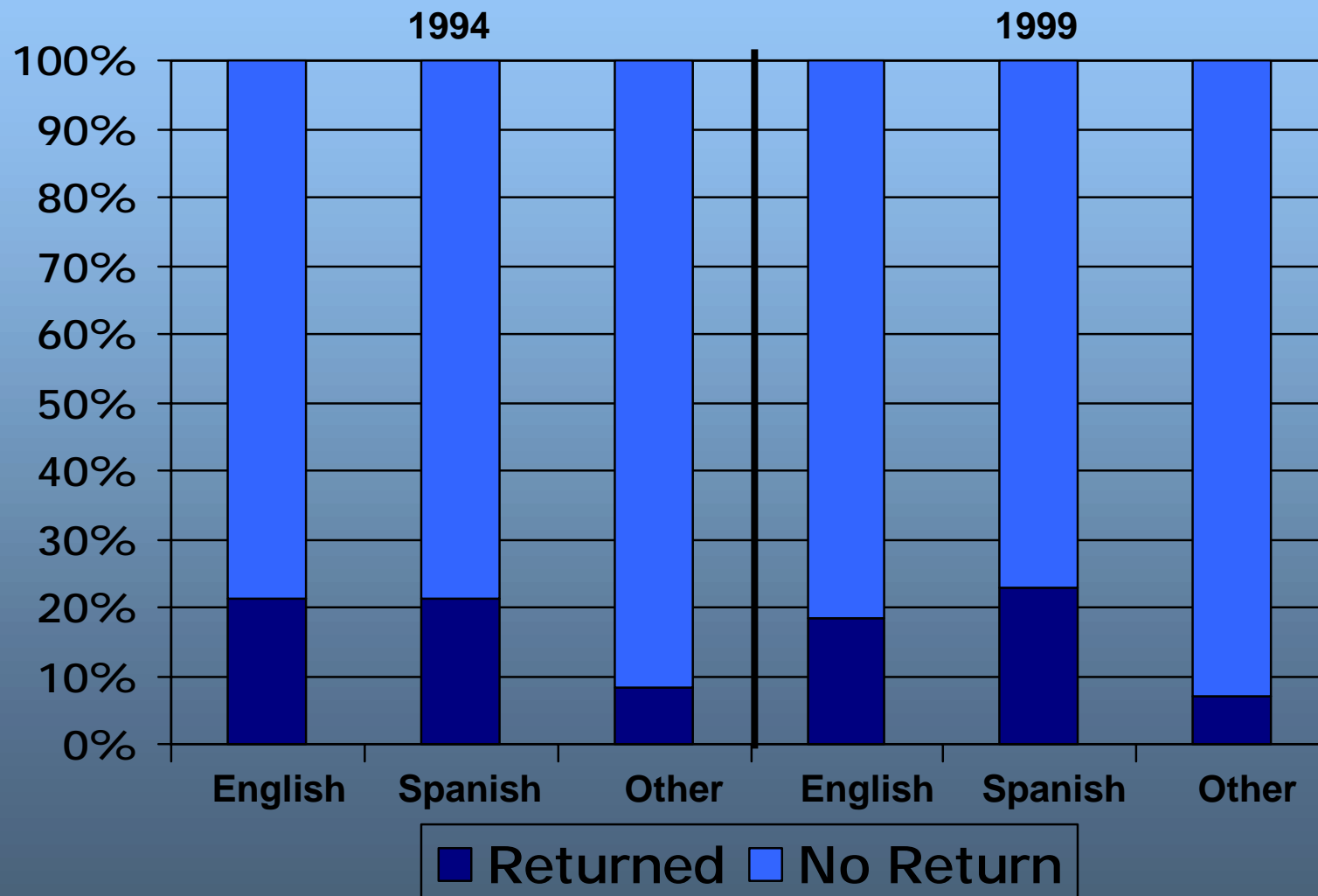
Cases Returning to Aid Earned Considerably Less

- Median Annual Salary (1999 dollars)
- % w/ Earnings



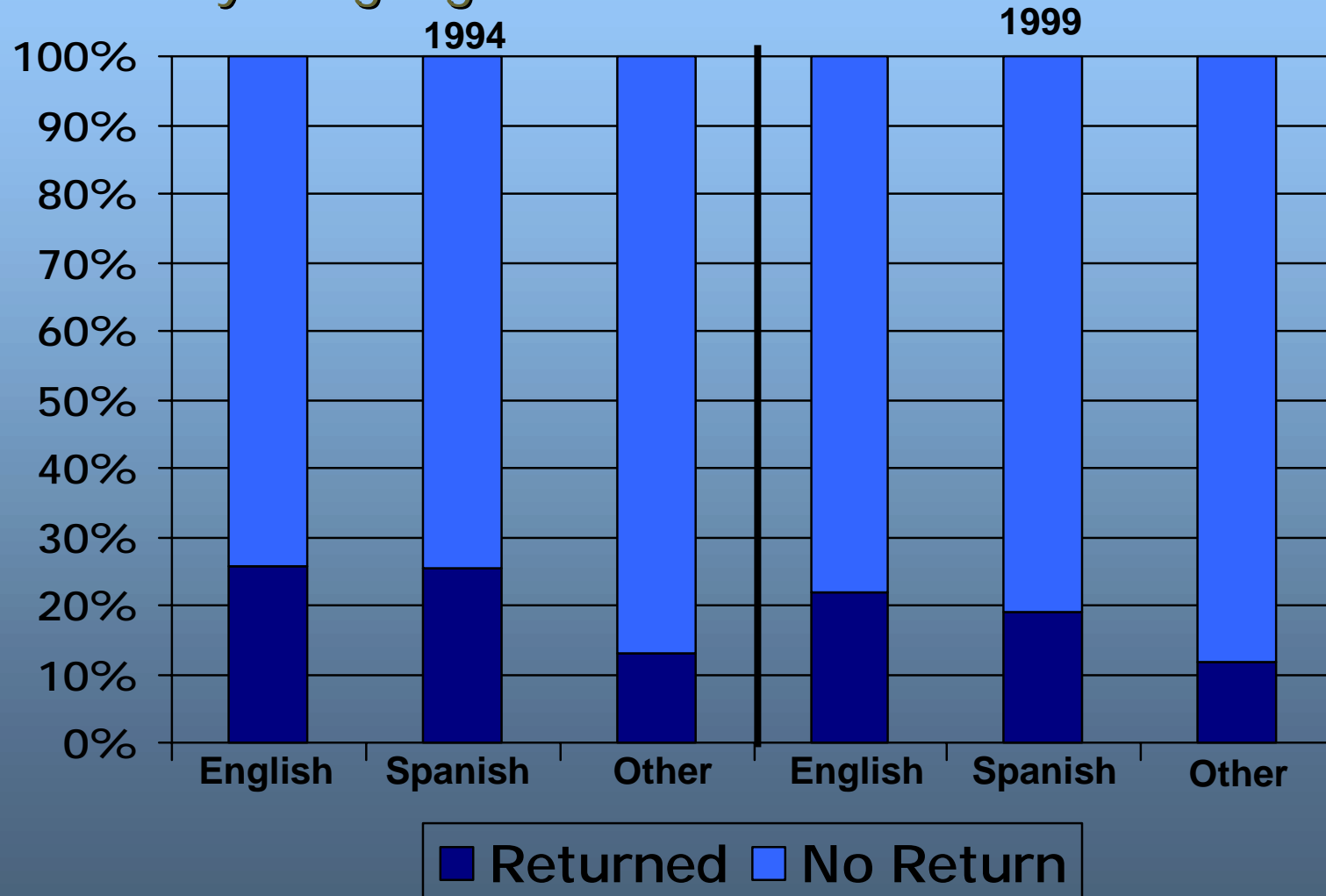
AFDC and CalWORKs Cases Leaving Aid Zero-Parent Cases

• Primary Language



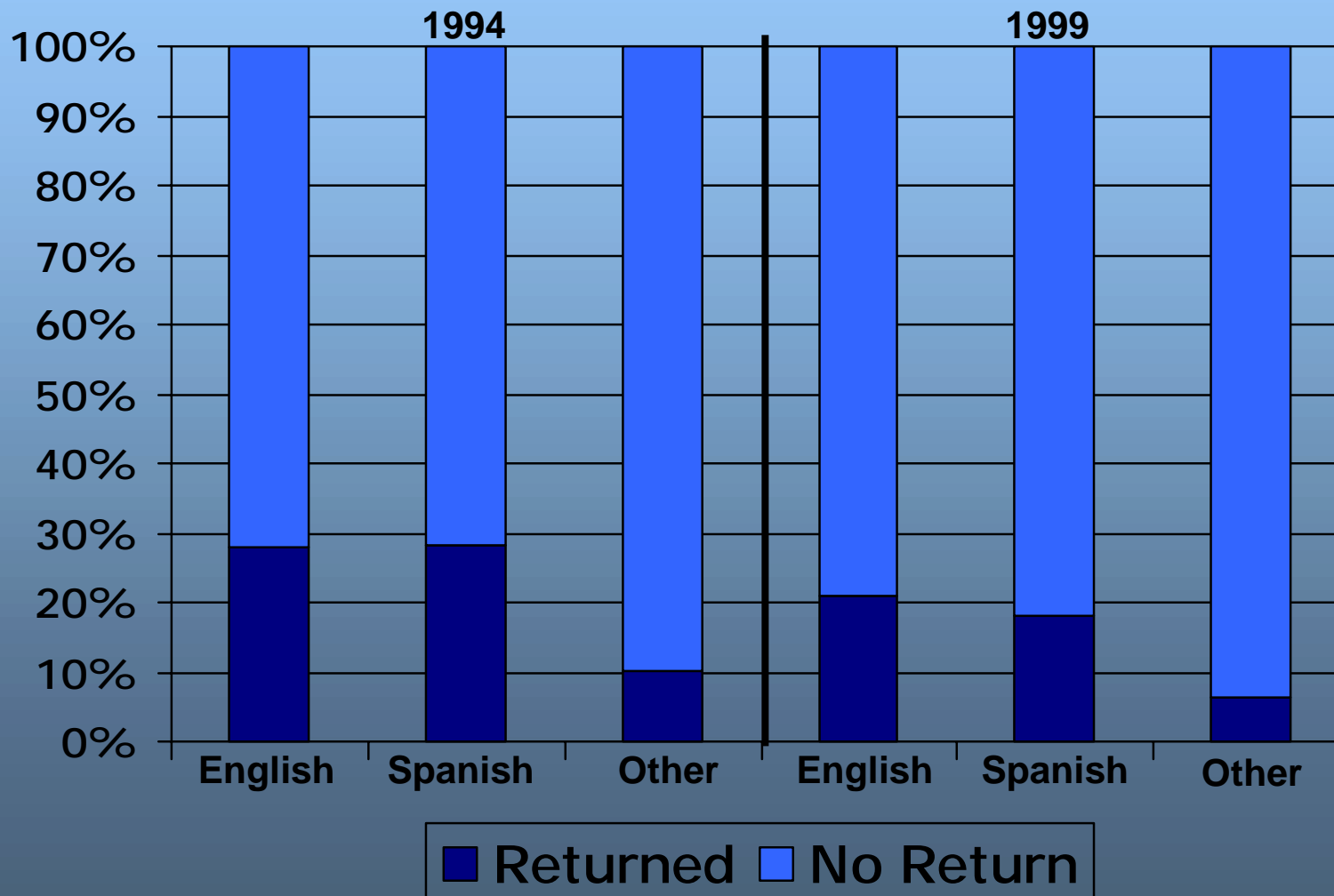
AFDC and CalWORKs Cases Leaving Aid One-Parent Cases

• Primary Language



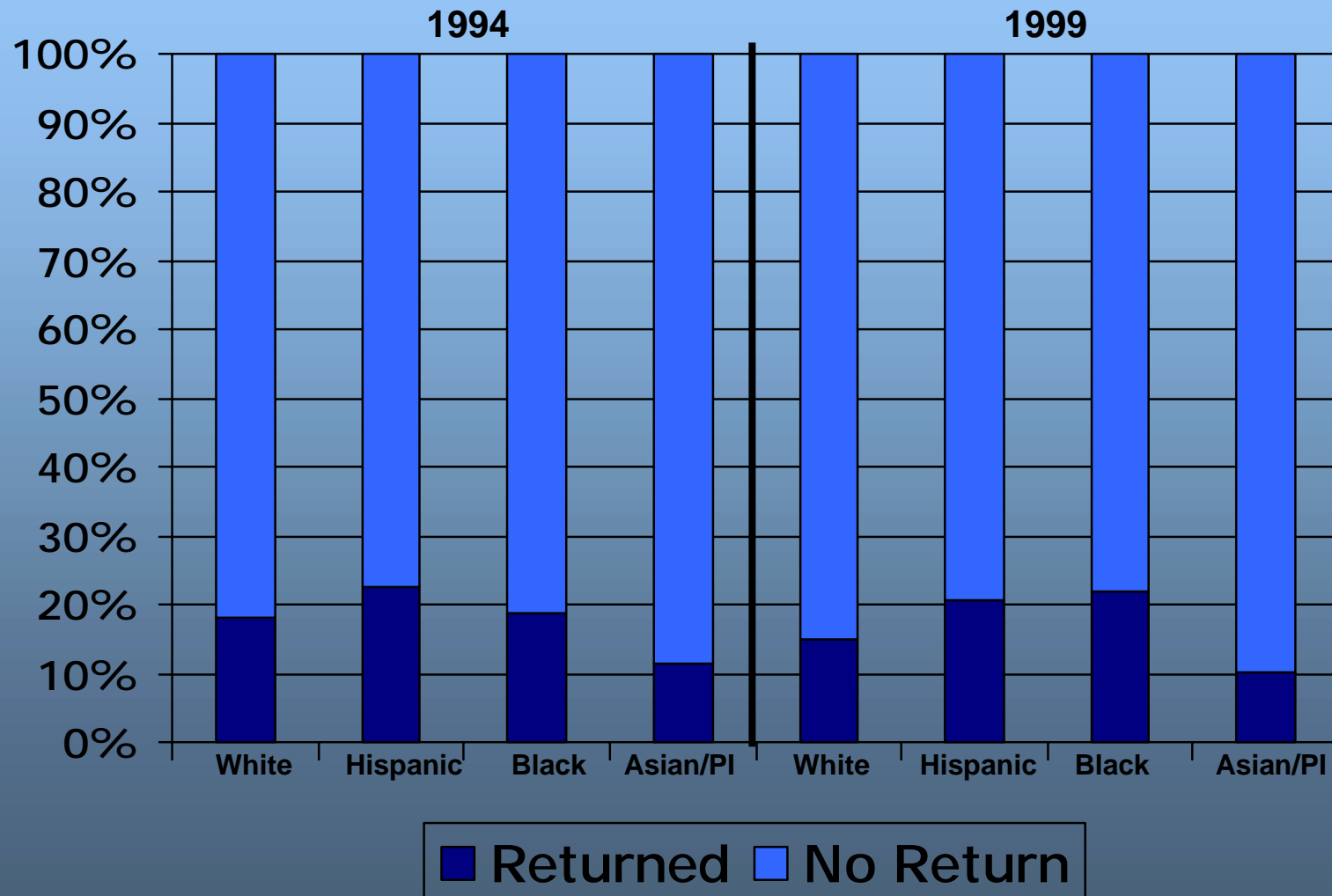
AFDC and CalWORKs Cases Leaving Aid Two-Parent Cases

• Primary Language



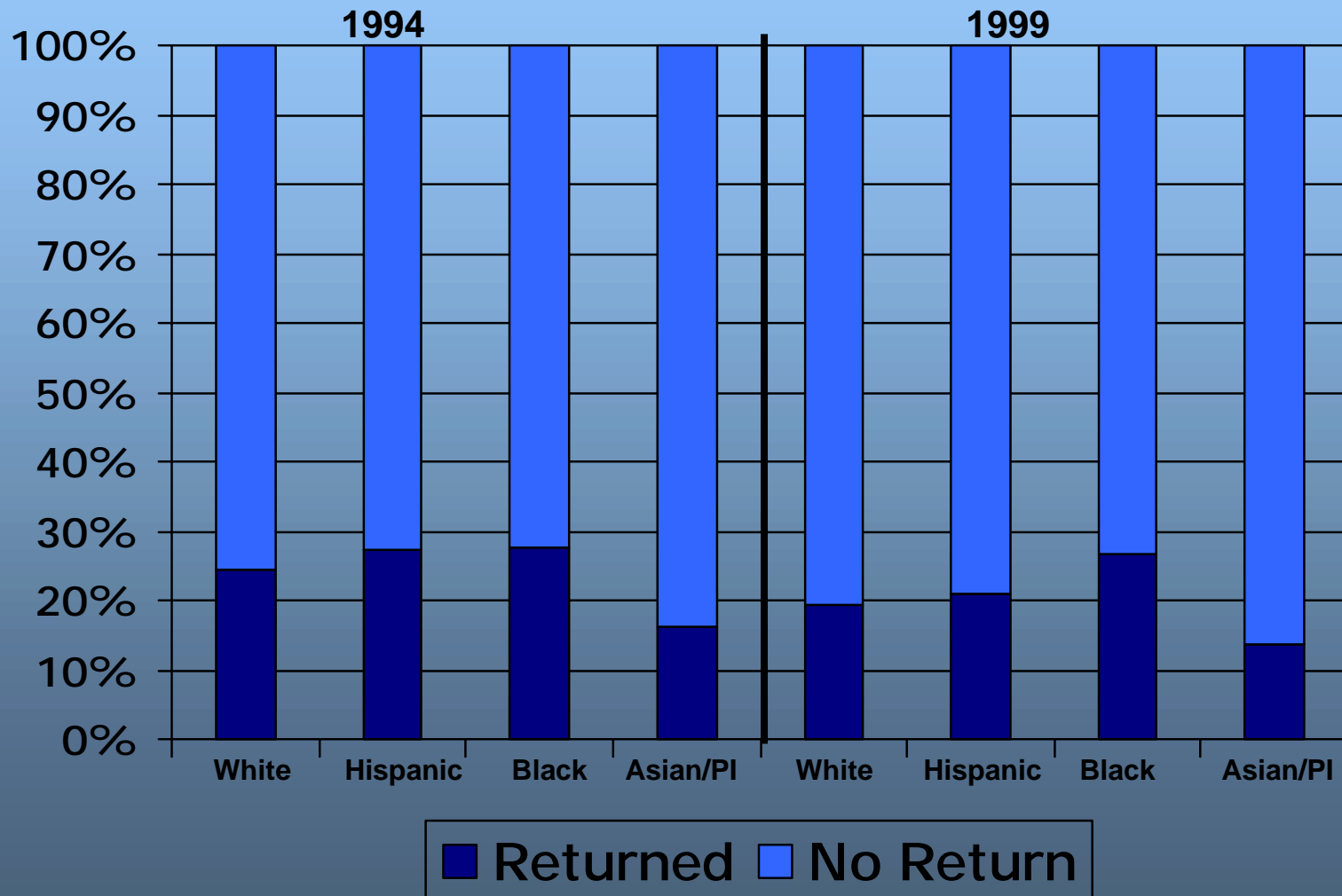
AFDC and CalWORKs Cases Leaving Aid Zero-Parent Cases

• Race/Ethnicity



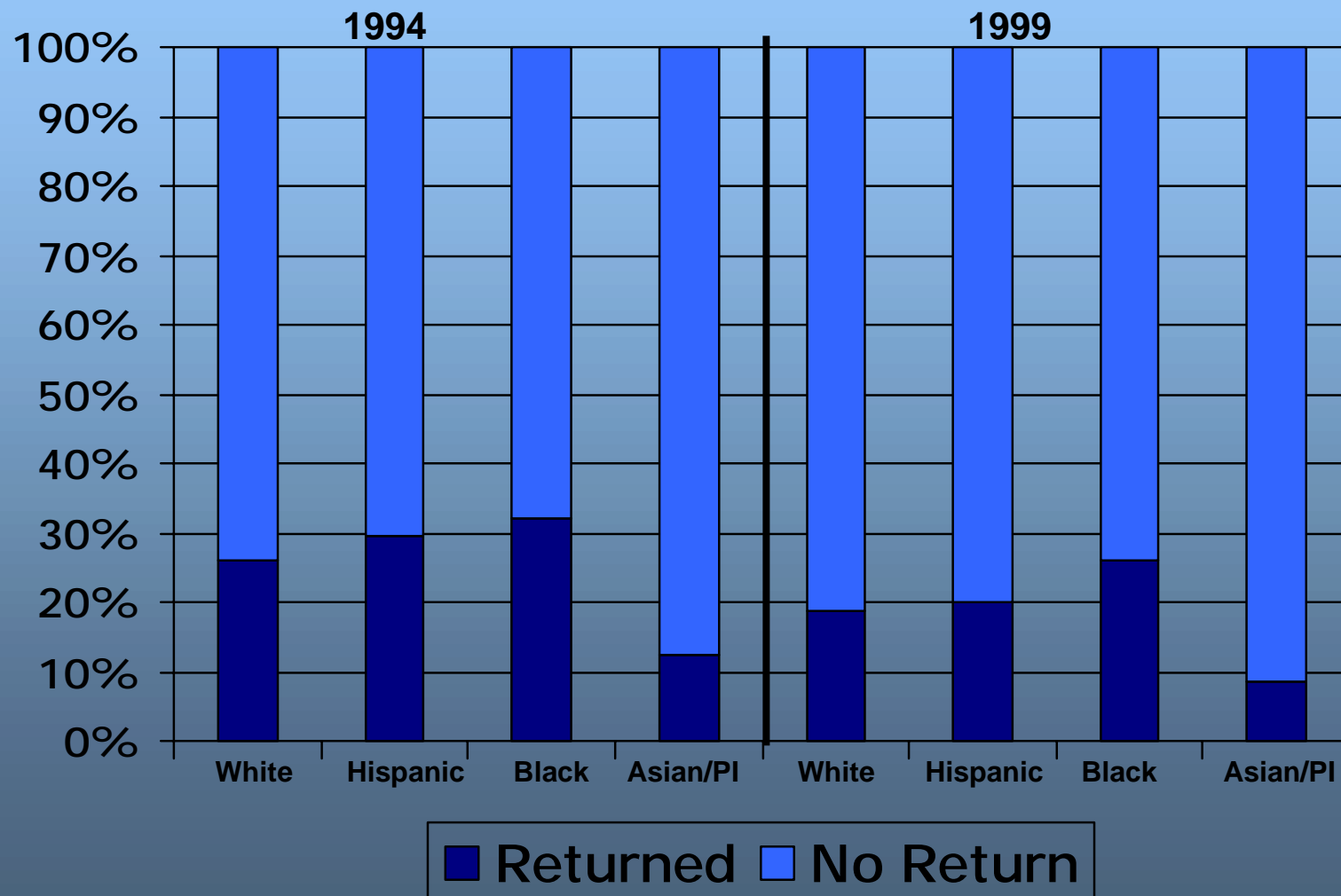
AFDC and CalWORKs Cases Leaving Aid One-Parent Cases

• Race/Ethnicity



AFDC and CalWORKs Cases Leaving Aid Two-Parent Cases

• Race/Ethnicity



Survival Analysis of Case Exiting CalWORKs

Survival analysis is a group of statistical methods for studying the timing and occurrence of events. It is a study of the time between entry into an observation and an outcome or event.

The following tables report the risk of returning to aid within 12 months of exit. These estimates were developed using a survival analysis technique called Cox's Proportional Hazard Regression.

This method reports the relative risk of returning to aid. This technique provides a quantitative measure of the difference in risk between different characteristics of the population of study.

Survival Analysis of Case Exiting CalWORKs

Predicting the Probability of Returning to Aid within Twelve months of Exit.

Zero-Parent Cases

| <u>Characteristic</u> | <u>Probability of Returning</u> <u>1999</u> |
|--|--|
| Each Additional Year of Age of Oldest Member | -2.6% |
| Each Child 2 and under | 39.6% |
| Each month on aid | 0.8% |
| Non-English /non-Spanish speaking | -81.1% |
| Black/Hispanic | 24.3% |

Survival Analysis of Case Exiting CalWORKs

Predicting the Probability of Returning to Aid within Twelve months of Exit.

One-Parent Cases

| <u>Characteristic</u> | <u>Probability of Returning</u> <u>1999</u> |
|--|--|
| Each Additional Year of Age of Oldest Member | -1.7% |
| Each Child 2 and under | 28.9% |
| Each month on aid | 0.7% |
| Each \$1,000 in Annual Earnings | -6.6% |
| Non-English /non-Spanish speaking | -40.9% |
| Black/Hispanic | 34.3% |

Survival Analysis of Case Exiting CalWORKs

Predicting the Probability of Returning to Aid within Twelve months of Exit.

Two-Parent Cases

| <u>Characteristic</u> | Probability of Returning <u>1999</u> |
|--|---|
| Each Additional Year of Age of Oldest Member | -1.1% |
| Each Child 2 and under | 29.9% |
| Each month on aid | 0.0% |
| Each \$1,000 in Annual Earnings | -4.0% |
| Non-English /non-Spanish speaking | -56.9% |
| Black/Hispanic | 33.5% |

Limitations:

Some key characteristics for predicting return to aid, education and mental and physical health, are not available in the data used in this report.

The probabilities of returning to aid are estimates based on the data available and used in the statistical model. While there is high confidence in the direction and magnitude caution should be used when referring to the precise value.

Not all regions are homogeneous. Many counties are both rural and urban areas.

Case types are defined on the basis of the number of aided adults found in the case at the time of exit. After exit there is no accounting for changes in the household composition. Characteristics were not available for unaided persons in the household.

Earnings exclude Federal employment, self-employment, casual labor and unreported earnings.

In Summary:

- Since 1994 fewer families leaving welfare are returning.
- The rates of return have dropped significantly for one and two-parent cases. Rates of return for child-only cases remain close to 1994 rates.
- In all regions except Northern and Mountain counties the rates at which families have returned to aid has decreased since 1994.
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Gray Davis, Governor

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Department of Social Services

Rita Saenz, Director