Fewer adults who left welfare recently are working than was the case shortly after welfare reform was enacted. More recent leavers have returned to welfare or are at risk of serious hardship because they are not working, do not have a working spouse, and are not receiving any government cash assistance. For those who are working, job quality is unchanged in recent years.

Employment among those who have left welfare is an important measure of the success of welfare reform. National and local studies conducted after reform found that from one-half to two-thirds of former recipients were working one to two years after leaving welfare (Loprest 2002; Acs and Loprest 2001). These increases in employment are attributable in part to changes in welfare policy (such as work activity requirements, earnings disregards, sanctions, and time limits) and in part to the booming economy of the late 1990s (Blank 2002). More recently, the economy has cooled off and unemployment has been rising, from 4.0 percent nationally in 2000 to 5.8 percent in 2002. A comparison of two groups, those who left welfare shortly after reform and those who left more recently, suggests that early employment successes in welfare reform have not been sustained.

New data from the National Survey of America’s Families (NSAF) indicate that 1.3 million families left welfare between 2000 and 2002 (recent leavers), compared with 1.6 million between 1997 and 1999 (early leavers). The decrease results mainly from lower caseloads in 2000–2002 rather than lower rates of leaving. The percentage that left Temporary Assistance for Needy Families (TANF) has remained about the same across time.

Employment Down, Returns to Welfare Up
The percentage of recent leavers working and not receiving TANF in 2002 is significantly lower than the percentage of early leavers working and not receiving TANF in 1999: 42.2 percent compared with 49.9 percent (figure 1). Interestingly, there was little difference in the percentage that reported they had left welfare for work: about half of each group. This suggests that recent leavers had greater difficulty keeping a job. In addition, 25.5 percent of recent leavers had returned to TANF by the interview date, compared with 20.4 percent of early leavers. Lower employment rates and more returns to TANF are consistent with a weaker job market. Employment is more difficult to find and to keep, and for some families, unemployment is a precursor to a return to cash assistance.

The percentage of leavers with other sources of income has not changed significantly. The percentage receiving government disability benefits is unchanged at about 4 percent, and similar percentages of both groups have a working spouse. The percentage of leavers that are not working but have recently worked is also roughly the same.

A significantly higher percentage of recent leavers fall into none of these categories, 13.8 percent compared with 9.8 percent. The growth in this group—sometimes called disconnected leavers because they are neither in the labor market nor receiving government cash assistance—is consistent with increased difficulty finding work, perhaps coupled with decreased access to TANF because of time limits. In 1999, this group faced significant hardships and had very low incomes (Loprest 2002).

Jobs No Worse
In a weak labor market, employed welfare leavers may hold lower quality jobs. The NSAF data do not indicate that job quality has decreased. No significant differences were found in wages, hours, employer health insurance coverage, or work schedules of employed recent and early leavers who have not returned to TANF (table 1). Median hourly wages (in 2002 dollars) are not significantly different, $8.06 for recent leavers versus $7.72 for early leavers. About a third of workers in each group work part-time, and a third have employer health insurance. Just over a quarter have irregular or night schedules. The proportion holding multiple jobs is about the same in both groups.
Conclusion
Fewer employed leavers and more leavers returning to TANF or disconnected from government benefits and the labor market suggest that the early employment success of welfare reform is moderating. In a weaker economy, states will have to target more resources to connecting welfare recipients with jobs and helping them retain those jobs if they wish to counter this trend.

References

Acknowledgment
The author would like to thank Kelly Rader for her excellent research assistance.

Endnote
1 This percentage includes receipt of Supplemental Security Income benefits only. We have no comparable measures of Social Security Disability Insurance (SSDI) benefits for the two rounds of NSAF data.

Pamela Loprest is a senior research associate in the Income and Benefits Policy Center of the Urban Institute. Dr. Loprest’s research focuses on policies that can support work among low-income families and persons with disabilities.

Table 1. Job Characteristics of Employed Former TANF Recipients, 1999 and 2002

<table>
<thead>
<tr>
<th>Job Characteristic</th>
<th>1999</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median hourly wage ($)</td>
<td>7.72*</td>
<td>8.06</td>
</tr>
<tr>
<td>Part-time (%)</td>
<td>32.4</td>
<td>33.4</td>
</tr>
<tr>
<td>Employer health insurance (%)</td>
<td>33.1</td>
<td>32.6</td>
</tr>
<tr>
<td>Irregular/night schedule (%)</td>
<td>26.6</td>
<td>27.4</td>
</tr>
<tr>
<td>Multiple jobs (%)</td>
<td>9.9</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Sources: 1999 and 2002 National Survey of America’s Families
Note: No differences between 1999 and 2002 are significant at the 0.10 level.
* Inflated to 2002 dollars using the Consumer Price Index (CPI-UX2).
Part-time is less than 35 hours a week.