

Who Returns to Welfare?

Pamela Loprest

Millions of families exited welfare after the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Within a relatively short period, however, many had returned to welfare. For these families, leaving the Temporary Assistance for Needy Families (TANF) program is not a permanent transition.¹

Movement on and off welfare as families' circumstances change is not new. Before and after the 1996 reforms, similar fractions of the welfare caseload moved on and off welfare (Ellwood 1986, Bavier 2001). While always a signal of how difficult it is for families to move to self-sufficiency, such cycling can now affect benefit eligibility. PRWORA limited the amount of time a person can receive benefits over his or her lifetime to, in most cases, 60 months or less. Thus, repeated stretches of welfare use, which all apply to the limit, can eventually rule out the option of returning to welfare, regardless of need. Cycling also raises questions about what more welfare (and other) programs could do to help recipients who are leaving welfare stay off.

This brief examines how often clients leave and return to welfare, which welfare leavers are the most likely to return, and the role of transitional supports in limiting returns. Drawing primarily on data from the National Survey of America's Families (NSAF), the analysis examines families that left welfare for at least one month in the 1997–99 period and were back on welfare at the time of the 1999 survey.²

The results show that, on average, more than a fifth of families leaving welfare returned. Many of these returning recipients had originally left assistance for work. Former recipients with little education, lim-

ited work experience, and poor health were particularly at risk of needing welfare again. Notably, families that used transitional support services—such as child care, health insurance, and help with expenses—were less likely to return. Unfortunately, relatively few families took advantage of these transitional services.

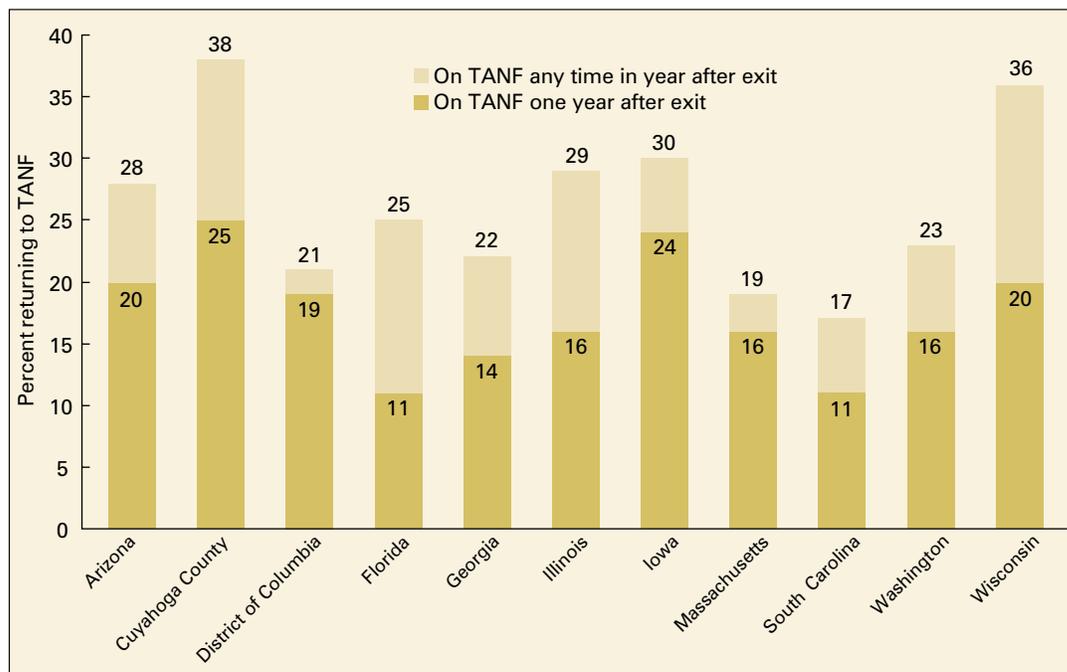
The high rates of movement on and off welfare suggest that many TANF leavers need greater help once they stop receiving benefits. One approach is for welfare offices to broaden their client base to include individuals who have recently left welfare, especially those with characteristics associated with higher return rates. Some states and localities are already taking steps to follow sanctioned returners' progress and to offer job retention and advancement services to working former recipients.

How Often Do Former Recipients Return?

By most measures, in the late 1990s, a large percentage of families that left welfare subsequently returned. Of all U.S. families that left welfare between 1997 and 1999, about 22 percent had returned by 1999.³ Separate studies of state and county welfare leavers reveal similarly significant off-and-on movement (figure 1).⁴ In these studies, the percentage of leavers back on TANF one year after exit ranged from a low of 11 percent in Florida and South Carolina to a high of about 25 percent in Cuyahoga County (Cleveland, Ohio) and Iowa. Many more families returned to welfare at some point in the year after exit. In almost all 11 studies, 20 percent or more of families exiting welfare returned within the first

Returns to welfare could be reduced by better connecting families exiting welfare to transitional benefit programs and other support services.

FIGURE 1. Former Welfare Recipients Returning to TANF, Results from 11 Geographic Studies (percent)



Source: Data taken from Acs and Loprest (2001) Table IV.1. All statistics are based on state/local administrative data for exits ranging from mid-1997 to early 1999.

Note: Data for "on TANF one year after exit" are from the fourth quarter after exit except for Florida and Illinois, where data are for the twelfth month after exit.

year after exit. Higher returns at any point within a year after exit relative to one year later indicate a fair amount of cycling, or movement back on and off TANF.

Returns High among Sanctioned Recipients and Workers

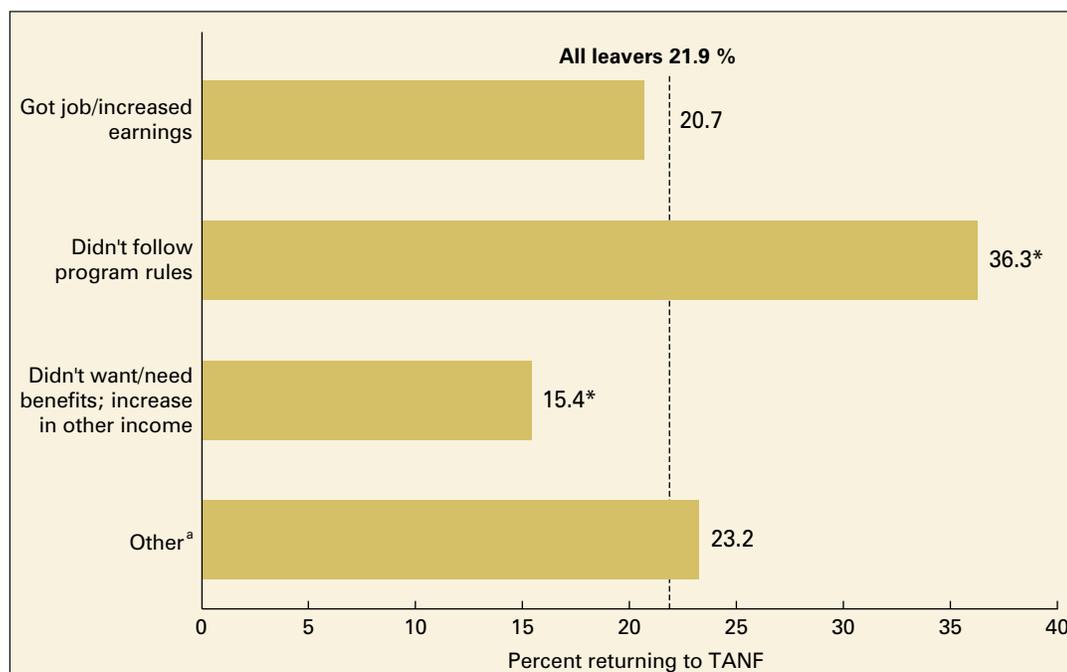
Not all returns to welfare require the same program action or signal the same level of recipient need. Adults returning to welfare after losing or leaving a job may need different types of services or programs than adults who did not leave for work and have little job experience. Many of the returning recipients that left after being sanctioned have complied with rules and regained access to needed benefits. For these families—which tend to have greater barriers and worse outcomes than other former recipient families (GAO 2000; Westra and Routley 2000)—returning to TANF can be viewed as a positive short-term outcome.

The NSAF survey data do not report the reasons families return to welfare. The survey results do, however, contain the

reasons former recipients originally left welfare. These data allow us to compare the differences in rates of return to welfare across reasons for leaving. The reasons for leaving TANF have been grouped into four categories (figure 2). The most common reason for exit among all leavers (51 percent) was getting a job or increase in earnings. Another 22 percent of leavers left because they didn't want or need TANF benefits or they had an increase in income other than earnings. Thirteen percent of leavers left because they did not follow program rules. Finally, 14 percent left for other reasons, including those who moved or reached the end of a time limit.

Returns to TANF among those who left for work are relatively high, similar to the average return rate across all reasons for leaving (figure 2). Among those who left TANF for work or because of higher earnings, almost a fifth (21 percent) return to TANF. Some recipients reporting work as their reason for leaving do not end up employed—for example, because a job offer falls through or the candidate fails to report for work. Estimates using employ-

FIGURE 2. Return Rates by Reason for Leaving TANF (percent)



Source: Author's calculations from the 1999 National Survey of America's Families.
 a. Other reasons include moved, reached end of time limit, refused, and not classified other.
 * Significantly different from percentage of all leavers returning at the 90 percent confidence level.

ment history data from the NSAF show this may be true for about ten percent of those returning to TANF after leaving for work.⁵ Even taking this into consideration, almost half of all former recipients returning to welfare likely lost their jobs, left their jobs voluntarily, or earned too little to remain self-sufficient. Indeed, the number of welfare returners who lost or left their jobs was likely larger, as some adults who left for nonwork reasons likely became employed in the time before they returned to welfare.⁶

Of the four reasons people gave for leaving, those who left because they did not follow program rules were the most likely to return, with a return rate of 36 percent.⁷ Returners in this category originally left because they failed to meet a TANF program requirement; some then resolved the compliance issue and returned to welfare. As suggested earlier, these returns may be of less concern or even viewed positively because they signal families meeting TANF rules. In addition, the time off TANF for these families is limited. Families leaving due to noncom-

pliance appear to return more quickly than those who left for other reasons. According to state studies, about one-third of families losing benefits due to sanctions come back into compliance within a few months (GAO 2000). Evidence from the NSAF data also suggests faster returns for this group.⁸

A third group of returning families originally left welfare because they no longer needed or wanted benefits (for instance, because the process was “too much of a hassle”) or because they had received income from another source, such as disability benefits. Families falling into this category had the lowest return rate of all four categories, 15 percent. Finally, about 20 percent of families returning to welfare originally left for other reasons, including moved out of the area or reached a time limit. The rate of return for this group is not significantly different from the rate for all leavers, 23 percent compared with 22 percent.

Who Returns to Welfare?

Recipient characteristics that predict low wages and less work also predict higher

welfare return rates. These characteristics of family heads include having low education levels, accruing little work experience, being in poor health, and being black (figure 3).⁹ Black former recipients have a much higher likelihood of returning to welfare (32 percent) than Hispanic (24 percent) or white (13 percent) leavers. Blacks' higher return rate may be in part because this group has lower levels of education and work experience.

Former recipients who last worked more than three years ago (39 percent) and those in poor mental or physical health (28 percent) were also more likely to return than the average leaver. The percentage returning is significantly lower for those who had at least some postsecondary schooling (17 percent) than for those who had less than a high school education (27 percent).

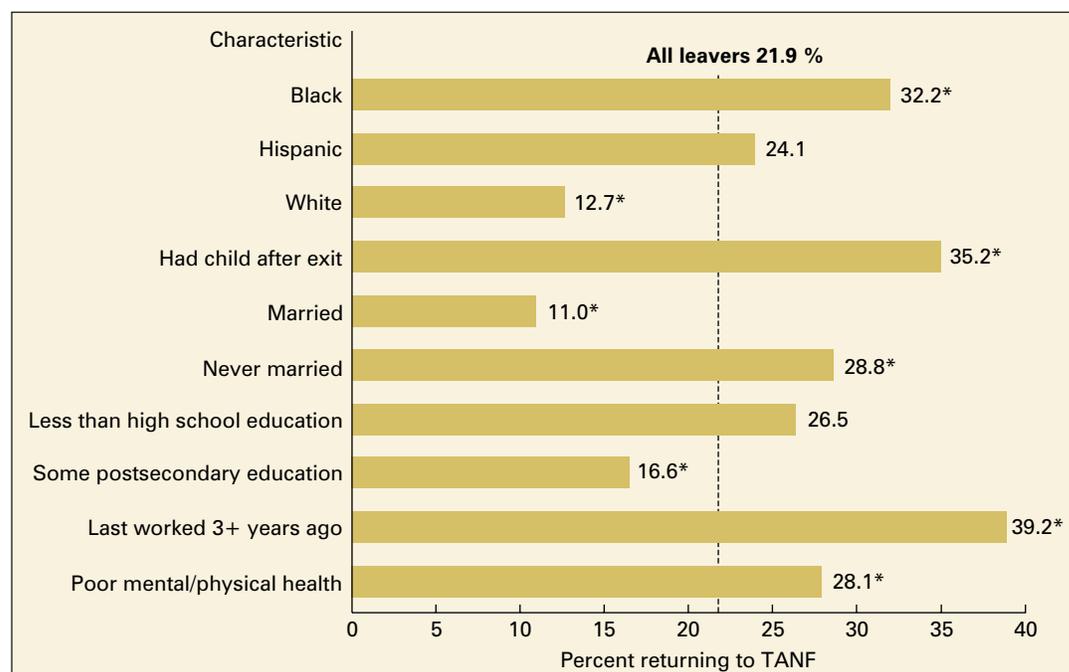
In addition, a high percentage of former recipients who had a child after exiting welfare returned (35 percent). Increased expenses, including the higher cost of child care, and greater difficulty juggling work and family responsibilities likely contribute to this high return rate. Notably, a signifi-

cantly lower percentage of married former recipients returned (11 percent) than never-married leavers (29 percent).¹⁰ Married former recipients comprise individuals who were married while receiving TANF, left welfare because they got married, or got married after exiting welfare. (These groups cannot be distinguished in the data.) Because a spouse can potentially contribute household income, married families formerly receiving TANF generally have higher incomes than single-parent families.

Transitional Supports and Returns to Welfare

Several government programs supplement former recipient families' incomes or provide subsidized services such as child care, public health insurance, foods stamps, housing, and the earned income tax credit. In addition, some local welfare and other government agencies provide emergency help with expenses (e.g., for car repairs or utility payments), job retention programs, and job search services. All these programs

FIGURE 3. Return Rates for Selected Subgroups of Welfare Leavers (percent)



Source: Author's calculations from the 1999 National Survey of America's Families.

* Significantly different from percentage returned for all leavers at the 90 percent confidence level.

and services have the potential to aid families in their transition from welfare to self-sufficiency.

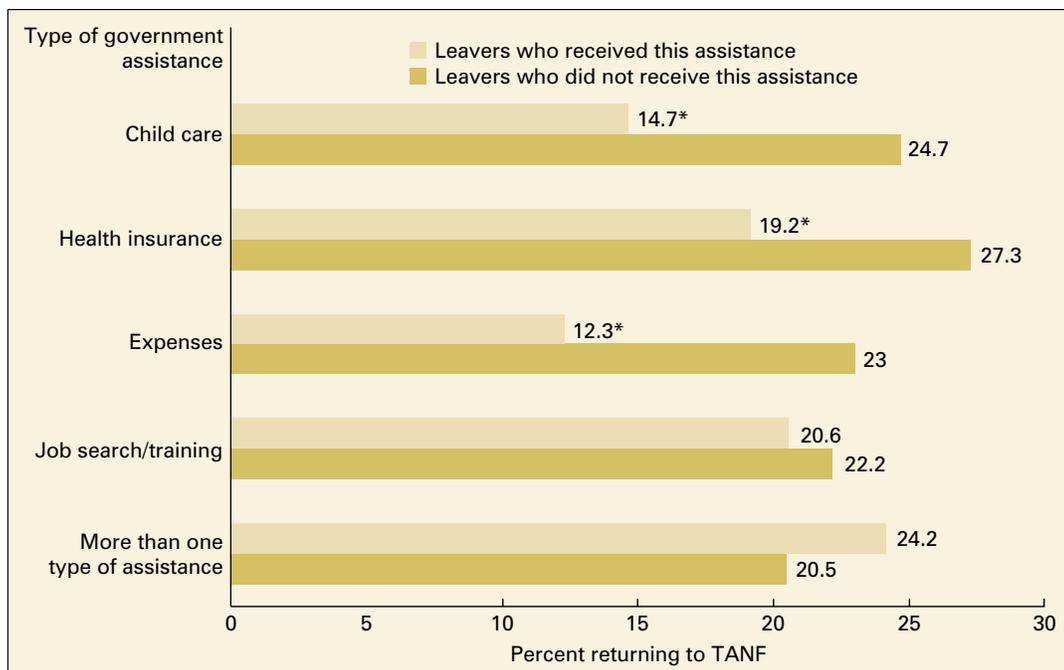
NSAF data on benefit receipt in the three months after exiting TANF suggest that receipt of some government supports after leaving welfare can lower returns to TANF (figure 4). Families that received government child care subsidies were significantly less likely to return to welfare than families who did not (about 15 percent compared with about 25 percent). Similarly, families receiving government health insurance had a much lower likelihood of returning (19 percent compared with 27 percent). Families receiving government support for necessary expenses also had a lower chance of returning to welfare than those who did not (about 12 percent compared with 23 percent).

Not all postwelfare supports, however, correspond to lower return rates. Government job search programs and special job training programs showed no statistical relationship to lower welfare return rates.¹¹ In addition, about one-third of families received more than one of the supports

described. These families had a higher probability of returning (24 percent) than those receiving one or no supports (20 percent), although the difference was not statistically significant. It is possible that families receiving more than one benefit have greater problems or needs leading to greater likelihood of returning to welfare compared with families receiving one of these benefits. Returns among those families receiving none of these benefits are higher than for families receiving at least one of these benefits, 25 percent compared with 20 percent, although the difference is not statistically significant (results not shown).

Two additional benefits—housing assistance and food stamps—are available to some families leaving TANF. The NSAF data, however, do not track receipt of these benefits at or around the time of exit from TANF.¹² A study of families leaving welfare in Illinois found that those who continued participation in both food stamps and Medicaid had a 20 percent probability of returning to TANF compared with those who lost both benefits at exit who had a

FIGURE 4. Return Rates by Use of Government Assistance in First Three Months after TANF Exit (percent)



Source: Author's calculations from the 1999 National Survey of America's Families.
 * Significantly different from those not receiving assistance at the 90 percent confidence level.

51 percent probability of returning (Illinois Families Study 2001).

While supports for welfare leavers are clearly designed to boost self-sufficiency and reduce families' likelihood of needing welfare again, many former recipients never receive these supports. For example, many welfare leavers remain eligible for food stamps and Medicaid. Yet receipt of these supports plummets around the time of exit. In 1999, only 29 percent of adults who had left welfare in the previous two years were receiving food stamps; only 34 percent of adults and 53 percent of children who had left in the past two years were covered by Medicaid or other public health insurance plans (Loprest 2001).

Receipt of the benefits examined here within the first three months of exit is also relatively low. Only 20 percent of former recipients reported getting child care help in the first three months after leaving; 61 percent reported help with health insurance and 8 percent reported receiving government help with expenses. Fifteen percent of leavers reported receiving job search or training after exit. The number of families receiving transition benefits affects how much these supports can reduce returns to welfare.

Reducing Returns to Welfare

In the late 1990s, a time of low unemployment and booming economic growth, thousands of former welfare recipients across the country returned to TANF. Only a small portion of the returns represented families that stopped receiving benefits for a brief period while they came back into compliance with program rules. Many more returners had originally left to work. With the economy still on weak ground, welfare returns could jump further in the early part of the decade.

Returns to welfare could be reduced by connecting families exiting welfare to transitional benefit programs and other support services. Receipt of child care subsidies, health insurance, food stamps, and help with expenses are associated with lower returns to TANF. Government benefits can provide a cushion of support that enables families to weather difficult economic times and remain off TANF. Welfare

offices can play a greater role in helping eligible families access and retain these benefits. In addition, because many who return to welfare left with jobs, postemployment services targeted at promoting job retention directly, such as employment mentoring programs, could be particularly important. Results in this brief suggest that transitional support services are especially important for individuals most likely to return: those who leave TANF with little work experience, low educational levels, no spouse or partner, or poor mental or physical health.

Certain events such as job loss or having a child can precipitate returns to TANF, even when the loss of earnings could be temporary. Unemployment insurance and family leave could help families through these times, but are not always available. Lack of enough work experience or working in uncovered jobs limits access to both of these benefits. And for the most part, where family leave is available to working former welfare recipients, it is unpaid.

While government supports for those who have left TANF can reduce returns, despite these benefits, at least some TANF recipients will go on and off welfare several times before they find the right job, child care, or living situation that enables them to attain economic independence. Programs like Project Match in Chicago have demonstrated the prolonged transition process to work for long-term welfare recipients (Wagner et al. 1998). Although limited by the 60-month maximum on benefits, TANF is still the safety net for families whose first attempt (or attempts) to achieve self-sufficiency are unsuccessful.

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Notes

1. This brief uses the terms "welfare" and "TANF" interchangeably.
2. The unweighted sample of TANF leavers between 1997 and 1999 equals 1,206; the number who had returned at the time of their interview in 1999 totals 219. All statistics from the NSAF reported are based on weighted data.
3. This figure represents a lower bound estimate of all leaver families that returned to welfare over this period, since a number of families may have returned to welfare and left again by the time they were interviewed in 1999.
4. All of these studies define a welfare exiter as a former recipient who has been off TANF for at least two months, thus limiting the number of short exits that may reflect administrative data problems. Data from these studies are analyzed in Acs and Loprest (2001).
5. This estimate is reached by comparing reports of the year last worked and the year exited welfare for those who said they left because of work. For example, if a person exited welfare in 1999, reported working in 1999, and cited work as the reason for leaving, he or she is assumed to be working after exiting welfare. If a person exited in 1999, citing work as the reason, but last worked in 1998 or earlier, he or she is not counted as having worked after exit.
6. According to this data, roughly 25 percent of returners did not work at all after exiting welfare.
7. Because the NSAF asked people why they left, this group is not exactly the same group officially sanctioned by the welfare office. Only data com-
piled from welfare offices' administrative offices could exactly capture that group.
8. NSAF data do not have the length of time between exit and return. However, examining returns in 1999 for those who exited in that year gives a measure of quick returns. The return rate for those who left because they did not follow rules compared with those who left for earnings is much higher in this subsample than the same comparison for the sample of all leavers between 1997 and 1999.
9. The size of the selected subgroups shown in figure 3 varies. Two groups with relatively high return rates, those who had a child after exit and those who last worked 3 or more years ago, each include about 15 percent of leavers.
10. When including families with unmarried cohabiting partners, the probability of return is somewhat higher, reaching almost 15 percent; still, it is significantly lower than that for never-married families.
11. Receipt of these benefits might not have directly prevented welfare returns. It is also possible that people who are able to learn about these programs and able to seek out assistance are also the people who are less likely to lose their jobs or to return for other reasons. We are unable to sort out these different possibilities here.
12. NSAF does include receipt of housing assistance at the time of the interview in 1999. Because housing assistance receipt tends not to change with exit from TANF, we examined this measure as a proxy for housing assistance receipt after TANF exit. We found that families receiving housing assistance in 1999, in the form of either rent-subsidy vouchers or a public housing slot, have significantly higher returns to TANF between 1997 and 1999 than families not receiving this assistance (29 percent compared with 19 percent). This counterintuitive result may reflect one of two factors: (1) families leaving welfare while remaining on housing assistance represent the most disadvantaged leavers and are thus more likely to return (Zedlewski 2002), or (2) welfare leavers with the best economic prospects (and least likely to return) move off housing assistance because they no longer qualify or they opt for better housing. Without data on benefit receipt at exit, the underlying factors for the higher return rates remain unclear.



About the Author

Pamela Loprest is a senior research associate in the Income and Benefits Policy Center. Dr. Loprest's

research focuses on barriers and supports for work among low-income families and persons with disabilities. Her recent work examines welfare reform and work policies and families recently leaving welfare.

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This series presents findings from the 1997 and 1999 rounds of the National Survey of America's Families (NSAF). Information on more than 100,000 people was gathered in each round from more than 42,000 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information on the NSAF can be obtained at <http://newfederalism.urban.org>.

The NSAF is part of **Assessing the New Federalism**, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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